

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

Form 10-K
(Mark One)

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

For the fiscal year ended December 31, 2005

OR

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

For the transition period from _____ to _____

Commission File Number 0-18761

HANSEN NATURAL CORPORATION
(Exact name of registrant as specified in its charter)

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

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

Registrants telephone number, including area code: (951) 739 - 6200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Not Applicable	Not Applicable

Securities registered pursuant to Section 12(g) of the Act:

Title of class

Common Stock, \$0.005 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No.

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 No.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 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

The aggregate market value of the common equity held by nonaffiliates of the registrant was \$717,931,877 computed by reference to the closing sale price for such stock on the NASDAQ Capital Market on June 30, 2005, the last business day of the registrant's most recently completed second fiscal quarter.

The number of shares of the registrant's common stock, \$0.005 par value per share (being the only class of common stock of the registrant), outstanding on February 10, 2006 was 22,307,006 shares.

HANSEN NATURAL CORPORATION

FORM 10-K

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PART I

ITEM 1. BUSINESS

Overview

Hansen Natural Corporation was incorporated in Delaware on April 25, 1990. Its principal place of business is at 1010 Railroad Street, Corona, California 92882 and its telephone number is (951) 739-6200. When this report uses the words "Hansen", "HBC", "the Company", "we", "us", and "our", these words refer to Hansen Natural Corporation and our subsidiaries other than Monster LDA Company ("MLDA"), unless the context otherwise requires.

We are a holding company and carry on no operating business except through our direct wholly owned subsidiaries, Hansen Beverage Company ("HBC") which was incorporated in Delaware on June 8, 1992, and MLDA, formerly known as Hard e Beverage Company, and previously known as Hard Energy Company and as CVI Ventures, Inc., which was incorporated in Delaware on April 30, 1990. HBC generates substantially all of our operating revenues.

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

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 History

In the 1930s, Hubert Hansen and his three sons started a business to sell fresh non-pasteurized juices in Los Angeles, California. This business eventually became Hansen's Juices, Inc., which subsequently became known as The Fresh Juice Company of California, Inc. ("FJC"). FJC retained the right to market and sell fresh non-pasteurized juices under the Hansen trademark. In 1977, Tim Hansen, one of the grandsons of Hubert Hansen, perceived a demand for pasteurized natural juices and juice blends that are shelf stable and formed Hansen Foods, Inc. ("HFI"). HFI expanded its product line from juices to include Hansen's(R) natural sodas. California Co-Packers Corporation (d/b/a/ Hansen Beverage Company) ("CCC") acquired certain assets of HFI, including the right to market the Hansen's(R) brand name, in January 1990. On July 27, 1992, HBC acquired the Hansen's(R) brand natural soda and apple juice business from CCC. Under our ownership, the Hansen beverage business has significantly expanded and includes a wide range of beverages within the growing "alternative" beverage category including in particular, energy drinks. In September 1999, we acquired all of FJC's rights to manufacture, sell and distribute fresh non-pasteurized juice products under the Hansen's(R) trademark together with certain additional rights. In 2000, HBC, through its wholly-owned subsidiary, Blue Sky Natural Beverage Co. ("Blue Sky"), which was incorporated in Delaware on September 8, 2000, acquired the natural soda business previously conducted by Blue Sky Natural Beverage Co., a New Mexico corporation ("BSNBC"), under the Blue Sky(R) trademark. In 2001, HBC, through its wholly-owned subsidiary Hansen Junior Juice Company, ("Junior Juice"), which was incorporated in Delaware on May 7, 2001, acquired the Junior Juice business previously conducted by Pasco Juices, Inc. ("Pasco") under the Junior Juice(R) trademark.

Industry Overview

The alternative beverage category combines non-carbonated ready-to-drink iced teas, lemonades, juice cocktails, single serve juices and fruit beverages, ready-to-drink dairy and coffee drinks, energy drinks, sports drinks, and single-serve still water (flavored, unflavored and enhanced) with "new age" beverages, including sodas that are considered natural, sparkling juices and flavored sparkling waters. The alternative beverage category is the fastest growing segment of the beverage marketplace according to Beverage Marketing Corporation. According to Beverage Marketing Corporation, wholesale sales in 2005 for the alternative beverage category of the market are provisionally estimated at \$18.7 billion representing a growth rate of approximately 13.7% over the revised estimated wholesale sales in 2004 of approximately \$16.4 billion.

Products

Natural Sodas. Hansen's(R) natural sodas have been a leading natural soda brand in Southern California for the past 25 years. In 2005, according to Information Resources, Inc.'s Analyzer Reports for California, our natural sodas recorded the highest sales among comparable carbonated new age category beverages measured by unit volume in the California market. Our natural sodas are available in fifteen regular flavors consisting of mandarin lime, key lime, grapefruit, raspberry, ginger ale, creamy root beer, grapefruit, vanilla cola, cherry vanilla creme, orange mango, kiwi strawberry, tropical passion, black cherry, ginger ale and tangerine. In early 2001, we introduced a new line of diet sodas using Splenda(R) sweetener as the primary sweetener. We initially introduced this line in four flavors: peach, black cherry, tangerine lime, and kiwi strawberry and have since added two additional flavors, ginger ale and creamy root beer. Our natural sodas contain no preservatives, sodium, caffeine or artificial coloring and are made with high quality natural flavors, citric acid and high fructose corn syrup or, in the case of diet sodas, with Splenda(R) and Acesulfame-K. We package our natural sodas in 12-ounce and 16-ounce aluminum cans. In 2002, we introduced a line of natural mixers in 8-ounce aluminum cans comprising club soda, tonic water and ginger ale.

In January 1999, we introduced a premium line of Signature Sodas in unique proprietary 14-ounce glass bottles. This line was marketed under the Hansen's(R) brand name, primarily through our distributor network, in six flavors. In early 2003, we repositioned this line into lower cost 12-ounce glass packaging to market our repositioned Signature Soda line at lower price points directly to our retail customers such as grocery chains, club stores, specialty retail chains and mass merchandisers and to the health food sector through specialty and health food distributors (collectively referred to as our "direct retail customers"). Signature Soda is available in 12-ounce glass bottles in five flavors: orange creme, vanilla creme, ginger beer, sarsaparilla and black cherry.

In September 2000, we acquired the Blue Sky(R) natural soda business from BSNBC. Our Blue Sky product line comprises natural sodas, premium sodas, organic natural sodas, seltzer water, energy drinks and tea sodas. Blue Sky(R) natural sodas are available in twelve regular flavors consisting of lemon lime, grapefruit, cola, root beer, raspberry, cherry vanilla creme, Jamaican ginger ale, black cherry, orange creme, Dr. Becker, grape and cream soda. We also offer a Blue Sky(R) product line, a premium line of natural sodas which contain supplements such as ginseng. This line is available in six flavors consisting of ginseng creme, ginseng cola, ginseng root beer, ginseng very berry creme, ginseng ginger ale, and ginseng cranberry-raspberry. During 1999, Blue Sky(R) introduced a line of organic natural sodas, which are available in six flavors consisting of prime lime cream, new century cola, orange divine, ginger gale, black cherry cherish, and root beer. We also market a seltzer water under the Blue Sky(R) label in three flavors: natural, lime and lemon. In 2002, we introduced a lightly carbonated Blue Sky(R) energy drink in an 8.3-ounce slim can. In 2004, we introduced a new line of Blue Sky(R) natural tea sodas in four flavors consisting of Imperial Lime Green Tea, Peach Mist Green Tea, Pomegranate White Tea and Raspberry Red Tea. The Blue Sky(R) products contain no preservatives, sodium or caffeine (other than the energy drink) or artificial coloring and are made with high quality natural flavors. Blue Sky(R) natural sodas, seltzer waters and tea sodas are all packaged in 12-ounce aluminum cans and are marketed primarily to our direct retail customers. In March 2005, we introduced a new light line of Blue Sky sodas using natural sweeteners in four flavors, cherry vanilla creme, creamy root, Jamaican ginger ale and wild raspberry in 12-ounce cans. In the third quarter of 2005, we introduced a new line of Blue Sky(R) Natural Sodas with real sugar in 12-ounce cans in four flavors, cherry vanilla creme, cola, ginger ale and root beer. In December 2005, we introduced a new line of Blue Sky Isotonic Sports Drinks in 16-ounce polyethylene terephthalate ("PET") plastic bottles in three flavors, orange, lemon lime and fruit punch.

In 2001, we introduced a new line of sparkling lemonades (regular and pink) and orangeades in unique proprietary 1-liter glass bottles and towards the end of 2002, we introduced diet versions of our regular sparkling lemonades and orangeades, also in 1-liter glass bottles. The sparkling lemonades and orangeades contain real juice and pulp. In 2003, we extended this line into unique proprietary 12-ounce glass bottles in both regular and diet versions. This product line is marketed to our direct retail customers. The contract packer who produced these products on our behalf underwent a change of ownership and experienced production difficulties which adversely affected this product line. We are currently evaluating alternative packages for this line.

Hansen's Energy Drinks. In 1997, we introduced a lightly carbonated citrus flavored Hansen's(R) energy drink in 8.3-ounce cans. Our energy drink competes in the "functional" beverage category, namely, beverages that provide a real or perceived benefit in addition to simply delivering refreshment. We also offered additional flavors of energy drinks as well as functional drinks including a ginger flavored d-stress(R) drink, an orange flavored b-well(TM) drink, a guarana berry flavored stamina(R) drink, a grape flavored power drink, and a berry flavored "slim-down" drink that contained no calories, in the same size cans. We have since discontinued sales of such products. Our energy drinks contain vitamins, minerals, nutrients, herbs and supplements (collectively "supplements"). In 2004, we commenced to offer our Hansen's energy drink in 16-ounce cans as well. In 2001, we introduced Energade(R), a non-carbonated energy sports drink in 23.5-ounce cans in two flavors, citrus and orange, and subsequently introduced a third flavor, red rocker, which we have since discontinued. We also introduced E20 Energy Water(R), a non-carbonated lightly flavored water, in 24-ounce blue PET plastic bottles, in four flavors, tangerine, apple, berry and lemon. We have since discontinued the apple flavor and introduced a green tea flavor in its place. In 2002, we expanded our E20 Energy Water(R) line with four additional flavors in clear PET plastic bottles, mango melon, kiwi strawberry, grapefruit and green tea. We have since discontinued the E20 Energy Water(R) line in clear PET plastic bottles. Our Energade(R) and E20 Energy Water(R) drinks also contain different combinations and levels of supplements. We are currently repositioning our E20 Energy Water(R) line. At the end of 2002, we introduced a lightly carbonated diet energy drink in 8.3-ounce cans under the Hansen's(R) Diet Red brand name. Our Diet Red energy drink is sweetened with Splenda(R) and Acesulfame-K. We market our energy, and Energade(R) drinks primarily through our full service distributor network. We market our E20 Energy Water(R) drinks in blue bottles to our direct retail customers. In 2003, we introduced a new carbonated energy drink under the Hansen's(R) Deuce brand name, in 16-ounce cans, but with a different flavor from our existing Hansen's(R) Energy drinks in 8.3-ounce cans. We have since discontinued this product.

Monster Energy(R) Drinks. In 2002, we launched a new carbonated energy drink under the Monster Energy(R) brand name, in 16-ounce cans, which was almost double the size of our regular energy drinks in 8.3-ounce cans and the vast majority of competitive energy drinks on the market at that time. Our Monster Energy(R) drink contains different types and levels of supplements than our Hansen's(R) energy drinks and is marketed through our full service distributor network. In 2003, we introduced a low carbohydrate ("Lo-Carb") version of our Monster Energy(R) energy drink. In 2004, we introduced 4-packs of our Monster Energy(R) drinks including our Lo-Carb version thereof and, towards the end of 2004, we launched a new Monster Energy(R) Assault(TM) energy drink in 16-ounce cans. During the first half of 2005, we introduced our Monster Energy(R) drinks and Lo-Carb Monster Energy(R) in 24-ounce size cans as well as Monster Energy(R), Lo-Carb Monster Energy(R) and Monster Energy(R) Assault(TM) in 8.3-ounce size cans. In September 2005, we introduced a new Monster Energy(R) Khaos(TM) energy drink in 16-ounce cans. Khaos(TM) is lightly carbonated and contains 70% juice.

Lost(R) Energy Drinks. In 2004, we launched a new carbonated energy drink under the Lost(R) brand name, in 16-ounce cans. Towards the end of 2005, we introduced a lo-carb version of Lost(R) under the Perfect 10 brand name as well as a new Lost(R) Five-0 energy drink, all in 16-ounce cans. Lost(R) Five-0 contains 50% juice and is lightly carbonated. In December 2005, we introduced Lost(R) and Lost(R) Five-0 in 24-ounce size cans. The Lost(R) brand name is owned by Lost International LLC and the drinks are produced, sold and distributed by us under exclusive license from Lost International LLC.

Rumba(TM) Energy Juice. In December 2004, we launched a new non-carbonated energy juice under the Rumba(TM) brand name in 15.5-ounce cans. Rumba(TM) is a 100% juice product that targets male and female morning beverage consumers and is positioned as a substitute for coffee, caffeinated sodas and 100% orange or other juices.

Joker Mad Energy(TM) Drink. In the first quarter of 2005, we introduced Joker Mad Energy(TM) drinks in 16-ounce cans. Joker Mad Energy(TM) drinks come in both regular and lo-carb versions in 16-ounce cans.

Juice Products and Smoothies. Our fruit juice product line includes Hansen's(R) Natural Old Fashioned Apple Juice which is packaged in 64-ounce PET plastic bottles and 128-ounce polypropylene bottles and White Grape, Concord Grape, Orange, and Pomegranate, Apple Strawberry and Apple Grape juice blends, in 64-ounce PET plastic bottles. These Hansen's(R) juice products contain 100% juice (except Pomegranate which contains 27% juice) as well as Vitamin C. Certain of these products also contain added calcium. Hansen's(R) juice products compete in the shelf-stable juice category. In 2002, we extended our fruit juice and juice blend product line by introducing certain of these products in 10-ounce PET plastic bottles and in 2003 further extended our fruit juice product line by introducing a 100% Apple Juice in aseptic pouches in a 6.75-ounce size. We also offer light juices and juice cocktails in 64-ounce PET plastic bottles.

In March 1995, we introduced a line of fruit juice smoothie drinks in 11.5-ounce aluminum cans. Certain flavors were subsequently offered in glass and PET plastic bottles. We have since discontinued offering smoothies in those packages. Hansen's fruit juice smoothies have a smooth texture that is thick but lighter than a nectar. Hansen's smoothies in 11.5-ounce aluminum cans contain approximately 35% juice. Our fruit juice smoothies provide 100% of the recommended daily intake for adults of Vitamins A, C & E and represented Hansen's entry into what is commonly referred to as the "functional" beverage category. Hansen's(R) fruit juice smoothies are available in thirteen flavors: strawberry banana, peach berry, mango pineapple, guava strawberry, pineapple coconut, apricot nectar, tropical passion, whipped orange, cranberry twist, as well as the blast line comprising Island Blast, Colada Blast and Power Berry Blast. In 2004, we repositioned our cranberry raspberry lite smoothie as part of our new lo-carb line of smoothies. Our lo-carb smoothie line currently consists of peach, mango and cran-raspberry flavors in 12-ounce cans.

In 2001, we introduced a new line of soy smoothies in 32- and 11-ounce aseptic packaging in five flavors: berry splash, tropical breeze, orange dream, lemon chiffon and peach passion. During 2004, we discontinued all of our soy smoothies in 32-ounce aseptic packaging and four of the five flavors in 11-ounce aseptic packaging, leaving Berry Splash, which was discontinued in 2005.

Sparkling Apple Cider. In 2002, we introduced a Sparkling Cider 100% juice drink in a 1.5-liter Magnum glass bottle. However, due to reports of some bottles breaking we promptly voluntarily recalled the product in the fourth quarter of 2003. We are pursuing a claim against the third-party bottler for the costs and losses incurred by us. We will reevaluate relaunching this product once certain production issues are resolved and a suitable co-packer has been identified.

We market the above juice and smoothie products to our direct retail customers.

Iced Teas, Lemonades and Juice Cocktails. We introduced Hansen's(R) ready-to-drink iced teas and lemonades in 1993. Hansen's(R) ready-to-drink iced teas are available in three flavors: Original with Lemon, Tropical Peach and Wildberry. Lemonades are available in one flavor: Original Old Fashioned Lemonade. Hansen's(R) juice cocktails were introduced in 1994 and are available in three flavors: kiwi strawberry melon, tangerine pineapple with passion fruit, and California paradise punch. We introduced a variety 12 pack of iced teas during the first half of 2001, which experienced limited success. We are continuing to market this package. Hansen's(R) ready-to-drink iced teas, lemonades and juice cocktails were packaged in 16-ounce wide-mouth glass bottles. At the end of 2002, we converted this line from 16-ounce glass bottles to 16-ounce polypropylene bottles and are currently reevaluating this line.

Hansen's(R) ready-to-drink iced teas are made with decaffeinated tea. Hansen's(R) juice products and smoothies are made with high quality juices and products that contain less than 100% fruit juice are also made with natural flavors, high fructose corn syrup, citric acid and other ingredients.

In 1999, we introduced a line of specialty teas in 20-ounce glass bottles, which we named our "Gold Standard" line. We subsequently introduced two additional green tea flavors as well as two diet green tea flavors and six juice cocktails. We have discontinued certain of the specialty teas and all of the juice cocktails but continue to market four products, green tea, lemon green tea and peach green tea as well as the diet peach green tea flavor. Our Gold Standard line also contains supplements. We continue to package our Gold Standard Line in unique 20-ounce glass bottles.

Juices for Children. In 1999, we introduced two new lines of children's multi-vitamin juice drinks in 8.45-ounce aseptic packages. Each drink contains eleven essential vitamins and six essential minerals. We introduce new flavors in place of existing flavors from time to time. One of these two lines is a dual-branded 100% juice line named Juice Blast(R) that was launched in conjunction with Costco Wholesale Corporation ("Costco") and is sold through Costco stores. The other line was a 10% juice line named "Hansens Natural Multi-Vitamin Juice Slam(R) that was available to all of our customers. During 2000, we repositioned that line as a 100% juice line under the Juice Slam(R) name and market that line to grocery store chain customers, the health food trade, and other customers. Both the Juice Blast(R) and Juice Slam(R) lines are marketed in 6.75-ounce aseptic packages. The Juice Slam(R) line has four flavors and the Juice Blast(R) line has three flavors.

In May 2001, we acquired the Junior Juice(R) beverage business. The Junior Juice(R) product line is comprised of seven flavors of 100% juice in 4.23-ounce aseptic packages and is targeted at toddlers. Six flavors of the Junior Juice(R) line have calcium added and all flavors have vitamin C added. The current flavors in the Junior Juice(R) line are apple, apple berry, orange twist, apple grape, mixed fruit, fruit punch and white grape.

Bottled Water. Our still water products were introduced in 1993 and are primarily sold in 0.5-liter plastic bottles to the food service trade. Sales of this product line are very limited.

Fizzit(TM) Powdered Drink Mixes. In December 2005, we introduced a new line of vitamin and mineral drink mixes in powdered form under the Fizzit(TM) brand name. This line includes vitamin and mineral formulas as well as functional formulas.

Other Products

We continue to evaluate and, where considered appropriate, introduce additional flavors and other types of beverages to complement our existing product lines. We will also evaluate, and may, where considered appropriate, introduce functional foods/snack foods that utilize similar channels of distribution and/or are complementary to our existing products and/or to which our brand names are able to add value.

We also develop and supply, on a limited basis, selected beverages in different formats to a limited number of customers with the objective of solidifying our relationship with those customers.

Manufacture and Distribution

We do not directly manufacture our products but instead outsource the manufacture to third party bottlers and contract packers.

We purchase concentrates, juices, flavors, supplements, caps, labels, trays, boxes and other ingredients for our beverage products which are delivered to our various third party bottlers and co-packers. Depending on the product, the third party bottlers or packers add filtered water and/or high fructose corn syrup, or sucrose, or cane sugar or Splenda(R) brand sweetener, Acesulfame-K and/or citric acid or other ingredients and supplements for the manufacture and packaging of the finished products into approved containers in accordance with our formulas. In the case of sodas and other carbonated beverages, the bottler/packer adds carbonation to the products as part of the production process.

We are generally responsible for arranging for the purchase of and delivery to our third party bottlers and co-packers of the containers in which our beverage products are packaged.

All of our beverage products are manufactured by various third party bottlers and co-packers situated throughout the United States and Canada under separate arrangements with each of such parties. The majority of our co-packaging arrangements are on a month-to-month basis. However, certain of our material co-packaging arrangements are described below:

(a) Our agreement with Southwest Canning and Packaging, Inc. ("Southwest") pursuant to which Southwest packages a portion of our Hansen's(R) natural sodas. This contract continues indefinitely and is subject to termination upon 60 days written notice from either party.

(b) Our agreement with Nor-Cal Beverage Co., Inc. ("Nor-Cal") pursuant to which Nor-Cal packages a portion of our Hansen's(R) juices in PET plastic bottles. This contract continues until August 2007 and is renewable annually thereafter from year-to-year unless terminated by Hansen's not less than 60 days before the end of the then current term.

(c) Our agreement with Seven-Up/RC Bottling Company of Southern California, Inc. ("Seven-Up") pursuant to which Seven-Up packages a portion of our Monster(TM) and Lost(R) brand energy drinks and a portion of our Hansen's(R) natural sodas. This contract continues until March 2009. Upon termination prior to such time we are entitled to recover certain equipment we have purchased and installed at Seven-Up's facility.

(d) Our agreement with Southeast Atlantic Beverage Corporation ("Southeast") pursuant to which Southeast packages a portion of our Monster Energy(R) and Lost(R) brand energy drinks. This contract continues until July 2007 and is renewable annually thereafter, unless terminated by either party not less than 180 days prior to the end of the then current term.

(e) Our agreement with City Brewing Company LLC ("City Brew") pursuant to which City Brew packages a portion of our Energade(R) energy sports drinks and energy drinks in 16 and 24-ounce cans. This contract continues until December 2006. Either party is entitled, at any time, to terminate the agreement upon ninety (90) days prior written notice to the other party.

(f) Our agreement with Pri-Pak, Inc. ("Pri-Pak") pursuant to which Pri-Pak packages a portion of our energy drinks in 8.3-ounce cans. This contract continues indefinitely but may be terminated at any time by either party upon ninety (90) days prior written notice to the other.

(g) Our agreement with Gluek Brewing Company ("Gluek") pursuant to which Gluek packages a portion of our energy drinks in 8.3, 15.5 and 16-ounce cans. This contract continues until August 2008 and is automatically renewed for one year periods thereafter. Either party is entitled at any time to terminate the agreement upon 180 days prior written notice to the other party.

In certain instances, equipment is purchased by us and installed at the facilities of our co-packers to enable them to produce certain of our products. In general, such equipment remains our property and is to be returned to us upon termination of the packing arrangements with such co-packers or is amortized over a pre-determined number of cases that are to be produced at the facilities concerned.

We pack certain products outside of the West Coast region to enable us to produce products closer to the markets where they are sold and thereby reduce freight costs. As volumes in markets outside of California grow, we continue to secure additional packing arrangements closer to such markets to further reduce freight costs.

Our ability to estimate demand for our products is imprecise, particularly with new products, and may be less precise during periods of rapid growth, particularly in new markets. If we materially underestimate demand for our products or are unable to secure sufficient ingredients or raw materials including, but not limited to, glass, PET/plastic bottles, cans, labels, flavors or supplement ingredients or certain sweeteners, or packing arrangements, we might not be able to satisfy demand on a short-term basis. The supplier of sucralose has notified the Company that our purchases of sucralose during 2006 will be subject to volume limitations due to the demand for sucralose exceeding their production capacity. While we believe that we will be able to secure sufficient quantities of sucralose during 2006 to meet the demand for our products that contain sucralose, we will reformulate certain of those products that contain sucralose with alternative sweetener systems to avoid an interruption in supply of those products, should the need arise.

Although our production arrangements are generally of short duration or are terminable upon request, we believe a short disruption or delay would not significantly affect our revenues since alternative packing facilities in the United States with adequate capacity can usually be obtained for many of our products at commercially reasonable rates and/or within a reasonably short time period. However, there are limited packing facilities in the United States with adequate capacity and/or suitable equipment for many of our newer products, including Hansen's(R) brand energy drinks in 8.3-ounce and 16-ounce cans, Gold Standard line, aseptic juice products, Energade(R), sparkling apple cider in 1.5-liter magnum glass bottles, Monster Energy(R), Lost(R), Rumba(TM) and Joker Mad Energy(TM) energy drinks in 8.3, 15.5, 16, and 24-ounce cans and sparkling lemonades and orangeade lines. There are also limited shrink sleeve labeling facilities available to us in the United States with adequate capacity for our E20 Energy Water(R). A disruption or delay in production of any of such products could significantly affect our revenues from such products as alternative co-packing facilities in the United States with adequate capacity may not be available for such products either at commercially reasonable rates and/or within a reasonably short time period, if at all. Consequently, a disruption in production of such products could affect our revenues. We continue to seek alternative and/or additional co-packing facilities in the United States or Canada with adequate capacity for the production of our various products to minimize the risk of any disruption in production.

We have entered into distribution agreements for the distribution in most states of Hansen's(R) brand energy drinks, Monster Energy(R) drinks, Lost(R) energy drinks, and Energade(R) energy sports drinks. Distribution levels vary from state to state and from product to product. Certain of our products are sold in Canada. We also sell a limited range of our products to distributors outside of the United States, including in Mexico, the Caribbean, Central and South America, Japan, Korea, and Saudi Arabia.

We continually seek to expand distribution of our products by entering into agreements with regional bottlers or other direct store delivery distributors having established sales, marketing and distribution organizations. Many of our bottlers and distributors are affiliated with and manufacture and/or distribute other soda and non-carbonated brands and other beverage products. In many cases, such products compete directly with our products.

We continue to take steps to reduce our inventory levels in an endeavor to lower our warehouse and distribution costs.

During 2005, we continued to expand distribution of our natural sodas and smoothies outside of California. We expanded our national sales force to support and grow sales, primarily of Monster Energy(R) drinks, Lost(R) energy drinks, and Energade(R) energy sports drinks and we intend to continue to build such sales force in 2006.

Our Blue Sky(R) products are sold primarily to the health food trade, natural food chains and mainstream grocery store chains, through specialty health food distributors.

We concluded exclusive contracts with the State of California ("State") Department of Health Services, Women, Infant and Children ("WIC") Supplemental Nutrition Branch ("DHS") to supply 100% apple juice and 100% blended juice, in 64-ounce PET plastic bottles. The contracts are each for a period of three years with a further one-year extension option to be mutually agreed between Hansens and the State of California. We bid the lowest net cost per unit in terms of the wholesale price, less a rebate to the State. Formal written agreements were signed with the State in accordance with the bid process. The contracts commenced on July 12, 2004.

Under the contracts Hansens is the exclusive supplier for both Apple Juice and the blended juice category, a new WIC category, initially with our 100% Apple Grape Juice. During 2005, our Apple Strawberry Juice was approved within the blended juice category and became eligible for redemption under the WIC contract in addition to our 100% Apple Grape Juice. The WIC contracts have expanded the distribution of Hansens juices, resulting in increased exposure for the Hansens brand. WIC-approved items are stocked by the grocery trade and by WIC-only stores. Products are purchased by WIC consumers with vouchers given by the DHS to qualified participants.

Our principal warehouse and distribution center and corporate offices relocated to our current facility in October 2000. In January 2004, we leased an additional warehouse facility in Corona to consolidate additional space that had been leased by us on short term leases from time to time to meet our increased warehousing needs due to increases in both sales volumes and products and terminated the two short term leases concerned. We continue to take steps to reduce our inventory levels wherever possible, in an endeavor to lower our warehouse and distribution costs. (See also "PART I ITEM 2 PROPERTIES").

Raw Materials and Suppliers

The principal raw materials used by us comprise aluminum cans, glass bottles and PET plastic bottles as well as juices, high fructose corn syrup, sucrose and sucralose, the costs of which are subject to fluctuations. Due to the consolidations that have taken place in the glass industry over the past few years, the prices of glass bottles continue to increase. The prices of PET plastic bottles and aluminum cans have increased in 2005. The prices of high fructose corn syrup, sucrose and certain juice concentrates have also increased in 2005. These increased costs together with increased costs primarily of energy and gas and freight resulted in increases in certain product costs which are ongoing and are expected to continue to exert pressure on our gross margins in 2006. We are uncertain whether the prices of these or any other raw materials or ingredients will continue to rise in the future.

Generally, raw materials utilized by us in our business are readily available from numerous sources. However, certain raw materials are manufactured by only one company. Sucralose, which is used alone or in combination with Acesulfame-K in the Company's low-calorie products, is purchased by us from a single manufacturer. Certain of our cans are only manufactured by a single company in the United States.

With regard to fruit juice and juice-drink products, the industry is subject to variability of weather conditions, which may result in higher prices and/or lower consumer demand for juices.

We purchase beverage flavors, concentrates, juices, supplements, high-fructose corn syrup, cane sugar, sucrose, sucralose and other sweeteners as well as other ingredients from independent suppliers located in the United States and abroad.

Generally, flavor suppliers hold the proprietary rights to their flavors. Consequently, we do not have the list of ingredients or formulae for our flavors and certain of our concentrates readily available to us and we may be unable to obtain these flavors or concentrates from alternative suppliers on short notice. We have identified alternative suppliers of many of the supplements contained in many of our beverages. However, industry-wide shortages of certain fruits and fruit juices, and supplements and sweeteners have been and could, from time to time in the future, be experienced, which could interfere with and/or delay production of certain of our products.

We continually endeavor to develop back-up sources of supply for certain of our flavors and concentrates from other suppliers as well as to conclude arrangements with suppliers which would enable us to obtain access to certain concentrates or flavor formulas in certain circumstances. We have been partially successful in these endeavors. Additionally, in a limited number of cases, contractual restrictions and/or the necessity to obtain regulatory approvals and licenses may limit our ability to enter into agreements with alternative suppliers and manufacturers and/or distributors.

In connection with the development of new products and flavors, independent suppliers bear a large portion of the expense of product development, thereby enabling us to develop new products and flavors at relatively low cost. We have historically developed and successfully introduced new products and flavors and packaging for our products and intend to continue developing and introducing additional new beverages and flavors.

Competition

The beverage industry is highly competitive. The principal areas of competition are pricing, packaging, development of new products and flavors and marketing campaigns. Our products compete with a wide range of drinks produced by a relatively large number of manufacturers, most of which have substantially greater financial, marketing and distribution resources than we do.

Important factors affecting our ability to compete successfully include taste and flavor of products, trade and consumer promotions, rapid and effective development of new, unique cutting edge products, attractive and different packaging, branded product advertising and pricing. We also compete for distributors who will concentrate on marketing our products over those of our competitors, provide stable and reliable distribution and secure adequate shelf space in retail outlets. Competitive pressures in the alternative, energy and functional beverage categories could cause our products to be unable to gain or to lose market share or we could experience price erosion, which could have a material adverse affect on our business and results.

Over the past five years we have experienced substantial competition from new entrants in the energy drink category. A number of companies who market and distribute iced teas and juice cocktails in larger volume packages, such as 16 and 20-ounce glass bottles, including Sobe, Snapple Elements, Arizona and Fuse, have added supplements to their products with a view to marketing their products as "functional" or "energy" beverages or as having functional benefits. We believe that many of those products contain lower levels of supplements and principally deliver refreshment. In addition, many competitive products are positioned differently than our energy or functional drinks. Our smoothies and Gold Standard lines are positioned more closely against those products.

We compete not only for consumer acceptance, but also for maximum marketing efforts by multi-brand licensed bottlers, brokers and distributors, many of which have a principal affiliation with competing companies and brands. Our products compete with all liquid refreshments and with products of much larger and substantially better financed competitors, including the products of numerous nationally and internationally known producers such as The Coca Cola Company, PepsiCo, Inc., Cadbury Schweppes plc, Red Bull GmbH, Kraft Foods, Inc. Nestle Beverage Company, Tree Top and Ocean Spray. We also compete with companies that are smaller or primarily local in operation. Our products also compete with private label brands such as those carried by grocery store chains, convenience store chains, and club stores.

Our natural sodas compete directly with traditional soda products including those marketed by The Coca-Cola Company, PepsiCo, Inc. and Cadbury Schweppes plc, as well as with carbonated beverages marketed by smaller or primarily local companies such as Jones Soda Co., Clearly Canadian Beverage Company, Crystal Geysler, J.M. Smucker Company, and with private label brands such as those carried by grocery store chains, convenience store chains and club stores.

Our fruit juice smoothies compete directly with Kern's, Jumex, Jugos del Valle and Libby's nectars, V8 Smoothies, as well as with single serve juice products produced by many competitors. Such competitive products are packaged in glass and PET bottles ranging from 8- to 48-ounces in size and in 11.5-ounce aluminum cans. The juice content of such competitive products ranges from 1% to 100%.

Our apple and other juice products compete directly with Tree Top, Mott's, Martinelli's, Welch's, Ocean Spray, Tropicana, Minute Maid, Langers, Apple and Eve, Seneca, Northland and also with other brands of apple juice and juice blends, especially store brands.

Our energy drinks, including Hansen's(R) energy, Diet Red, Monster Energy(R), Lost(R) Energy, Joker Mad Energy(TM) and Rumba(TM) Energy Juice in 8.3, 15.5, 16 and 24-ounce cans, compete directly with Red Bull, Adrenaline Rush, Amp, Rockstar, No Fear, Full Throttle, 180, KMX, Venom, Extreme Energy Shot, US energy, Red Devil, Rip It, Nos, Boo Koo, Lipovitan, MET-Rx, Hype, XTC, and many other brands. In addition, certain large companies such as The Coca-Cola Company and Pepsico Inc. market and/or distribute products in that market segment such as Mountain Dew, Mountain Dew MDX, Vault, Adrenaline Rush, Amp, No Fear, Full Throttle and Rockstar.

Our E20 Energy Water(R) and still water products compete directly with Vitamin Water, Reebok, Propel, Dasani, Aquafina, Fruit20, Evian, Crystal Geysler, Naya, Palomar Mountain, Sahara, Arrowhead, Dannon, and other brands of flavored water and still water especially store brands.

Sales and Marketing

We focus on consumers who seek products that are perceived to be natural and healthy and emphasize the natural ingredients and the absence of preservatives, sodium, artificial coloring and caffeine in our beverages (other than our energy drinks) and the addition to most of our products, of one or more supplements. We reinforce this message in our product packaging.

Our sales and marketing strategy is to focus our efforts on developing brand awareness and trial through sampling both in stores and at events in respect of all our beverages and drink mixes. We use our branded vehicles and other promotional vehicles at events at which we distribute our products to consumers for sampling. 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 breast cancer research and SPCA's as well as extreme sports teams such as the Pro Circuit - Kawasaki Motocross team, extreme sports figures and athletes, sporting events such as the Energy Pro Pipeline Surfing competition, marathons, 10k runs, bicycle races, volleyball tournaments and other health and sports related activities, including extreme sports, particularly supercross, freestyle motor cross, surfing, skateboarding, wakeboarding, skiing, snowboarding, BMX, mountain biking, snowmobile racing, etc. and also participate in product demonstrations, food tasting and other related events. Posters, print, radio and television advertising together with price promotions and coupons are also used to promote our brands.

Additionally, in 2003 we entered into a multi-year sponsorship agreement to advertise on the new Las Vegas Monorail ("Monorail Agreement") with the Las Vegas Monorail Company ("LVMC") which includes the right to vend our Monster Energy(R) drinks and natural sodas on all stations. The initial term of the Monorail Agreement commenced in July 2004. For technical reasons the Monorail did not operate for some months in 2004 but recommenced carrying passengers at the end of December 2004. The initial term of the Monorail Agreement ends on the first anniversary of its commencement date. Not less than 120 days before the expiration of the initial term and each renewal term, as the case may be, we have the right to renew the Monorail Agreement for a further one year term up to a maximum of nine additional one year terms and the LVMC has the right, not withstanding such election by us, to terminate the Monorail Agreement at the expiration of the then current term. Due to the interruption in operations of the Monorail, the commencement date of the initial term was extended and the agreement commenced on January 1, 2005. We have renewed our agreement for 2006.

We believe that one of the keys to success in the beverage industry is differentiation such as making Hansen's(R) 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.

Where appropriate we partner with retailers to assist our marketing efforts. For example, while we retain responsibility for the marketing of the Juice Slam(R) line of children's multi-vitamin juice drinks, Costco has undertaken partial responsibility for the marketing of the Juice Blast(R) line.

We increased expenditures for our sales and marketing programs by approximately 55% in 2005 compared to 2004. As of December 31, 2005, we employed 363 employees in sales and marketing activities, of which 183 were employed on a full-time basis.

Customers

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. Sales to our various customer types for 2005 are reflected below. The allocations below reflect changes made by the Company to the categories historically reported.

Retail Grocery, specialty chains and wholesalers	19%
Club stores, drug & mass merchandisers	11%
Full service distributors	65%
Health food distributors	3%
Other	2%

Our customers include Dr. Pepper Bottling/7UP Bottling Group, Wal-Mart (including Sams Club), Kalil Bottling Group, Trader Joe's, Seven-Up Companies Northern California, Costco, Albertson's, Kroger and Safeway. A decision by any large customer to decrease amounts purchased from the Company or to cease carrying our products could have a material negative effect on our financial condition and consolidated results of operations. One customer accounted for approximately 18% and 13% of the Company's sales for the years ended December 31, 2005 and 2004, respectively.

Seasonality

Sales of ready-to-drink beverages are somewhat seasonal, with the second and third calendar quarters accounting for the highest sales volumes. The volume of sales in the beverage business may be affected by weather conditions. Sales of our beverage products may become increasingly subject to seasonal fluctuations as more sales occur outside of California with respect to the Hansen's products. However, the energy drink category appears to be less seasonal than traditional beverages.

Intellectual Property

We own numerous trademarks that are very important to our business. Depending upon the jurisdiction, trademarks are valid as long as they are in use and/or their registrations are properly maintained and they have not been found to have become generic. Registrations of trademarks can generally be renewed as long as the trademarks are in use. We also own the copyright in and to numerous statements made and content appearing on the packaging of our products.

We own the Hansen's(R) trademark. This trademark is crucial to our business and is registered in the U.S. Patent and Trademark Office and in various countries throughout the world. We own a number of other trademarks including, but not limited to, A New Kind a Buzz(TM) ,Unleash the Beast(R), Hansens Energy(R), Blue Energy(R), Energade(R), Hansen's E2O Energy Water(R), Slim Down(R), Power Formula(R), THE REAL DEAL(R), LIQUIDFRUIT(R), California's Natural Choice(R), Medicine Man(R), Hansen's power(R), b-well(R), anti-ox(R), d-stress(R), stamina(R), Antioxjuice Intellijuice(R), Defense(R), Immunejuice(R), Hansen's Natural Multi-Vitamin Juice Slam(R), Juice Blast(R) , Red Rocker(R), Monster Energy(R), M (stylized)(R), M Monster Energy(R) and Hansen's Natural Soda(R) in the United States and, the Hansen's(R) and Smoothie(R) trademarks in a number of countries around the world.

We have applied to register a number of trademarks in the United States and elsewhere including, but not limited to, Monster(TM), Assault(TM), Energy Pro(TM), Khaos(TM), M Monster Mutant(TM), Monster Mutant(TM), Joker Mad Energy(TM), Rumba(TM), Fizzit(TM) and Fizz Bomb(TM).

In September 2000, in connection with the acquisition of the Blue Sky Natural Beverage business, we, through our wholly owned subsidiary Blue Sky, acquired the Blue Sky(R) trademark, which is registered in the United States and Canada.

In May 2001, in connection with the acquisition of the Junior Juice beverage business, we, through our wholly owned subsidiary Junior Juice, acquired the Junior Juice(R) trademark, which is registered in the United States.

On April 4, 2000, the United States Patent and Trademark Office issued a patent to us for an invention related to a shelf structure (rolling rack) and, more particularly, a shelf structure for a walk-in cooler. Such shelf structure is utilized by us to secure shelf space for and to merchandise our energy and functional drinks in cans in refrigerated Visi coolers and walk-in coolers in retail stores.

Government Regulation

The production, distribution and sale in the United States of many of our products is subject to the Federal Food, Drug and Cosmetic Act; the Dietary Supplement Health and Education Act of 1994; the Occupational Safety and Health Act; various environmental statutes; and various other federal, state and local statutes and regulations applicable to the production, transportation, sale, safety, advertising, labeling and ingredients of such products. California law requires that a specific warning appear on any product that contains a component listed by the State as having been found to cause cancer or birth defects. The law exposes all food and beverage producers to the possibility of having to provide warnings on their products because the law recognizes no generally applicable quantitative thresholds below which a warning is not required. Consequently, even trace amounts of listed components can expose affected products to the prospect of warning labels. Products containing listed substances that occur naturally in the product or that are contributed to the product solely by a municipal water supply are generally exempt from the warning requirement. While none of our beverage products are required to display warnings under this law, we cannot predict whether an important component of any of our products might be added to the California list in the future. We also are unable to predict whether or to what extent a warning under this law would have an impact on costs or sales of our products.

Measures have been enacted in various localities and states that require that a deposit be charged for certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Other deposit, recycling or product stewardship proposals have been introduced in certain states and localities and in Congress, and we anticipate that similar legislation or regulations may be proposed in the future at the local, state and federal levels, both in the United States and elsewhere.

Our facilities in the United States are subject to federal, state and local environmental laws and regulations. Compliance with these provisions has not had, and we do not expect such compliance to have, any material adverse effect upon our capital expenditures, net income or competitive position.

Employees

As of December 31, 2005, we employed a total of 476 employees of which 290 were employed on a full-time basis. Of our 476 employees, we employ 113 in administrative and operational capacities and 363 persons in sales and marketing capacities. We have not experienced any work stoppages, and we consider relations with our employees to be good.

Compliance with Environmental Laws

In California, we are required to collect redemption values from our customers and to remit such redemption values to the State of California Department of Conservation based upon the number of cans and bottles of certain carbonated and non-carbonated products sold. In certain other states and Canada where Hansen's(R) products are sold, we are also required to collect deposits from our customers and to remit such deposits to the respective state agencies based upon the number of cans and bottles of certain carbonated and non-carbonated products sold in such states.

Available Information

Our Internet address is www.hansens.com. Information contained on our website is not part of this annual report on Form 10-K. Our annual report on Form 10-K and quarterly reports on Form 10-Q will be made available free of charge on www.hansens.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. In addition, you may request a copy of these filings (excluding exhibits) at no cost by writing or telephoning us at the following address or telephone number:

Hansen Beverage Company
1010 Railroad Street
Corona, CA 92882
(951) 739-6200
(800) HANSENS
(800) 426-7367

ITEM 1A. RISK FACTORS

In addition to the other information in this report, you should carefully consider the following risks. If any of the following risks actually occur, our business, financial condition and/or operating results could be materially adversely affected. The risk factors summarized below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Increased competition could hurt our business.

The beverage industry is highly competitive. The principal areas of competition are pricing, packaging, development of new products and flavors and marketing campaigns. Our products compete with a wide range of drinks produced by a relatively large number of manufacturers, most of which have substantially greater financial, marketing and distribution resources than we do.

Important factors affecting our ability to compete successfully include taste and flavor of products, trade and consumer promotions, rapid and effective development of new, unique cutting edge products, attractive and different packaging, branded product advertising and pricing. Our products compete with all liquid refreshments and with products of much larger and substantially better financed competitors, including the products of numerous nationally and internationally known producers such as The Coca-Cola Company, Pepsico Inc., Cadbury Schweppes plc, Red Bull GmbH, Kraft Foods Inc., Nestle Beverage Company, Tree Top and Ocean Spray. We also compete with companies that are smaller or primarily local in operation. Our products also compete with private label brands such as those carried by grocery store chains, convenience store chains, and club stores. There can be no assurance that we will not encounter difficulties in maintaining our current revenues or market share or position due to competition in the beverage industry. If our revenues decline, our business, financial condition and results of operations could be adversely affected.

We derive a substantial portion of revenues from our energy drinks and competitive pressure in the "energy drink" category could adversely affect our operating results.

A substantial portion of our sales are derived from our energy drinks, including in particular our Monster Energy(R) brand energy drinks. Our DSD segment which comprises primarily energy drinks, represented 77.4% of net sales for the year ended December 31, 2005. Any decrease in the sales of our Monster Energy(R) brand energy drinks could significantly adversely affect our future revenues and net income. Historically, we have experienced substantial competition from new entrants in the energy drink category. Our energy drinks compete directly with Red Bull, Adrenaline Rush, Amp, Rockstar, No Fear, Full Throttle, 180, KMX, Venom, Extreme Energy Shot, US energy, Red Devil, Rip It, Nos, Boo Koo, Lipovitan, MET-Rx, Hype, XTC, and many other brands. A number of companies who market and distribute iced teas and juice cocktails in different packages, such as 16 and 20-ounce glass bottles, including Sobe, Snapple Elements, Arizona, Fuse, and Vitamin Water, have added supplements to their products with a view to marketing their products as "functional" or "energy" beverages or as having functional benefits. In addition, certain large companies such as The Coca-Cola Company and Pepsico Inc. market and/or distribute products in that market segment such as Mountain Dew, Mountain Dew MDX, Vault, Adrenaline Rush, Amp, No Fear, Full Throttle, and Rockstar. Competitive pressures in the energy drink category could impact our revenues or we could experience price erosion or lower market share, any of which could have a material adverse affect on our business and results.

Change in consumer preferences may reduce demand for some of our products.

There is increasing awareness and concern for the health consequences of obesity. This may reduce demand for our non-diet beverages, which could affect our profitability.

Consumers are seeking greater variety in their beverages. Our future success will depend, in part, upon our continued ability to develop and introduce different and innovative beverages. In order to retain and expand our market share, we must continue to develop and introduce different and innovative beverages and be competitive in the areas of quality and health, although there can be no assurance of our ability to do so. There is no assurance that consumers will continue to purchase our products in the future. Additionally, many of our products are considered premium products and to maintain market share during recessionary periods we may have to reduce profit margins which would adversely affect our results of operations. Product lifecycles for some beverage brands and/or products and/or packages may be limited to a few years before consumers' preferences change. The beverages we currently market are in varying stages of their lifecycles and there can be no assurance that such beverages will become or remain profitable for us. The beverage industry is subject to changing consumer preferences and shifts in consumer preferences may adversely affect us if we misjudge such preferences. We may be unable to achieve volume growth through product and packaging initiatives. We also may be unable to penetrate new markets. If our revenues decline, our business, financial condition and results of operations will be adversely affected.

We rely on bottlers and other contract packers to manufacture our products. If we are unable to maintain good relationships with our bottlers and contract packers and/or their ability to manufacture our products becomes constrained or unavailable to us, our business could suffer.

We do not directly manufacture our products, but instead outsource such manufacturing to bottlers and other contract packers. Although our production arrangements are generally of short duration or are terminable upon request, in the event of a disruption or delay, we may be unable to procure alternative packing facilities at commercially reasonable rates and/or within a reasonably short time period. In addition, there are limited packing facilities in the United States with adequate capacity and/or suitable equipment for many of our products, including Hansen's(R) brand energy drinks in 8.3-ounce and 16-ounce cans, Gold Standard line, aseptic juice products, juices in 64-ounce PET plastic bottles, Energade(R), Monster Energy(R), Lost(R), Rumba(TM) and Joker Mad Energy(TM) energy drinks in 8.3, 15.5, 16, and 24-ounce cans, sparkling lemonades and orangeades and other products. There are also limited shrink sleeve labeling facilities available to us in the United States with adequate capacity for our E20 Energy Water(R). A disruption or delay in production of any of such products could significantly affect our revenues from such products as alternative co-packing facilities in the United States with adequate capacity may not be available for such products either at commercially reasonable rates, and/or within a reasonably short time period, if at all. Consequently, a disruption in production of such products could adversely affect our revenues.

We rely on bottlers and distributors to distribute our DSD products. If we are unable to secure such bottlers and distributors and/or we are unable to maintain good relationships with our existing bottlers and distributors, our business could suffer.

We continually seek to expand distribution of our products by entering into agreements with regional bottlers or other direct store delivery distributors having established sales, marketing and distribution organizations. Many of our bottlers and distributors are affiliated with and manufacture and/or distribute other soda and non-carbonated brands and other beverage products including energy drinks. In many cases, such products compete directly with our products.

The marketing efforts of our distributors are important for our success. If our DSD brands prove to be less attractive to our existing bottlers and distributors and/or if we fail to attract additional bottlers and distributors, and/or our bottlers and/or distributors do not market and promote our products above the products of our competitors, our business, financial condition and results of operations could be adversely affected.

Our customers are material to our success. If we are unable to maintain good relationships with our existing customers, our business could suffer.

Unilateral decisions could be taken by our distributors, and/or convenience chains, grocery chains, specialty chain stores, club stores and other customers to discontinue carrying all or any of the our products that they are carrying at any time, which could cause our business to suffer.

One customer accounted for approximately 18% and 13% of the Companys sales for the years ended December 31, 2005 and 2004, respectively. A decision by that, or any other large customer, to decrease the amount purchased from the Company or to cease carrying the Companys products could have a material adverse effect on the Companys financial condition and consolidated results of operations.

We have exclusive contracts with the State of California ("State") Department of Health Services, Women, Infant and Children ("WIC") Supplemental Nutrition Branch ("DHS") to supply 100% apple juice and 100% blended juice, in 64-ounce PET plastic bottles. The contracts are each for a period of three years with a further one-year extension option to be mutually agreed between Hansens and the State of California. The current contracts expire on July 11, 2007, and we have no knowledge of whether the contracts will be extended for a further one year, or whether we will be successful in securing any new future WIC contracts with the State. If we are unsuccessful in securing new future WIC contracts with the State, our revenues from those products could be materially adversely affected.

Increases in cost or shortages of raw materials or increases in costs of co-packing could harm our business.

The principal raw materials used by us comprise aluminum cans, glass bottles and PET plastic bottles as well as juices, high fructose corn syrup, sucrose and sucralose, the costs of which are subject to fluctuations. Due to the consolidations that have taken place in the glass industry over the past few years, the prices of glass bottles continue to increase. The prices of PET plastic bottles and aluminum cans increased in 2005 and may increase in 2006. The prices of high fructose corn syrup, sucrose and certain juice concentrates have also increased during the year, particularly apple concentrate. These increased costs, together with increased costs primarily of energy and gas and freight resulted in increases in certain product costs which are ongoing and are expected to continue to exert pressure on our gross margins in 2006. In addition, certain of our co-pack arrangements allow such co-packers to increase their charges based on certain of their own cost increases. We are uncertain whether the prices of any of the above or any other raw materials or ingredients will continue to rise in the future and whether we will be able to pass any of such increases on to our customers.

In addition, some of these raw materials, such as a sucralose and certain sizes of cans, are available from a limited number of suppliers. Sucralose, which is used in the Company's low-calorie products, is purchased by us from a single manufacturer. The supplier of sucralose has notified us that our purchases of sucralose during 2006 will be subject to volume limitations due to demand for sucralose exceeding production capacity. While we believe that our 2006 sucralose volume allocation will be sufficient to meet the demand for our products that contain sucralose, we may need to reformulate certain of those products that contain sucralose with alternative sweetener systems to avoid an interruption in supply of those products, should the need arise.

We may not correctly estimate demand for our products. Our ability to estimate demand for our products is imprecise, particularly with new products, and may be less precise during periods of rapid growth, particularly in new markets. If we materially underestimate demand for our products or are unable to secure sufficient ingredients or raw materials including, but not limited to, glass, PET plastic bottles, cans, labels, sucralose, flavors, supplements, certain sweeteners, or packing arrangements, we might not be able to satisfy demand on a short-term basis. Moreover, industry-wide shortages of certain juice concentrates, supplements and sweeteners have been and could, from time to time in the future, be experienced, which could interfere with and/or delay production of certain of our products and could have a material adverse effect on our business and financial results. We do not use hedging agreements or alternative instruments to manage this risk.

The costs of packaging supplies are subject to price increases from time to time and we may be unable to pass all or some of such increased costs on to our customers.

The majority of our packaging supplies contracts allow our suppliers to alter the costs they charge us for packaging supplies based on changes in the costs of the underlying commodities that are used to produce those packaging supplies, such as resin for PET bottles and aluminum for cans. These changes in the prices we pay for our packaging supplies occur at certain predetermined times that vary by product and supplier. Accordingly, we bear the risk of increases in the costs of these packaging supplies, including the underlying costs of the commodities that comprise these packaging supplies. We do not use derivative instruments to manage this risk. If the cost of these packaging supplies increase, we may be unable to pass these costs along to our customers through corresponding adjustments to the prices we charge, which could have a material adverse effect on our results of operations.

We rely upon our ongoing relationships with our key flavor suppliers. If we are unable to source our flavors on acceptable terms from our key suppliers, we could suffer disruptions in our business.

Generally, flavor suppliers hold the proprietary rights to their flavors. Consequently, we do not have the list of ingredients or formulae for our flavors and certain of our concentrates readily available to us and we may be unable to obtain these flavors or concentrates from alternative suppliers on short notice. Industry-wide shortages of certain juice concentrates, supplements and sweeteners have been and could, from time to time in the future, be experienced, which could interfere with and/or delay production of certain of our products. If we have to replace a flavor supplier, we could experience temporary disruptions in our ability to deliver products to our customers which could have a material adverse effect on our results of operations.

Our intellectual property rights are critical to our success, the loss of such rights could materially adversely affect our business.

We own numerous trademarks that are very important to our business. We also own the copyright in and to portion of the content on the packaging of our products. We regard our trademarks, copyrights, and similar intellectual property as critical to our success and attempt to protect such property with registered and common law trademarks and copyrights, restrictions on disclosure and other actions to prevent infringement. Product packages, mechanical designs and artwork are important to our success and we take action to protect against imitation of our packaging and trade dress and to protect our trademarks and copyrights as necessary. However, there can be no assurance that other third parties will not infringe or misappropriate our trademarks and similar proprietary rights. If we lose some or all of our intellectual property rights, our business may be materially adversely affected.

Significant changes in government regulation may hinder sales.

The production, distribution and sale in the United States of many of our products is subject to the Federal Food, Drug and Cosmetic Act; the Dietary Supplement Health and Education Act of 1994; the Occupational Safety and Health Act; various environmental statutes; and various other federal, state and local statutes and regulations applicable to the production, transportation, sale, safety, advertising, labeling and ingredients of such products. New statutes and regulations may also be instituted in the future. If a regulatory authority finds that a current or future product or production run is not in compliance with any of these regulations, we may be fined, or such products may have to be recalled and/or reformulated and/or packaging changed, thus adversely affecting our financial condition and operations. California law requires that a specific warning appear on any product that contains a component listed by the State as having been found to cause cancer or birth defects. While none of our beverage products are required to display warnings under this law, we cannot predict whether an important component of any of our products might be added to the California list in the future. We also are unable to predict whether or to what extent a warning under this law would have an impact on costs or sales of our products.

If we are unable to maintain brand image or product quality, or if we encounter product recalls, our business may suffer.

Our success depends on our ability to maintain and build brand image for our existing products, new products and brand extensions. We have no assurance that our advertising, marketing and promotional programs will have the desired impact on our products' brand image and on consumer preferences. Product quality issues, real or imagined, or allegations of product contamination, even if fake or unfounded, could tarnish the image of the affected brands and may cause consumers to choose other products. We may be required from time to time to recall products entirely or from specific co-packers, markets or batches. Product recalls could adversely affect our profitability and our brand image. We do not maintain recall insurance.

While we have to date not experienced any credible product liability litigation, there is no assurance that we will not experience such litigation in the future. In the event we were to experience product liability claims or a product recall, our financial condition and business operations could be materially adversely effected.

If we are not able to retain the full-time services of senior management it may have an adverse effect on our operations and/or our operating performance until we find suitable replacements.

Our business is dependent, to a large extent, upon the services of our senior management. We do not maintain key person life insurance for any members of our senior management. We currently have employment agreements with Mr. Sacks and Mr. Schlosberg which end on December 31, 2008. The loss of services of either of these persons or any other key members of our senior management could adversely affect our business until a suitable replacements can be found. There may be a limited number of personnel with the requisite skills to serve in these positions and we may be unable to locate or employ such qualified personnel on acceptable terms.

Weather could adversely affect our supply chain and demand for our products.

With regard to fruit juice, fruit juice concentrates and natural flavors, the beverage industry is subject to variability of weather conditions, which may result in higher prices and/or the nonavailability of any of such items. Sales of our products may also be influenced to some extent by weather conditions in the markets in which we operate, particularly in areas outside of California. Weather conditions may influence consumer demand for certain of our beverages, which could have an adverse effect on our results of operations.

Potential changes in accounting practices and/or taxation may adversely affect our financial results.

We cannot predict the impact that future changes in accounting standards or practices may have on our financial results. New accounting standards could be issued that could change the way we record revenues, expenses, assets and liabilities. These changes in accounting standards could adversely affect our reported earnings. Increases in direct and indirect income tax rates could affect after tax income. Equally, increases in indirect taxes (including environmental taxes pertaining to the disposal of beverage containers) could affect our products' affordability and reduce our sales.

Volatility of Stock Price may restrict sale opportunities.

Our stock price is affected by a number of factors, including stockholder expectations, financial results, the introduction of new products by us and our competitors, general economic and market conditions, estimates and projections by the investment community and public comments by other persons and many other factors, many of which are beyond our control. We may be unable to achieve analysts 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. As a result, our stock price is subject to significant volatility and stockholders may not be able to sell our stock at attractive prices.

Provisions in our organizational documents and control by insiders may prevent changes in control even if such changes would be beneficial to other stockholders.

Our organizational documents may limit changes in control. Furthermore, at February 10, 2006, Mr. Sacks and Mr. Schlosberg together may be deemed to control a maximum of 21.2% of our outstanding common stock. Consequently, Mr. Sacks and Mr. Schlosberg could exercise significant control on matters submitted to a vote of our stockholders, including electing directors, amending organizational documents and approving extraordinary transactions such as a takeover attempt, even though such actions may be favorable to the other common stockholders.

Our cash flow may not be sufficient to fund our long term goals.

We may be unable to generate sufficient cash flow to support our capital expenditure plans and general operating activities. In addition, the terms and/or availability of our credit facility and/or the activities of our creditors could affect the financing of our future growth.

Litigation or legal proceedings could expose us to significant liabilities and thus negatively affect our financial results.

We are a party, from time to time, to various litigation claims and legal proceedings, which could adversely affect our financial results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Our corporate offices and main warehouse are located at 1010 Railroad Street, Corona, California 92882. Our lease for this facility expires in October 2010. The area of the facility is approximately 141,000 square feet. Additionally, in January 2004 we entered into a lease for additional warehouse space in Corona, California. The area of this facility is approximately 80,000 square feet. This lease will expire at the end of March 2008 with an option to extend the lease until October 2010. We also rent additional warehouse space on a short-term basis from time to time in public warehouses situated throughout the United States and Canada.

ITEM 3. LEGAL PROCEEDINGS

In September 2004, Barrington Capital Corporation through an alleged successor in interest, Sandburg Financial Corporation (both entities with whom the Company has never had any dealings) served a Notice of Motion ("Motion") on the Company and each of its subsidiaries as well as on a number of other unrelated entities and individuals. The Motion seeks to amend a default judgment granted against a completely unconnected company, Hansen Foods, Inc., to add the Company and its subsidiary companies, as well as the other entities and individuals cited, as judgment debtors. The default judgment was entered on February 15, 1996, for \$7,626,000 plus legal interest and attorneys' fees in the sum of \$211,000 arising out of a breach of contract claim that allegedly occurred in the 1980s. Barrington Capital Corporation's/Sandburg Financial Corporations claim is based on the misconceived and unsubstantiated theory that the Company and its subsidiaries are alter egos and/or successors of Hansen Foods, Inc. The Motion is based on demonstrably false allegations, misstated legal propositions and lacks any substantial supporting evidence. The Company and its subsidiaries are vigorously opposing the Motion and believe that the Motion is without any merit.

In June 2005, the Company filed a complaint in California federal court against North American Beverage Company ("NAB") seeking an injunction, damages and other relief arising out of NAB's infringement of the Company's Monster Energy(R) marks through the promotion and advertising of carbonated beverages under the mark "Flathead Lake Monster" with the word "Monster" predominantly displayed. In response, in July 2005, Flathead Lake Monster, Inc. ("Flathead"), a Montana corporation which allegedly licensed the mark "Flathead Lake Monster" to NAB, filed a complaint against the Company in federal court in Montana in which it alleged that it is the licensor of the mark "Flathead Lake Monster" and sought a declaration that its use of that mark for soda does not infringe the Company's rights in its "Monster Energy" marks. Flathead's complaint also in the alternative claimed trademark infringement by the Company "to the extent a court finds a likelihood of confusion" between the parties marks and sought an injunction against the Company from using the term "Monster Energy", as well as damages and other relief. In December 2005, all of the aforesaid proceedings, including the complaint filed by the Company as well as the complaint filed by Flathead Lake, were settled on terms deemed to be favorable to the Company.

Furthermore, we are 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 us and after consultation with counsel, we believe that such litigation will not have a material adverse effect on our financial position or results of operations.

Except as described above, there are no material pending legal proceedings to which we or any of our subsidiaries is a party or to which any of our properties is subject, other than ordinary and routine litigation incidental to our business.

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

The annual meeting of stockholders of the Company was held on November 11, 2005. At the meeting, the following individuals were elected as directors of the Company and received the number of votes set opposite their respective names:

Director	Votes For	Votes Withheld
-----	-----	-----
Rodney C. Sacks	19,369,084	413,395
Hilton H. Schlosberg	19,301,847	480,632
Benjamin M. Polk	18,426,784	1,355,695
Norman C. Epstein	18,382,312	1,400,167
Harold C. Taber, Jr.	18,310,041	1,472,438
Mark S. Vidergauz	19,455,910	326,569
Sydney Selati	18,730,515	1,051,964

The stockholders approved the 2005 Hansen Natural Corporation Stock Option Plan for Non-Employee Directors by a vote of 11,038,166 for, 735,864 against, 27,899 abstaining and 7,980,550 broker non-votes.

In addition, at the meeting our stockholders ratified the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the year ended December 31, 2005, by a vote of 19,627,174 for, 144,498 against, 10,807 abstaining and zero broker non-votes.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Principal Market

The Company's common stock began trading in the over-the-counter market on November 8, 1990 and is quoted on the NASDAQ Capital Market under the symbol "HANS". As of February 10, 2006, there were 22,307,006 shares of the Company's common stock outstanding held by approximately 514 holders of record.

Stock Price and Dividend Information

The following table sets forth high and low bid closing quotations of our common stock for the periods indicated (as adjusted for the stock split that occurred on August 8, 2005 (Note 1)):

	High	Low
	-----	-----
Year Ended December 31, 2004		

First Quarter	\$ 7.22	\$ 3.96
Second Quarter	\$ 13.63	\$ 6.76
Third Quarter	\$ 14.24	\$ 9.07
Fourth Quarter	\$ 18.21	\$ 11.55
Year Ended December 31, 2005		

First Quarter	\$ 29.98	\$ 16.76
Second Quarter	\$ 43.07	\$ 26.63
Third Quarter	\$ 53.70	\$ 40.49
Fourth Quarter	\$ 86.71	\$ 41.98

The quotations for the common stock set forth above represent bid quotations between dealers, do not include retail markups, mark-downs or commissions and bid quotations may not necessarily represent actual transactions and "real time" sale prices. The source of the bid information is the NASDAQ Stock Market, Inc.

We have not paid cash dividends to our stockholders since our inception and do not anticipate paying cash dividends in the foreseeable future.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2005 with respect to shares of our common stock that may be issued under our equity compensation plans.

Plan category	Number of securities to be issued upon exercise of Outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders	3,712,600	\$8.38	262,600
Equity compensation plans not approved by stockholders	-	-	-
Total	3,712,600	\$8.38	262,600

ITEM 6. SELECTED FINANCIAL DATA

The consolidated statements of operations data set forth below with respect to each of the years ended December 31, 2001 through 2005 and the balance sheet data as of December 31, for the years indicated, are derived from our audited consolidated financial statements and should be read in conjunction with those financial statements and notes thereto, and with the Management's Discussion and Analysis of Financial Condition and Results of Operations included as ITEM 7 of this Annual Report on Form 10-K.

(in thousands, except
per share information)

	2005	2004	2003	2002	2001
Gross Sales*	\$ 415,417	\$ 224,098	\$ 135,655	\$ 112,885	\$ 97,609
Net sales	\$ 348,886	\$ 180,341	\$ 110,352	\$ 92,046	\$ 80,658
Gross Profit	\$ 182,543	\$ 83,466	\$ 43,775	\$ 32,032	\$ 27,232
Gross Profit as a Percentage to Net Sales	52.3%	46.3%	39.7%	35.3%	34.6%
Operating Income	\$ 103,443	\$ 33,886	\$ 9,826	\$ 5,293	\$ 5,551
Net income	\$ 62,776	\$ 20,387	\$ 5,930	\$ 3,029	\$ 3,019
Net income per common share					
Basic	\$ 2.85	\$ 0.96	\$ 0.29	\$ 0.15	\$ 0.15
Diluted	\$ 2.59	\$ 0.86	\$ 0.28	\$ 0.14	\$ 0.14
Total assets	\$ 163,890	\$ 82,022	\$ 47,997	\$ 40,464	\$ 38,561
Long-term debt	\$ 10	\$ 146	\$ 358	\$ 3,606	\$ 5,851
Stockholders' Equity	\$ 125,509	\$ 58,571	\$ 35,050	\$ 28,371	\$ 25,334

* 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 the Company's 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 overall Company 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 the Company's operating performance. Gross sales may not be realized in the form of cash receipts as promotional payment and allowances may be deducted from payments received from customers. (See "PART II ITEM 7 - RESULTS OF OPERATIONS").

ITEM 7. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion ("MD&A") is provided as a supplement to and should be read in conjunction with our financial statements and the accompanying notes ("Notes") included elsewhere in this Form 10-K. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. Our actual results may differ materially from those currently anticipated and expressed in such forwardlooking statements.

This overview provides our perspective on the individual sections of MD&A. MD&A includes the following sections:

- * Our Business - a general description of our business; the value drivers of our business; and opportunities and risks;
- * Results of Operations - an analysis of our consolidated results of operations for the three years presented in our financial statements;

- * Liquidity and Capital Resources - an analysis of our cash flows, sources and uses of cash and contractual obligations;
- * Accounting Policies and Pronouncements - a discussion of accounting policies that require critical judgments and estimates including newly issued accounting pronouncements;
- * Sales - details of our sales measured on a quarterly basis in both dollars and cases;
- * Inflation - information about the impact that inflation may or may not have on our results;
- * Forward Looking Statements - cautionary information about forward looking statements and a description of certain risks and uncertainties that could cause our actual results to differ materially from the company's historical results or our current expectations or projections; and
- * Market Risks - Information about market risks and risk management. See ("Forward Looking Statements" and "PART II ITEM 7A. - QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISKS").

Our Business

Overview

We develop, market, sell and distribute, in the main, a wide range of branded beverages. The majority of our beverages fall within the growing "alternative" beverage category. The principal brand names under which our beverages are marketed are Hansen's(R), Monster Energy(R), Blue Sky(R), Junior Juice(R), Lost(R), Rumba(TM) and Joker Mad Energy(TM). We own all of our above-listed brand names other than Lost(R) which we produce, market, sell and distribute under an exclusive licensing arrangement with Lost International LLC.

Our company principally generates revenues, income and cash flows by developing, producing, marketing, selling and distributing finished beverage products. We generally sell these products to retailers as well as distributors.

We incur significant marketing expenditures to support our brands including advertising costs, athlete and event sponsorship fees and special promotional events. We focus on developing brand awareness and trial through sampling both in stores and at events. Retailers and distributors receive rebates, promotions, point of sale materials, merchandise displays and coolers. We also use in-store promotions and in-store placement of point-of-sale materials and racks, prize promotions, price promotions, competitions, and sponsorship of, and endorsements from selected public and extreme sports figures, events and causes. Consumers receive coupons, discounts and promotional incentives. These marketing expenditures help to enhance distribution and availability of our products as well as awareness and increase consumer preference for our brands. Greater distribution and availability, awareness and preference promotes long term growth.

During 2005, we continued to expand our existing product lines and further develop our markets. In particular, we continue 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.

We believe that one of the keys to success in the beverage industry is differentiation such as making Hansen's(R) 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.

A substantial portion of our sales are derived from "energy drinks", particularly our Monster Energy(R) brand energy drinks. Any decrease in sales of our energy drinks, particularly our Monster Energy(R) brand energy drinks could significantly adversely affect our future revenues and net income. Competitive pressure in the "energy drink" category could adversely affect our operating results. (See "PART I ITEM 1A. - RISK FACTORS")

We again achieved record sales in 2005. The increase in gross and net sales in 2005 was primarily attributable to increased sales by volume of our Monster Energy(R) drinks, which were introduced in April 2002, including our low carbohydrate ("lo-carb") Monster Energy(R) drinks, which were introduced in 2003, our Monster Energy(R) Assault(TM) energy drinks which were introduced in September 2004, sales of Monster Energy(R) Khaos(TM) energy drinks, which were introduced in August 2005, increased sales by volume of Lost(R) energy drinks which were introduced in January 2004, and to a lesser extent, to sales of Joker Mad Energy(TM) drinks which were introduced in January 2005, as well as increased sales by volume of apple juice and juice blends, children's multi-vitamin juice drinks and Rumba(TM) energy juice, which was introduced in December 2004. The increase in gross and net sales was partially offset by decreased sales by volume primarily of Hansen's(R) natural sodas, Hansen's(R) energy drinks, Energade(R), and Smoothies in cans.

During the year ended December 31, 2005, sales shipped outside of California represented 62% of our aggregate gross sales, as compared to 56% of our aggregate gross sales for the comparable period in 2004. During the year ended December 31, 2005, sales to distributors outside the United States amounted to \$5.6 million, as compared to \$2.3 million for the year ended December 31, 2004, which was less than 2% of gross sales for each period respectively.

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. Sales to our various customer types for 2005 are reflected below. The allocations below reflect changes made by the Company to the categories historically reported.

Retail Grocery, specialty chains and wholesalers	19%
Club stores, drug & mass merchandisers	11%
Full service distributors	65%
Health food distributors	3%
Other	2%

In 2004, we introduced a carbonated Lost(R) Energy drink in 16-ounce cans, a carbonated Monster Energy(R) Assault(TM) drink in 16-ounce cans, a new line of Blue Sky(R) natural tea sodas in 12-ounce cans, Hansen's(R) energy drinks in 16-ounce cans, Rumba(TM) Energy Juice in 15.5-ounce cans and also introduced a new line of lo-carb smoothies in 11.5-ounce cans.

In 2005, we introduced a carbonated Joker Mad Energy(TM) drink in 16-ounce cans (regular and lo-carb) a carbonated Monster Energy(R) Khaos(TM) energy drink in 16-ounce cans, Monster Energy(R) and Lo-Carb Monster Energy(R) in 24-ounce cans, Monster Energy(R), Lo-Carb Monster Energy(R) and Monster Energy(R) Assault(TM) drinks in 8.3-ounce cans, a new line of Blue Sky(R) natural sodas with real sugar, a new line of lite Blue Sky(R) natural sodas in 12-ounce cans, a new line of non-carbonated Blue Sky(R) isotonic sports drinks in 16-ounce PET plastic bottles, as well as new juice products and Fizzit(TM) which is a line of vitamin and mineral drink mixes in powdered form.

Sales of our dual-branded 100% juice line named Juice Blast(R), which was launched in conjunction with Costco and is sold through Costco stores, were \$4.0 million in 2005 as compared to \$2.0 million in 2004. We have and will continue to introduce new flavors from time to time in an effort to ensure that the variety pack remains fresh and different for consumers and retain and if possible increase current distribution levels.

In September 2000, HBC, through its wholly owned subsidiary Blue Sky, acquired the Blue Sky(R) natural soda business. The Blue Sky(R) 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 anti-oxidant vitamins, organic sodas and seltzer waters in 12-ounce cans and a Blue Energy(R) drink in 8.3-ounce cans and in 2004 introduced a new line of Blue Sky(R) 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(R) natural sodas made with real sugar and a new line of non-carbonated Blue Sky(R) isotonic sports drinks.

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

During 2005, we entered into several new distribution agreements for the sale of our products both within and outside the United States and substantially expanded our national sales force and marketing and support staff. As discussed under "PART I ITEM 1. - BUSINESS MANUFACTURE AND DISTRIBUTION", we anticipate that we will continue building our national sales force in 2006 as well as our marketing and support staff to support and grow the sales of our products.

In 2002, we introduced a Sparkling Cider 100% juice drink in a 1.5-liter Magnum glass bottle. However, due to limited reports of some bottles breaking in 2003, we promptly recalled the product. We are pursuing a claim for the costs and losses incurred by us. We will reevaluate relaunching this product once certain production issues are resolved to our satisfaction and a suitable co-packer has been identified.

During 2004, we concluded exclusive contracts with the State of California, Department of Health Services Women, Infant 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. (See "PART I ITEM 1. BUSINESS MANUFACTURE AND DISTRIBUTION").

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

Value Drivers of our Business

We believe that the key value drivers of our business include the following:

- * Profitable Growth - We believe natural, better for you brands properly supported by marketing and innovation, targeted to a broad consumer base-drive profitable growth. We continue to broaden our family of brands. In particular, we are expanding and growing our specialty beverages and energy drinks to provide more alternatives to consumers. We are focused on maintaining or increasing profit margins. We believe that tailored brand, package, price and channel strategies help achieve profitable growth. We are implementing these strategies with a view to accelerating profitable growth.
- * Cost Management - The principal focus of cost management will continue to be on supplies and cost reduction. One key area of focus, for example, is to decrease raw material costs, co-packing fees and general and administrative costs as a percentage of net operating revenues. Another key area of focus is the reduction in inventory levels. However, due to the expansion in the number of our products as well as increased sales levels in 2005, overall inventory levels increased. During 2005, the costs primarily of PET plastic bottles and aluminum cans, as well as the costs of high fructose corn syrup and sucrose and certain packaging and freight costs also increased.

* Efficient Capital Structure - Our capital structure is intended to optimize our costs of capital. We believe our strong capital position, our ability to raise funds at low effective cost and overall low costs of borrowing provide a competitive advantage.

We believe that, subject to increases in the costs of certain raw materials being contained, these value drivers, when properly implemented, will result in (1) maintaining and/or improving our gross profit margin; (2) providing additional leverage over time through reduced expenses as a percentage of net operating revenues; and (3) optimizing our cost of capital. The ultimate measure of success is and will be reflected in our current and future results of operations.

Gross and net operating revenues, gross profits, operating income, and net income and net income per share represent key measurements of the above value drivers. In 2005, gross operating revenues totaled \$415.4 million, an 85.4% increase over 2004. Net operating revenues totaled \$348.9 million, an increase of 93.5% over 2004. Gross profit totaled \$182.5 million in 2005, a 118.7% increase from 2004. Operating income was \$103.4 million compared to \$33.9 million for 2004. Net income was \$62.8 million as compared to \$20.4 million for 2004. Net income per diluted share was \$2.59 as compared to net income per diluted share of \$.86 in 2004. These measurements will continue to be a key management focus in 2006 and beyond. See also "Results of Operations for the Year Ended December 31, 2005 Compared to the Year Ended December 31, 2004."

In 2005, the Company had working capital of \$107.1 million compared to \$41.6 million as of December 31, 2004. In 2005, our net cash provided by operating activities was approximately \$54.6 million as compared to \$20.1 million in 2004. Principal uses of cash flows are purchases of inventory, increases in accounts receivable and other assets, acquisition of property and equipment and trademarks. Payment of our debt and accounts payable and income taxes payable are expected to be and remain our principal recurring use of cash and working capital funds. (See also "PART II ITEM 7. - LIQUIDITY AND CAPITAL RESOURCES").

Opportunities, Challenges and Risks

Looking forward, our management has identified certain challenges and risks that demand the attention of the beverage industry and our company. Increase in consumer and regulatory awareness of the health problems arising from obesity and inactive lifestyles represents a challenge. We recognize that obesity is a complex and serious public health problem. Our commitment to consumers begins with our broad product line and a wide selection of diet, light and lo-carb beverages, juices and juice drinks, sports drinks and waters and energy drinks. We continuously strive to meet changing consumer needs through beverage innovation, choice and variety.

Our historical success is attributable, in part, to our introduction of different and innovative beverages. Our future success will depend, in part, upon our continued ability to develop and introduce different and innovative beverages, although there can be no assurance of our ability to do so. In order to retain and expand our market share, we must continue to develop and introduce different and innovative beverages and be competitive in the areas of quality, health, method of distribution, brand image and intellectual property protection. The beverage industry is subject to changing consumer preferences and shifts in consumer preferences may adversely affect companies that misjudge such preferences.

In addition, other key challenges and risks that could impact our company's future financial results include, but are not limited to:

- * maintenance of our brand images and product quality;
- * profitable expansion and growth of our family of brands in the competitive market place (See also "PART I ITEM 1. - BUSINESS - COMPETITION AND SALES AND MARKETING");
- * restrictions on imports and sources of supply; duties or tariffs; changes in government regulations;
- * protection of our existing intellectual property portfolio of trademarks and the continuous pursuit of new and innovative trademarks for our expanding product lines;
- * limitations on available quantities of sucralose, a non-caloric sweetener that is used in many of our beverage products, during 2006, due to demand for such sweetener exceeding the supplier's production capacity, as well as limitations on available quantities of certain package containers such as the 24-ounce cap can and copacking availability; and
- * the imposition of additional restrictions.
- * (See also "PART I ITEM 1A. - RISK FACTORS") for additional information about risks and uncertainties facing our Company.

We believe that the following opportunities exist for us:

- * growth potential for non-alcoholic beverage categories including energy drinks, carbonated soft drinks, juices and juice drinks, sports drinks and water;
- * new product introductions intended to contribute to higher gross profits;
- * premium packages intended to generate strong revenue growth;
- * significant package, pricing and channel opportunities to maximize profitable growth; and
- * proper positioning to capture industry growth.

Results of Operations

	2005	2004	2003	Percentage Change	
				05 vs. 04	04 vs. 03
Gross sales, net of discounts & returns *	\$ 415,417,282	\$ 224,097,875	\$ 135,655,087	85.4%	65.2%
Less: Promotional and other allowances**	66,530,916	43,756,740	25,302,891	52.0%	72.9%
Net sales	348,886,366	180,341,135	110,352,196	93.5%	63.4%
Cost of sales	166,343,118	96,874,750	66,577,168	71.7%	45.5%
Gross profit	182,543,248	83,466,385	43,775,028	118.7%	90.7%
Gross profit margin	52.3%	46.3%	39.7%		
Operating Expenses:					
Selling, general and administrative expenses	79,029,837	49,507,137	33,887,045	59.6%	46.1%
Amortization of trademarks	70,102	73,046	61,888	(4.0%)	18.0%
Operating income	103,443,309	33,886,202	9,826,095	205.3%	244.9%
Operating income as a percent of net sales	29.6%	18.8%	8.9%		
Net nonoperating income (expense)	1,351,272	51,995	(67,013)	2,498.8%	(177.6%)
Income before provision for income taxes	104,794,581	33,938,197	9,759,082	208.8%	247.8%
Provision for income taxes	42,018,605	13,551,393	3,828,678	210.1%	253.9%
Effective tax rate	40.1%	39.9%	39.2%		
Net income	\$ 62,775,976	\$ 20,386,804	\$ 5,930,404	207.9%	243.8%
Net income as a percent of net sales	18.0%	11.3%	5.4%		
Net income per common share:					
Basic (See Note 7 to the consolidated financial statements)	\$ 2.85	\$ 0.96	\$ 0.29	196.9%	231.0%
Diluted (See Note 7 to the consolidated financial statements)	\$ 2.59	\$ 0.86	\$ 0.28	201.2%	207.1%
Case sales (in thousands) (in 192-ounce case equivalents)	48,214	29,760	20,421	62.0%	45.7%

* 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 the Company's 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 overall Company 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 the Company's operating performance. Gross sales may not be realized in the form of cash receipts as promotional payment and allowances may be deducted from payments received from customers.

** 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 the marketing activities of the Company.

Results of Operations for the Year Ended December 31, 2005 Compared to the Year Ended December 31, 2004

Gross Sales. For the year ended December 31, 2005, gross sales were \$415.4 million, an increase of \$191.3 million or 85.4% higher than gross sales of \$224.1 million for the year ended December 31, 2004. The increase in gross sales is primarily attributable to increased sales of certain of our existing products and the introduction of new products as discussed below in "Net Sales". The percentage increase in gross sales was lower than the percentage increase in net sales due to a decrease in the promotional and other allowances as a percentage of gross sales, which decreased from 19.5% for the year ended December 31, 2004 to 16.0% for the year ended December 31, 2005, although the actual amount of promotional and other allowances increased from \$43.8 million to \$66.5 million for the respective periods.

Net Sales. For the year ended December 31, 2005, net sales were \$ 348.9 million, an increase of \$168.5 million or 93.5% higher than net sales of \$180.3 million for the year ended December 31, 2004. We again achieved record sales in 2005. The increase in gross and net sales in 2005 was primarily attributable to increased sales by volume of our Monster Energy(R) drinks, which were introduced in April 2002, including our low carbohydrate ("lo-carb") Monster Energy(R) drinks, which were introduced in 2003, our Monster Energy(R) Assault(TM) energy drinks which were introduced in September 2004, sales of Monster Energy(R) Khaos(TM) energy drinks, which were introduced in August 2005, increased sales by volume of Lost(R) energy drinks which were introduced in January 2004, and to a lesser extent, to sales of Joker Mad Energy(TM) drinks which were introduced in January 2005, as well as increased sales by volume of apple juice and juice blends, and children's multi-vitamin juice drinks and Rumba(TM) which was introduced in December 2004. The increase in gross and net sales was partially offset by decreased sales by volume primarily of Hansen's Natural Sodas(R), Hansen's(R) energy drinks, Energade(R) and Smoothies in cans. Net sales case volumes (calculated on 192 U.S. fluid ounces of finished beverage equivalent basis) increased from 29.8 million cases for the year ended December 31, 2004 to 48.2 million cases for the year ended December 31, 2005, an increase of 18.4 million cases or 62.0%. The overall average net sales price per case also increased to \$7.24 per case for the year ended December 31, 2005 from \$6.06 for the year ended December 31, 2004, an increase of 19.5%. The increase in the average net sales prices per case was due to an increase in the proportion of case sales derived from higher priced products as described below.

Net sales for the DSD segment were \$270.0 million for the year ended December 31, 2005, an increase of approximately \$157.0 million or 138.8% higher than net sales of \$113.1 million for the year ended December 31, 2004. The increase in net sales for the DSD segment was primarily attributable to increased sales by volume of our Monster Energy(R) drinks, which were introduced in April 2002, including our low carbohydrate ("lo-carb") Monster Energy(R) drinks, which were introduced in 2003, our Monster Energy(R) Assault(TM) energy drinks which were introduced in September 2004, sales of Monster Energy(R) Khaos(TM) energy drinks, which were introduced in August 2005, increased sales by volume of Lost energy drinks which were introduced in January 2004. The increase in net sales was also attributable, to a lesser extent, to sales of Joker Mad Energy(TM) drinks which were introduced in January 2005. The increase in net sales was partially offset by lower sales by volume of Hansen's(R) energy drinks and Energade(R).

Net sales for the Warehouse segment were \$78.9 million for the year ended December 31, 2005, an increase of approximately \$11.3 million or 16.7% higher than net sales of \$67.6 million for the year ended December 31, 2004. The increase in net sales for the Warehouse segment was primarily attributable to increased sales by volume of Hansen's(R) apple juice and juice blends, children's multi-vitamin juice drinks and Rumba(TM) energy juice, which was introduced in December 2004. The increase in net sales was partially offset by lower sales by volume of smoothies in cans and Hansen's(R) natural sodas.

Gross Profit. Gross profit was \$182.5 million for the year ended December 31, 2005, an increase of \$99.1 million or 118.7% over the \$83.5 million gross profit for the year ended December 31, 2004. Gross profit as a percentage of net sales was 52.3% for the year ended December 31, 2005 which was higher than gross profit as a percentage of net sales of 46.3% for the year ended December 31, 2004, due primarily to higher gross profit margins achieved on the increased sales of Monster Energy(R) and Lost(R) energy drinks. Although a greater percentage of our sales comprised products having higher gross margins than the prior year, the increase in profit margins was partially reduced by higher promotional payments and allowances to promote our products.

Gross profit may not be comparable to those of other entities since some entities include all costs associated with their distribution process in cost of sales whereas others like Hansen's exclude certain costs and instead include such costs within another line item such as selling, general and administrative expenses.

Distribution expenses, which include out-bound freight and warehousing expenses after manufacture, were \$22.1 million for the year ended December 31, 2005 and \$12.4 million for the year ended December 31, 2004 and have been included in operating expenses.

Total Operating Expenses. Total operating expenses were \$79.1 million for the year ended December 31, 2005, an increase of \$29.5 million or 59.6% over total operating expenses of \$49.6 million for the year ended December 31, 2004. Total operating expenses as a percentage of net sales decreased to 22.6% for the year ended December 31, 2005, from 27.4% for the year ended December 31, 2004. The increase in total operating expenses was primarily attributable to increased selling, general and administrative expenses. The decrease in total operating expenses as a percentage of net sales was primarily attributable to the comparatively lower increase in selling, general and administrative expenses than the increase in net sales.

Selling. Selling expenses were \$50.8 million for the year ended December 31, 2005, an increase of \$21.5 million or 73.7% over selling expenses of \$29.2 million for the year ended December 31, 2004. Selling expenses as a percentage of net sales decreased to 14.6% for the year ended December 31, 2005 from 16.2% for the year ended December 31, 2004. The increase in selling expenses was primarily attributable to increased distribution (freight) and storage expenses which increased by \$9.7 million, increased expenditures for trade development activities and cooperative arrangements with our customers and distributors, which increased by \$4.2 million, increased expenditures for merchandise displays, point-of-sale materials, and premiums, which increased by \$3.0 million, increased expenditures for sponsorships and endorsements which increased \$1.7 million, increased expenditures for advertising which increased by \$1.3 million, and increased expenditures for samples, which increased by \$1.2 million.

General and Administrative. General and administrative expenses were \$28.3 million for the year ended December 31, 2005, an increase of \$8.0 million or 39.4% over general and administrative expenses of \$20.3 million for the year ended December 31, 2004. General and administrative expenses as a percentage of net sales decreased to 8.1% for the year ended December 31, 2005 from 11.3% for the year ended December 31, 2004. The increase in general and administrative expenses was primarily attributable to payroll expenses which increased by \$3.6 million, distributor termination payments which increased by \$1.2 million and travel and entertainment expenses which increased by \$682,000.

Amortization of Trademarks. Amortization of trademarks was \$70,000 for the year ended December 31, 2005, a decrease of \$3,000 from amortization of trademarks of \$73,000 for the year ended December 31, 2004. The decrease in amortization of trademarks was due to a reduction in the balance of definite life trademarks.

Contribution Margin. Contribution margin represents net sales by segment less the cost of sales and operating expenses which can be directly attributed to segment net sales. Contribution margin for the DSD segment was \$112.9 million for the year ended December 31, 2005, an increase of approximately \$71.8 million or 174.4% higher than contribution margin of \$41.2 million for the year ended December 31, 2004. The increase in contribution margin for the DSD segment was primarily attributable to the increase in net sales of Monster Energy(R) brand energy drinks and Lost(R) energy drinks. Contribution margin for the Warehouse segment was \$6.4 million for the year ended December 31, 2005, an increase of approximately \$2.4 million or 58.5% higher than contribution margin of \$4.0 million for year ended December 31, 2004. The increase in the contribution margin for the Warehouse segment was primarily attributable to increased sales of apple juice and juice blends.

Operating Income. Operating income was \$103.4 million for the year ended December 31, 2005, compared to \$33.9 million for the year ended December 31, 2004. The \$69.6 million increase in operating income was primarily attributable to increased gross profits, which was partially offset by increased operating expenses.

Net Nonoperating Income/(Expense). Net nonoperating income/(expense) was \$1.4 million for the year ended December 31, 2005, as compared to net nonoperating income/(expense) of \$52,000 for the year ended December 31, 2004. Net nonoperating income/(expense) consists of interest income and interest and financing expense. The increase in interest income was primarily attributable to an increase in the cash balances in interest bearing accounts during the year ended December 31, 2005. Interest income for the year ended December 31, 2005 was \$1.4 million compared to interest income of \$94,000 for the year ended December 31, 2004. Interest and financing expense for the year ended December 31, 2005 was \$77,000 compared to \$42,000 for the year ended December 31, 2004. The increase in interest and financing expense was primarily attributable to an increase in capital leases entered into during 2005.

Provision for Income Taxes. Provision for income taxes for the year ended December 31, 2005 was \$42.0 million which was an increase of \$28.4 million as compared to the provision for income taxes of \$13.6 million for the year ended December 31, 2004. The increase in provision for income taxes was primarily attributable to the increase in operating income. The effective combined federal and state tax rate for 2005 was 40.1%, as compared to an effective tax rate of 39.9% for 2004.

Net Income. Net income was \$62.8 million for the year ended December 31, 2005, which was an increase of \$42.4 million as compared to net income of \$20.4 million for the year ended December 31, 2004. The increase in net income was primarily attributable to the \$99.1 million increase in gross profit and an increase of net nonoperating income/(expense) of \$1.3 million for the year ended December 31, 2005 which was partially offset by increased operating expenses of \$29.5 million and an increase in the provision for income taxes of \$28.4 million.

Results of Operations for the Year Ended December 31, 2004 Compared to the Year Ended December 31, 2003

Gross Sales. For the year ended December 31, 2004, gross sales were \$224.1 million, an increase of approximately \$88.4 million or 65.2% higher than gross sales of \$135.7 million for the year ended December 31, 2003. The increase in gross sales for the year ended December 31, 2004 was primarily attributable to increased sales by volume of certain of our existing products as well as the introduction of new products as discussed below in "Net Sales". The percentage increase in gross sales was comparable to the percentage increase in net sales. The promotional and other allowances as a percentage of gross sales increased slightly from 18.7% for the year ended December 31, 2003 to 19.5% for the year ended December 31, 2004 as well as the actual amount of promotional and other allowances, which increased from \$25.3 million to \$43.8 million for the respective periods.

Net Sales. For the year ended December 31, 2004, net sales were \$180.3 million, an increase of approximately \$70.0 million or 63.4% higher than net sales of \$110.4 million for the year ended December 31, 2003. The increase in gross and net sales in 2004 was primarily attributable to increased sales by volume of Monster Energy(R) drink, which was introduced in April 2002, including our low carbohydrate ("lo-carb") Monster Energy(R) drink which was introduced in 2003 and sales by volume of Lost energy drinks which were introduced at the beginning of 2004, as well as increased sales by volume of apple juice, juice blends, and Energade(R) energy sports drinks. Additionally, the increase in gross and net sales was attributable to the increased sales prices of and reduced allowances for smoothies in cans and natural sodas. The increase in gross and net sales was partially offset by decreased sales by volume primarily of Hansen's(R) energy drinks in 8.3-ounce cans, childrens multi-vitamin juice drinks, and teas, lemonades and cocktails. Net sales case volumes increased from 20.4 million cases for the year ended December 31, 2003 to 29.8 million cases for the year ended December 31, 2004, an increase of 9.3 million cases or 45.7%. The overall average net sales price per case also increased to \$6.06 per case for the year ended December 31, 2004 from \$5.40 per case for the year ended December 31, 2003, an increase of 12.2%. The increase in the average net sales prices per case was due to an increase in the proportion of case sales derived from higher priced products.

Net sales for the DSD segment were \$113.1 million for the year ended December 31, 2004, an increase of approximately \$63.6 million or 128.5% higher than net sales of \$49.5 million for the year ended December 31, 2003. The increase in net sales for the DSD segment was primarily attributable to increased sales by volume of Monster Energy(R) drink, which was introduced in April 2002, including our low carbohydrate ("lo-carb") Monster Energy(R) drink which was introduced in 2003 and sales by volume of Lost(R) energy drinks which were introduced at the beginning of 2004, as well as increased sales by volume of Energade(R) energy sports drinks. The increase in net sales for the DSD segment was partially offset by decreased sales by volume primarily of Hansen's(R) energy drinks.

Net sales for the Warehouse segment were \$67.6 million for the year ended December 31, 2004, an increase of approximately \$6.7 million or 11.0% higher than net sales of \$60.9 million for the year ended December 31, 2003. The increase in net sales of the Warehouse segment was primarily attributable to increased sales by volume of Hansen's(R) apple juice and juice blends. Additionally, the increase in net sales for the Warehouse segment was attributable to the increased sales prices of and reduced allowances for smoothies in cans and natural sodas. The increase in net sales was partially offset by decreased sales by volume primarily of our childrens multi-vitamin juice drinks, and teas, lemonades and cocktails.

Gross Profit. Gross profit was \$83.5 million for the year ended December 31, 2004, an increase of \$39.7 million or 90.7% over the \$43.8 million gross profit for the year ended December 31, 2003. Gross profit as a percentage of net sales was 46.3% for the year ended December 31, 2004 which was higher than gross profit as a percentage of net sales of 39.7% for the year ended December 31, 2003. Increases in gross sales volume contributed to an increase in gross profit while a change in the Companys product and customer mix and the related increase in the percentage of sales of higher margin products increased both gross profit and gross profit as a percentage of net sales. This increase in profit margins was partially reduced by higher promotional payments and allowances to promote our products.

Gross profit may not be comparable to those 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 selling, general and administrative expenses.

Distribution expenses, which include out-bound freight and warehousing expenses after manufacture, were \$12.4 million and \$8.3 million for the years ended December 31, 2004 and 2003, respectively and have been included in operating expenses.

Total Operating Expenses. Total operating expenses were \$49.6 million for the year ended December 31, 2004, an increase of \$15.6 million or 46.0% over total operating expenses of \$33.9 million for the year ended December 31, 2003. Total operating expenses as a percentage of net sales decreased slightly to 27.5% for the year ended December 31, 2004, from 30.8% for the year ended December 31, 2003. The increase in total operating expenses was primarily attributable to increased selling, general and administrative expenses. The decrease in total operating expenses as a percentage of net sales was primarily attributable to the comparatively lower increase in selling, general and administrative expenses than the increase in net sales.

Selling. Selling expenses were \$29.2 million for the year ended December 31, 2004, an increase of \$9.1 million or 45.5% over selling expenses of \$20.1 million for the year ended December 31, 2003. Selling expenses as a percentage of net sales decreased to 16.2% for the year ended December 31, 2004 from 18.2% for the year ended December 31, 2003. The increase in selling expenses was primarily attributable to increased distribution (freight) and storage expenses after manufacture, which increased by \$4.1 million, increased expenditures for trade development activities and cooperative arrangements with our customers and distributors, which increased by \$2.1 million, and increased expenditures for merchandise displays, point-of-sale materials, and premiums, which increased by \$2.0 million.

General and Administrative. General and administrative expenses were \$20.3 million for the year ended December 31, 2004, an increase of \$6.5 million or 47.0% over general and administrative expenses of \$13.8 million for the year ended December 31, 2003. General and administrative expenses as a percentage of net sales decreased to 11.2% for the year ended December 31, 2004 from 12.5% for the year ended December 31, 2003. The increase in general and administrative expenses was primarily attributable to payroll expenses which increased by \$3.3 million, professional services, consisting of legal, consulting and accounting services primarily related to the implementation and testing required by the Sarbanes-Oxley Act of 2002, and legal services related to protecting trademarks which increased by \$1.5 million, and travel and entertainment expenses which increased by \$622,000.

Contribution Margin. Contribution margin for the DSD segment was \$41.2 million for the year ended December 31, 2004, an increase of approximately \$26.3 million or 176.6% higher than contribution margin of \$14.9 million for the year ended December 31, 2003. The increase in contribution margin for the DSD division was primarily attributable to the increase in net sales of Monster Energy(R) brand energy drinks and Lost(R) energy drinks. Contribution margin for the Warehouse segment was \$4.0 million for the year ended December 31, 2004, an increase of approximately \$1.6 million or 66.7% higher than contribution margin of \$2.4 million for year ended December 31, 2003. The increase in the contribution margin for the Warehouse segment was primarily attributable to increased sales of Hansen's(R) apple juice and juice blends.

Amortization of Trademark License and Trademarks. Amortization of trademark license and trademarks was \$73,000 for the year ended December 31, 2004, an increase of \$11,000 over amortization of trademark license and trademarks of \$62,000 for the year ended December 31, 2003. The increase in amortization of trademark license and trademarks was due to the acquisition of trademarks during the year ended December 31, 2004.

Operating Income. Operating income was \$33.9 million for the year ended December 31, 2004, compared to \$9.8 million for the year ended December 31, 2003, an increase of \$24.1 million. The increase in operating income and operating income as a percentage of net sales was attributable to higher gross profit as well as gross profit increasing at a higher rate than the increase in operating expenses for the year ended December 31, 2004 as compared to the year ended December 31, 2003.

Net Nonoperating Income/(Expense). Net nonoperating income was \$52,000 for the year ended December 31, 2004, as compared to net nonoperating expense of \$67,000 for the year ended December 31, 2003. Net nonoperating income/(expense) consists of interest income and interest and financing expense. The increase in interest income was primarily attributable to an increase in the cash invested in interest bearing accounts during the year ended December 31, 2004. Interest and financing expense for the year ended December 31, 2004 was \$42,000 compared to \$73,000 for the year ended December 31, 2003. The decrease in interest and financing expense was primarily attributable to the decrease in outstanding loan balances and lower interest rates. Interest income for the year ended December 31, 2004 was \$94,000, compared to interest income of \$6,000 for the year ended December 31, 2003.

Provision for Income Taxes. Provision for income taxes for the year ended December 31, 2004 was \$13.6 million which was an increase of \$9.7 million as compared to the provision for income taxes of \$3.8 million for the year ended December 31, 2003. The increase in provision for income taxes was primarily attributable to the increase in operating income. The effective combined federal and state tax rate for 2004 was 39.9%, which was higher than the effective tax rate of 39.2% for 2003 due to the increase in the statutory federal income tax rate applicable to the Company's pre-tax income.

Net Income. Net income was \$20.4 million for the year ended December 31, 2004, which was an increase of \$14.5 million as compared to net income of \$5.9 million for the year ended December 31, 2003. The increase in net income was primarily attributable to the \$39.7 million increase in gross profit and decrease in nonoperating expense and increase in nonoperating income of \$119,000 for the year ended December 31, 2004 which was partially offset by increased operating expenses of \$15.6 million and an increase in the provision for income taxes of \$9.7 million.

Liquidity and Capital Resources

Cash flows from operating activities - Net cash provided by operating activities was \$54.6 million for the year ended December 31, 2005 as compared to \$20.1 million in the comparable period in 2004. For the year ended December 31, 2005, cash provided by operating activities was primarily attributable to net income earned including adjustments for certain non-cash expenses. In 2005, cash provided by operating activities was reduced due to increases in accounts receivable which was attributable to increased sales volumes as well as increased sales to certain classes of customers who have different payment terms, increases in inventories required to meet increased sales levels and the increases in prepaid income taxes. Increases in inventory levels are the direct result of increases in purchasing, which contributed to the increased balances of accounts payable and accrued liabilities.

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 from investing activities - Net cash provided by investing activities was \$3.2 million for the year ended December 31, 2005 as compared to net cash used in investing activities of \$18.8 million in the comparable period in 2004. For the year ended December 31, 2005, cash provided by investing activities was primarily attributable to purchases, maturities and sales of short-term investments, and to a minor extent, the sale-leaseback of certain vans and promotional vehicles and the sale of certain property and equipment that was no longer operational. For both periods, cash used in investing activities included the acquisitions of fixed assets consisting of computer and office equipment used for sales and administrative activities, vans and promotional vehicles and other equipment to support the marketing and promotional activities of the Company and also for additions to trademark. Management expects that it will continue to use portion of its cash in excess of its requirements for operations, to purchase short-term investments and for other corporate purposes. Management, from time to time, considers the acquisition of capital equipment, particularly, specific items of production equipment required to produce certain of our products, storage racks, merchandise display racks, vans and promotional vehicles, coolers and other promotional equipment and businesses compatible with the image of the Company's brands, as well as the introduction of new product lines.

Cash flows from financing activities - Net cash used in financing activities was \$113,000 for the year ended December 31, 2005 as compared to net cash provided by financing activities of \$1.3 million in the comparable period in 2004. For the year ended December 31, 2005, cash provided by financing activities was primarily attributable to proceeds received from the issuance of common stock pursuant to the exercise of stock options which was partially offset by principal payments of long-term debt. The increase in payments on long-term debt as compared to the comparable period in 2004 related to lease payments made on vehicle leases entered into over the past year.

Debt and other obligations - HBC has a credit facility from Comerica Bank ("Comerica"), consisting of a revolving line of credit. Such revolving line of credit is secured by substantially all of HBCs assets, including accounts receivable, inventory, trademarks and certain equipment. In accordance with the provisions of the credit facility, HBC can borrow up to \$7.8 million under its revolving line of credit. The revolving line of credit remains in full force and effect through June 1, 2007. Interest on borrowings under the line of credit is based on Comericas base (prime) rate minus up to 1.5% or varying LIBOR rates up to 180 days plus an additional percentage of up to 1.5%, depending upon certain financial ratios maintained by HBC. The Company had no outstanding borrowings on the line of credit at December 31, 2005.

The terms of the Companys line of credit contain certain financial covenants including certain financial ratios. The Company was in compliance with its covenants at December 31, 2005.

If any event of default shall occur for any reason, whether voluntary or involuntary, Comerica may declare all or any portion outstanding on the line of credit immediately due and payable, exercise rights and remedies available to secured parties under the Uniform Commercial Code, institute legal proceedings to foreclose upon the lien and security interest granted or for the sale of any or all collateral.

Noncancelable contractual obligations include our obligations under our agreement with the Las Vegas Monorail Company and other commitments. (See also PART II ITEM 8 - NOTE 8, COMMITMENTS & CONTINGENCIES).

Purchase commitments include obligations made by the Company and its subsidiaries to various suppliers for raw materials used in the manufacturing and packaging of our products. These obligations vary in terms.

The following represents a summary of the Company's contractual obligations and related scheduled maturities as of December 31, 2005:

Obligations	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Noncancelable contracts	\$ 3,265,595	\$ 2,870,595	\$ 395,000	\$ -	\$ -
Long-Term Debt	109,864	109,864			
Capital Lease	415,480	405,357	10,123		
Operating Lease	5,110,157	1,289,343	3,154,166	666,648	
Purchase Commitments	11,699,072	7,437,967	4,261,105		
	<u>\$ 20,600,168</u>	<u>\$ 12,113,126</u>	<u>\$ 7,820,394</u>	<u>\$ 666,648</u>	<u>\$ -</u>

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, 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. Should the Company fail 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 \$4.3 million subject to compliance by Rexam with a number of conditions under this agreement.

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 for at least the next twelve months. Based on the Company's current plans, at this time the Company estimates that capital expenditures are likely to be less than \$5 million through December 2006. However, future business opportunities may cause a change in this estimate.

Accounting Policies and Pronouncements

Critical Accounting Policies

The Company's consolidated financial statements are prepared in accordance with GAAP. GAAP requires the Company to make estimates and assumptions that affect the reported amounts in our consolidated financial statements including various allowances and reserves for accounts receivable and inventories, the estimated lives of long-lived assets and trademarks as well as claims and contingencies arising out of litigation or other transactions that occur in the normal course of business. The following summarize the most significant accounting and reporting policies and practices of the Company:

Trademarks - Trademarks primarily represent the Company's exclusive ownership of the Hansen's(R) trademark in connection with the manufacture, sale and distribution of beverages and water and non-beverage products and the Monster Energy(R) trademark in connection with the manufacture, sale and distribution of supplements and beverages. The Company also owns in its own right, a number of other trademarks in the United States as well as in a number of countries around the world. The Company also owns the Blue Sky(R) trademark, which was acquired in September 2000, and the Junior Juice(R) trademark, which was acquired in May 2001. During 2002, the Company adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under the provisions on SFAS No. 142, the Company discontinued amortization on indefinite-lived trademarks while continuing to amortize remaining trademarks over one to 20 years.

In accordance with SFAS No. 142, we evaluate our trademarks annually for impairment or earlier if there is an indication of impairment. If there is an indication of impairment of identified intangible assets not subject to amortization, management compares the estimated fair value with the carrying amount of the asset. An impairment loss is recognized to write down the intangible asset to its fair value if it is less than the carrying amount. The fair value is calculated using the income approach. However, preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions. Based on management's quarterly impairment analysis performed, the estimated fair values of trademarks exceeded the carrying value.

Long-Lived Assets - Management regularly reviews property and equipment and other long-lived assets, including certain identifiable intangibles, for possible impairment. This review occurs annually, or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If there is indication of impairment of property and equipment or amortizable intangible assets, then management prepares an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. The fair value is estimated at the present value of the future cash flows discounted at a rate commensurate with management's estimates of the business risks. No impairments were identified during 2005, however, during 2004, management recognized an impairment to property and equipment as discussed in Note 1 of the attached financial statements.

Management believes that the accounting estimate related to impairment of its long lived assets, including its trademarks, is a "critical accounting estimate" because: (1) it is highly susceptible to change from period to period because it requires company management to make assumptions about cash flows and discount rates; and (2) the impact that recognizing an impairment would have on the assets reported on our consolidated balance sheet, as well as net income, could be material. Managements assumptions about cash flows and discount rates require significant judgment because actual revenues and expenses have fluctuated in the past and are expected to continue to do so.

In estimating future revenues, we use internal budgets. Internal budgets are developed based on recent revenue data and future marketing plans for existing product lines and planned timing of future introductions of new products and their impact on our future cash flows.

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

Net Sales - Net sales consist of sales recorded at the time the related products are shipped and the risk of ownership and title have passed, less allowances for returns, spoilage, discounts and promotional allowances recorded in accordance with Emerging Issues Task Force ("EITF") Issue No. 01-9.

Cost of Sales - Cost of sales consists of the costs of raw materials utilized in the manufacture of our products, co-packing fees, in-bound freight charges as well as certain internal transfer costs, warehouse expenses incurred prior to the manufacture of the Company's finished products and certain quality control costs. Raw materials account for the largest portion of the cost of sales. Raw materials include cans, bottles, other containers, ingredients and packaging materials.

Operating Expenses - Operating expenses include selling expenses such as distribution expenses to transport our products to our customers and warehousing expenses after manufacture, expenses including advertising, sampling and in-store demonstration costs, material costs for merchandise displays, point-of-sale materials and premium items, sponsorship expenses, other marketing expenses and design expenses. Operating expenses also include general and administrative costs such as payroll costs, travel costs, professional service fees, depreciation and other general and administrative costs.

Distribution expenses, which include out-bound freight and warehousing expenses after manufacture, were \$22.1 million, \$12.4 million and \$8.3 million for the years ended December 31, 2005, 2004, and 2003 respectively.

Advertising and Promotional Allowances - The Company accounts for advertising production costs by expensing such production costs the first time the related advertising takes place. In addition, the Company supports its customers with promotional allowances, a portion of which is utilized for marketing and indirect advertising by them. In certain instances, a portion of the promotional allowances payable to customers based on the levels of sales to such customers, promotion requirements or expected use of the allowances, are estimated by the Company. If the level of sales, promotion requirements or use of the allowances are different from such estimates, the promotional allowances could, to the extent based on estimates, require adjustments. The Company presents advertising and promotional allowances in accordance with the provisions of EITF No. 01-9.

Accounts Receivable - The Company evaluates the collectibility of its trade accounts receivable based on a number of factors. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on the Company's recent past loss history and an overall assessment of past due trade accounts receivable outstanding.

Inventories - Inventories are stated at the lower of cost to purchase and/or manufacture the inventory or the current estimated market value of the inventory. The Company regularly reviews its inventory quantities on hand and records a provision for excess and obsolete inventory based primarily on the Company's estimated forecast of product demand and/or its ability to sell the product(s) concerned and production requirements. Demand for the Company's products can fluctuate significantly. Factors which could affect demand for the Company's products include unanticipated changes in consumer preferences, general market conditions or other factors, which may result in cancellations of advance orders or a reduction in the rate of reorders placed by customers and/or continued weakening of economic conditions. Additionally, management's estimates of future product demand may be inaccurate, which could result in an understated or overstated provision required for excess and obsolete inventory.

Income Taxes - Current income tax expense is the amount of income taxes expected to be payable for the current year. A deferred income tax asset or liability is established for the expected future consequences of temporary differences in the financial reporting and tax bases of assets and liabilities. The Company considers future taxable income and ongoing, prudent and feasible tax planning strategies in assessing the value of its deferred tax assets. If the Company determines that it is more likely than not that these assets will not be realized, the Company will reduce the value of these assets to their expected realizable value, thereby decreasing net income. Evaluating the value of these assets is necessarily based on the Company's judgment. If the Company subsequently determined that the deferred tax assets, which had been written down, would be realized in the future, the value of the deferred tax assets would be increased, thereby increasing net income in the period when that determination was made. See Note 9 in Notes to Consolidated Financial Statements.

Newly Issued Accounting Pronouncements

Information regarding newly issued accounting pronouncements is contained in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2005, which note is incorporated herein by this reference.

Sales

The table set forth below discloses selected quarterly data regarding sales for the past five years. Data from any one or more quarters 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 of the Company means number of unit cases (or unit case equivalents) of beverages directly or indirectly sold by the Company. Sales of food bars and cereals, which have been discontinued and are not material, are expressed in actual cases.

The Company's 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 Hansens 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 Hansen's products expands outside of California. The Company's experience with its energy drink products, suggests that they are less seasonal than traditional beverages. As the percentage of the Company's 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 its finished products and changes in and/or increased advertising and promotional expenses. (See also "PART I ITEM 1. - BUSINESS SEASONALITY").

	2005	2004	2003	2002	2001
Unit Case Volume / Case Sales (in Thousands)					
Quarter 1	9,295	5,368	4,219	3,597	3,091
Quarter 2	12,368	7,605	5,356	4,977	4,171
Quarter 3	13,983	8,916	6,221	5,146	4,271
Quarter 4	12,568	7,871	4,625	3,885	3,583
Total	48,214	29,760	20,421	17,605	15,116
Net Revenues (in Thousands)					
Quarter 1	\$ 60,014	\$ 31,299	\$ 22,086	\$ 18,592	\$ 16,908
Quarter 2	85,441	46,064	28,409	26,265	22,337
Quarter 3	105,421	52,641	33,291	26,985	23,011
Quarter 4	98,010	50,337	26,566	20,204	18,402
Total	\$ 348,886	\$ 180,341	\$ 110,352	\$ 92,046	\$ 80,658
Average Price per Case					
Quarter 1	\$ 6.46	\$ 5.83	\$ 5.23	\$ 5.17	\$ 5.47
Quarter 2	6.91	6.06	5.30	5.28	5.36
Quarter 3	7.54	5.90	5.35	5.24	5.39
Quarter 4	7.80	6.40	5.74	5.20	5.14
Total	\$ 7.24	\$ 6.06	\$ 5.40	\$ 5.23	\$ 5.34

Inflation

The Company does not believe that inflation had a significant impact on the Company's results of operations for the periods presented.

Forward Looking Statements

The Private Security 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 may constitute forward looking statements (within the meaning of Section 27.A of the Securities Act 1933, as amended, and Section 21.E of the Securities Exchange Act of 1934, as amended) regarding the expectations of management with respect to revenues, profitability, adequacy of funds from operations and our existing credit facility, among other things. All statements which 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 our control, 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, those described in "PART I ITEM 1A. - RISK FACTORS" and other risks detailed from time to time in the Company's reports filed with the Securities and Exchange Commission. Such factors are not exhaustive.

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 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISKS

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) which the Company is exposed to are fluctuations in commodity prices affecting the cost of raw materials and changes in interest rates of the Company's long term debt and the 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. We are also subject to other risks associated with the business environment in which we operate, including the collectibility of accounts receivable.

At December 31, 2005, the majority of the Company's debt consisted of fixed rather than variable rate debt. The amount of variable rate debt fluctuates during the year based on the Company's cash requirements. If average interest rates were to increase one percent for the year ended December 31, 2005, the net impact on the Company's pre-tax earnings would have been insignificant. There have been no significant changes to the Company's exposure to market risks.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required to be furnished in response to this ITEM 8 follows the signature page hereto at pages 67 through 90.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 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 Securities Exchange Act of 1934 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.

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 registrant's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting - Company management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of company management, including the principal executive officer and principal financial officer, the company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission as of December 31, 2005. Based on the company's evaluation under the framework in Internal Control - Integrated Framework, management concluded that the company's internal control over financial reporting was effective as of December 31, 2005.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report, which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Hansen Natural Corporation
Corona, California

We have audited management's assessment, included in the accompanying Management Report on Internal Control Over Financial Reporting, that Hansen Natural Corporation and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule listed in Item 15(b) as of and for the year ended December 31, 2005, of the Company and our report dated March 9, 2006 expressed an unqualified opinion on those financial statements and financial statement schedule.

DELOITTE & TOUCHE LLP
Costa Mesa, California
March 9, 2006

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors of the Company are elected annually by the holders of the common stock and executive officers are elected annually by the Board of Directors, to serve until the next annual meeting of stockholders or the Board of Directors, as the case may be, or until their successors are elected and qualified. It is anticipated that the next annual meeting of stockholders will be held in October or November 2006.

The members of our Board of Directors and our executive officers are as follows:

Name	Age	Position
Rodney C. Sacks(1)	56	Chairman of the Board of Directors and Chief Executive Officer
Hilton H. Schlosberg(1)	53	Vice Chairman of the Board of Directors, Chief Financial Officer, Chief Operating Officer and Secretary
Benjamin M. Polk	55	Director
Norman C. Epstein (2,3,4)	65	Director
Sydney Selati(2)	67	Director
Harold C. Taber, Jr. (2,4)	66	Director
Mark S. Vidergauz (3)	52	Director
Mark Hall	50	President, Monster Beverage Division
Michael B. Schott	57	Senior Vice President, National Sales, Monster Beverage Division
Kirk Blower	55	Senior Vice President, Non-Carbonated Products, HBC
Thomas J. Kelly	51	Vice President - Finance and Secretary, HBC

- (1) Member of the Executive Committee of the Board of Directors
- (2) Member of the Audit Committee of the Board of Directors
- (3) Member of the Compensation Committee of the Board of Directors
- (4) Member of the Nominating Committee of the Board of Directors

Rodney C. Sacks - Chairman of the Board of Directors of the Company, Chief Executive Officer and director of the Company from November 1990 to the present. Member of the Executive Committee of the Board of Directors of the Company since October 1992. Chairman and a director of HBC from June 1992 to the present.

Hilton H. Schlosberg - Vice Chairman of the Board of Directors of the Company, President, Chief Operating Officer, Secretary, and a director of the Company from November 1990 to the present and Chief Financial Officer of the Company since July 1996. Member of the Executive Committee of the Board of Directors of the Company since October 1992. Vice Chairman, Secretary and a director of HBC from July 1992 to the present.

Benjamin M. Polk - Director of the Company from November 1990 to the present. Assistant Secretary of HBC since October 1992 and a director of HBC since July 1992. Partner with Schulte Roth & Zabel LLP(1) since May 2004 and previously a partner with Winston & Strawn LLP where Mr. Polk practiced law with that firm and its predecessors, from August 1976 to May 2004.

Norman C. Epstein - Director of the Company and member of the Compensation Committee of the Board of Directors of the Company since June 1992 and member of the Nominating Committee of the Board of Directors of the Company since September 2004. Member and Chairman of the Audit Committee of the Board of Directors of the Company since September 1997. Director of HBC since July 1992. Director of Integrated Asset Management Limited, a company listed on the London Stock Exchange since June 1998. Managing Director of Cheval Property Finance PLC, a mortgage finance company based in London, England. Partner with Moore Stephens, an international accounting firm, from 1974 to December 1996 (senior partner beginning 1989 and the managing partner of Moore Stephens, New York from 1993 until 1995).

Sydney Selati - Director of the Company and member of the Audit Committee of the Board of Directors since September 2004. Mr. Selati was a director of Barbeques Galore Ltd. from 1997 to 2005 and was Chairman of the Board of Directors of Galore USA since from 1988 to 2005. Mr. Selati was president of Sussex Group Limited from 1984 to 1988.

Harold C. Taber, Jr. - Director of the Company since July 1992. Member of the Audit Committee of the Board of Directors since April 2000 and member of the Nominating Committee of the Board of Directors of the Company since September 2004. President and Chief Executive Officer of HBC from July 1992 to June 1997. Consultant for The Joseph Company from October 1997 to March 1999 and for Costa Macaroni Manufacturing Company from July 2000 to January 2002. Director of Mentoring at Biola University from July 2002 to present.

Mark S. Vidergauz - Director of the Company and member of the Compensation Committee of the Board of Directors of the Company since June 1998. Member of the Audit Committee of the Board of Directors from April 2000 through May 2004. Managing Director and Chief Executive Officer of Sage Group LLC from April 2000 to present. Managing director at the Los Angeles office of ING Barings LLC, a diversified financial service institution headquartered in the Netherlands from April 1995 to April 2000.

Mark Hall - President, Monster Beverage Division, joined HBC in 1997. Prior to joining HBC, Mr. Hall spent three years with Arizona Beverages as Vice President of Sales where he was responsible for sales and distribution of Arizona products through a national network of beer distributors and soft drink bottlers.

Michael B. Schott - Vice President, National Sales, Monster Beverage Division, joined HBC in 2002. Prior to joining HBC, Mr. Schott held a number of management positions in the beverage industry including president of Snapple Beverage Co., SOBE Beverage Co. and Everfresh Beverages, respectively. Mr. Schott has over 30 years of experience in sales and marketing, primarily with beverage companies in key executive and operational roles.

Kirk Blower - Senior Vice President, Juice and Non-Carbonated Products, of HBC since 1992. Mr. Blower has over 30 years of experience in sales and marketing, primarily with the Coca-Cola organization.

Thomas J. Kelly - Vice President Finance and Secretary of HBC since 1992. Prior to joining HBC, Mr. Kelly served as controller for California Copackers Corporation. Mr. Kelly is a Certified Public Accountant and has worked in the beverage business for over 20 years.

(1)Mr. Polk and his law firm, Schulte Roth & Zabel LLP, serve as counsel to the Company.

Audit Committee and Audit Committee Financial Expert

The Company has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The members of the Audit Committee are Messrs. Epstein (Chairman), Taber and Selati. The Board of Directors has determined that Mr. Epstein is (1) an "audit committee financial expert," as that term is defined in Item 401(h) of Regulation S-K of the Exchange Act, and (2) independent as defined by the listing standards of NASDAQ and Section 10A(m)(3) of the Exchange Act.

Nominating Committee

The Board of Directors of the Company established a Nominating Committee in September 2004 consisting of Norman C. Epstein and Harold C. Taber Jr. and adopted a Nominating Committee Charter which is available on our website at www.hansens.com.

Code of Ethics

We have adopted a Code of Ethics that applies to all our directors, officers (including its principal executive officer, principal financial officer and controller) and employees. The Code of Ethics and any amendment to the Code of Ethics, as well as any waivers that are required to be disclosed by the rules of the SEC or NASDAQ may be obtained at no cost to you by writing or telephoning us at the following address or telephone number:

Hansen Beverage Company
1010 Railroad Street
Corona, CA 92882
(951) 739-6200
(800) HANSENS
(800) 426-7367

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file by specific dates with the SEC initial reports of ownership and reports of changes in ownership of equity securities of the Company. Executive officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms that they file. The Company is required to report in this annual report on Form 10-K any failure of its directors and executive officers and greater than ten percent stockholders to file by the relevant due date any of these reports during the most recent fiscal year or prior fiscal years.

To the Company's knowledge, based solely on review of copies of such reports furnished to the Company during the year ended December 31, 2005, all Section 16(a) filing requirements applicable to the Company's executive officers, directors and greater than ten percent stockholders were complied with, except that Form 4's in respect of the grant of options to purchase the Company's stock required to be filed by each of Mark Hall, Kirk Blower, Norman Epstein, Mark Vidergauz, and Benjamin Polk, an option exercise to purchase the Company's stock required to be filed by Mark Hall, Tom Kelly and Kirk Blower, the distribution of shares held by a limited partnership required to be filed by Rodney Sacks, Hilton Schlosberg and Brandon Limited Partnership No. 2, and a sale of shares of the Company's common stock required to be filed by Mark Hall and Mike Schott were inadvertently filed late. The respective transactions were subsequently filed on Form 4's.

ITEM 11. EXECUTIVE COMPENSATION

The following tables set forth certain information regarding the total remuneration earned and grants of options/ made to the chief executive officer and each of the four most highly compensated executive officers of the Company and its subsidiaries who earned total cash compensation in excess of \$100,000 during the year ended December 31, 2005. These amounts reflect total cash compensation paid by the Company and its subsidiaries to these individuals during the years December 31, 2003 through 2005.

SUMMARY COMPENSATION TABLE

Name and Principal Positions	Year	ANNUAL COMPENSATION			Long Term Compensation
		Salary(1)(\$)	Bonus(2) (\$)	Other Annual Compensation (\$)	Securities underlying Options (#)
Rodney C. Sacks Chairman, CEO and Director	2005	257,250	125,000	24,542(3)	450,000
	2004	245,000	100,000	27,948(3)	
	2003	225,833	35,000	19,333(3)	300,000
Hilton H. Schlosberg Vice-Chairman, CFO, COO, President, Secretary and Director	2005	257,250	125,000	10,114(3)	450,000
	2004	245,000	100,000	9,671(3)	
	2003	225,833	35,000	7,753(3)	300,000
Mark J. Hall President Monster Beverage Division	2005	225,000	175,000	7,806(3)	250,000
	2004	200,000	150,000	8,356(3)	120,000
	2003	175,000	70,000	9,554(3)	
Michael Schott Senior Vice President National Sales Monster Beverage Division	2005	180,000	50,000	28,448(6)	62,000
	2004	160,000	20,000	29,027(5)	64,000
	2003	140,000	50,000	24,572(4)	
Thomas J. Kelly Vice President Finance	2005	150,000	40,000	8,668(3)	2,000
	2004	125,000	40,000	9,319(3)	50,000
	2003	115,000	15,000	6,937(3)	

(1) SALARY - Pursuant to employment agreements, Messrs. Sacks and Schlosberg were entitled to an annual base salary of \$257,250, \$245,000, and \$225,833 for 2005, 2004 and 2003, respectively.

(2) BONUS - Payments made in 2006, 2005 and 2004 are for bonuses accrued in 2005, 2004 and 2003, respectively.

(3) OTHER ANNUAL COMPENSATION - The cash value of perquisites of the named persons did not total \$50,000 or 10% of payments of salary and bonus for the years shown.

(4) Includes \$7,200 for auto reimbursement expense, \$10,000 for housing expenses, \$1,200 for travel expenses, and \$6,172 for other miscellaneous perquisites.

(5) Includes \$7,200 for auto reimbursement expense, \$10,000 for housing expenses, \$4,800 for travel expenses, and \$7,027 for other miscellaneous perquisites.

(6) Includes \$7,015 for auto reimbursement expenses, \$9,732 for housing expenses and \$11,701 for other miscellaneous perquisites.

OPTION GRANTS FOR THE YEAR ENDED DECEMBER 31, 2005

Individual Grants						Potential realizable value at assumed annual rates of stock price appreciation for option term(4)	
Name	Number of Securities underlying Options granted (#)	Percent of total Options granted to employees in 2005	Exercise or base price (\$/Share)	Expiration Date	5% (\$)	10% (\$)	
Rodney C. Sacks	300,000 (1)	19.4%	26.25	3/23/2015	4,952,548	12,550,718	
	150,000 (3)	9.7%	67.48	11/11/2015	6,365,675	16,131,857	
Hilton H. Schlosberg	300,000 (1)	19.4%	26.25	3/23/2015	4,952,548	12,550,718	
	150,000 (3)	9.7%	67.48	11/11/2015	6,365,675	16,131,857	
Mark J. Hall	200,000 (1)	12.9%	26.25	3/23/2015	3,301,699	8,367,146	
	25,000 (2)	1.6%	43.79	9/28/2015	688,483	1,744,749	
	25,000 (3)	1.6%	67.48	11/11/2015	1,060,946	2,688,643	
Michael Schott	50,000 (1)	3.2%	26.25	3/23/2015	825,425	2,091,786	
	12,000 (3)	0.8%	67.48	11/11/2015	509,254	1,290,549	
Thomas J. Kelly	2,000 (3)	0.1%	67.48	11/11/2015	84,876	215,091	

(1) Options to purchase the Company's common stock become exercisable in equal annual increments over 5 years beginning March 23, 2006.

(2) Options to purchase the Company's common stock become exercisable in equal annual increments over 5 years beginning September 28, 2006.

(3) Options to purchase the Company's common stock become exercisable in equal annual increments over 5 years beginning November 11, 2006.

(4) The 5% and 10% assumed annual rates of appreciation are provided in accordance with the rules and regulations of the SEC and do not represent our estimates or projections of our future common stock price growth.

AGGREGATED OPTION EXERCISES DURING THE YEAR ENDED
DECEMBER 31, 2005 AND OPTION VALUES AT DECEMBER 31, 2005

Name	Shares acquired on exercise (#)	Value Realized (\$)	Number of underlying unexercised Options at December 31, 2005 (#)	Value of unexercised in-the-money options at December 31, 2005 (\$)
			Exercisable/Unexercisable	Exercisable/Unexercisable
Rodney C. Sacks	-	-	400,000/710,000 (1)	30,704,200/37,437,300
Hilton H. Schlosberg	-	-	400,000/710,000 (1)	30,704,200/37,437,300
Mark J. Hall	32,000	939,360	0/362,000 (2)	0/20,077,710
Michael Schott	40,000	1,366,040	0/182,000 (3)	0/11,886,960
Thomas J. Kelly	14,000	533,710	0/ 50,000 (4)	0/ 3,628,260

(1) Includes options to purchase 200,000 shares of common stock at \$2.125 per share which are exercisable at December 31, 2005, granted pursuant to Stock Option Agreements dated February 2, 1999 between the Company and Messrs. Sacks and Schlosberg, respectively; options to purchase 160,000 shares of common stock at \$1.785 per share of which 80,000 are exercisable at December 31, 2005, granted pursuant to Stock Option Agreements dated July 12, 2002 between the Company and Messrs. Sacks and Schlosberg, respectively; options to purchase 300,000 shares of common stock at \$2.10 per share of which 120,000 are exercisable at December 31, 2005 granted pursuant to Stock Option Agreements dated May 28, 2003 between the Company and Messrs. Sacks and Schlosberg, respectively; options to purchase 300,000 shares of common stock at \$26.25 per share of which none are exercisable at December 31, 2005 granted pursuant to Stock Option Agreements dated March 23, 2005 between the Company and Messrs. Sacks and Schlosberg respectively; and options to purchase 150,000 shares of common stock at \$67.48 per share of which none are exercisable at December 31, 2005 granted pursuant to Stock Option Agreements dated November 11, 2005 between the Company and Messrs. Sacks and Schlosberg respectively.

(2) Includes options to purchase 16,000 shares of common stock at \$1.785 per share of which none are exercisable at December 31, 2005, granted pursuant to a Stock Option Agreement dated July 12, 2002 between the Company and Mr. Hall; options to purchase 96,000 shares of common stock at \$4.075 per share of which none are exercisable at December 31, 2005, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company and Mr. Hall; options to purchase 200,000 shares of common stock at \$26.25 per share of which none are exercisable at December 31, 2005 granted pursuant to a Stock Option Agreement dated March 23, 2005 between the Company and Mr. Hall; options to purchase 25,000 shares of common stock at \$43.79 per share of which none are exercisable at December 31, 2005 granted pursuant to a Stock Option Agreement dated September 28, 2005 between the Company and Mr. Hall; and options to purchase 25,000 shares of common stock at \$67.48 per share of which none are exercisable at December 31, 2005 granted pursuant to a Stock Option Agreement dated November 11, 2005 between the Company and Mr. Hall.

(3) Includes options to purchase 72,000 shares of common stock at \$1.925 per share of which none are exercisable at December 31, 2005, granted pursuant to a Stock Option Agreement dated August 9, 2002 between the Company and Mr. Schott; options to purchase 48,000 shares of common stock at \$4.075 per share of which none are exercisable at December 31, 2005, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company and Mr. Schott; options to purchase 50,000 shares of common stock at \$26.25 per share of which none are exercisable at December 31, 2005 granted pursuant to a Stock Option Agreement dated March 23, 2005 between the Company and Mr. Schott; and options to purchase 12,000 shares of common stock at \$67.48 per share of which none are exercisable at December 31, 2005 granted pursuant to a Stock Option Agreement dated November 11, 2005 between the Company and Mr. Schott.

(4) Includes options to purchase 8,000 shares of common stock at \$1.785 per share of which none are exercisable at December 31, 2005, granted pursuant to a stock Option Agreement dated July 12, 2002 between the Company and Mr. Kelly; options to purchase 40,000 shares of common stock at \$4.075 per share of which none are exercisable at December 31, 2005, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company and Mr. Kelly; and options to purchase 2,000 shares of common stock at \$67.48 per share of which none are exercisable at December 31, 2005 granted pursuant to a Stock Option Agreement dated November 11, 2005 between the Company and Mr. Kelly.

Employment Agreements

The Company entered into an employment agreement dated as of June 1, 2003 with Rodney C. Sacks pursuant to which Mr. Sacks renders services to the Company as its Chairman and Chief Executive Officer for an annual base salary of \$230,000 for the 7-months ended December 31, 2003, \$245,000 for 2004, with subsequent increases of a minimum of 5% for each subsequent year, plus an annual bonus in an amount determined at the discretion of the Board of Directors and certain fringe benefits. The employment period commenced on June 1, 2003 and ends on December 31, 2008.

The Company also entered into an employment agreement dated as of June 1, 2003 with Hilton H. Schlosberg pursuant to which Mr. Schlosberg renders services to the Company as its Vice Chairman, President, Chief Operating Officer, Chief Financial Officer and Secretary for an annual base salary of \$230,000 for the 7-months ended December 31, 2003, \$245,000 for 2004, with subsequent increases of a minimum of 5% for each subsequent year, plus an annual bonus in an amount determined at the discretion of the Board of Directors and certain fringe benefits. The employment period commenced on June 1, 2003 and ends on December 31, 2008.

The employment agreements for Messrs. Sacks and Schlosberg, and the terms and conditions thereof, were discussed and approved by the Compensation Committee of the Board of Directors.

The preceding descriptions of the employment agreements for Messrs. Sacks and Schlosberg are qualified in their entirety by reference to such agreements, which have been filed or incorporated by reference as exhibits to this report.

Directors' Compensation

In 2005, outside directors were entitled to an annual fee of \$15,000 plus \$1,500 for each meeting of the Board of Directors attended. Outside directors were also entitled to \$500 for each Board of Directors meeting attended by telephone. Outside directors were entitled to \$1,000 for each Audit committee meeting attended in person and \$500 for each Audit committee meeting attended by telephone. The audit committee chairman earns an additional annual fee of \$5,000. Outside directors were entitled to \$500 for each Compensation Committee meeting attended in person and \$250 for each Compensation Committee meeting attended by telephone.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

The Company's Compensation Committee is composed of Mr. Epstein and Mr. Vidergauz. No interlocking relationships exist between any member of the Company's Board of Directors or Compensation Committee and any member of the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past. No member of the Compensation Committee is or was formerly an officer or an employee of the Company.

Employee Stock Option Plans

The Company has a stock option plan (the Plan) that provided for the grant of options to purchase up to 6,000,000 shares of the common stock of the Company to certain key employees of the Company and its subsidiaries. Options granted under the Plan may either be incentive stock options qualified under Section 422 of the Internal Revenue Code of 1986, as amended, or non-qualified options. Such options are exercisable at fair market value on the date of grant for a period of up to ten years. Under the Plan, shares subject to options may be purchased for cash, or for shares of common stock valued at fair market value on the date of purchase. Under the Plan, no additional options may be granted after July 1, 2001.

During 2001, the Company adopted the Hansen Natural Corporation 2001 Stock Option Plan ("2001 Option Plan"). The 2001 Option Plan provides for the grant of options to purchase up to 4,000,000 shares of the common stock of the Company to certain key employees of the Company and its subsidiaries. Options granted under the 2001 Stock Option Plan may be incentive stock options under Section 422 of the Internal Revenue Code, as amended (the "Code"), nonqualified stock options, or stock appreciation rights.

The Plan and the 2001 Option Plan are administered by the Compensation Committee of the Board of Directors of the Company, comprised of directors who satisfy the "non-employee" director requirements of Rule 16b-3 under the Securities Exchange Act of 1934 and the outside director provision of Section 162(m) of the Code. Grants under the Plan and the 2001 Option Plan are made pursuant to individual agreements between the Company and each grantee that specifies the terms of the grant, including the exercise price, exercise period, vesting and other terms thereof.

Outside Directors Stock Option Plans

The Company had an option plan for its outside directors ("the Directors Plan") that provided for the grant of options to purchase up to an aggregate of 200,000 shares of common stock of the Company to directors of the Company who are not and have not been employed by or acted as consultants to the Company and its subsidiaries or affiliates and who are not and have not been nominated to the Board of Directors of the Company pursuant to a contractual arrangement. Under the Directors Plan, no additional options could be granted after July 1, 2004.

During 2005, the Company adopted the 2005 Hansen Natural Corporation Stock Option Plan for Non-Employee Directors ("2005 Directors Plan") that provides for the grant of options to purchase up to an aggregate of 200,000 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 6,000 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, and each fifth anniversary thereafter, each eligible director shall receive an additional grant of an option to purchase 4,800 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 Directors Plan. The Directors Plan is a "formula plan" so that a non-employee directors participation in the Directors Plan does not affect his status as a "disinterested person" (as defined in Rule 16b-3 under the Securities Exchange Act of 1934). Four eligible directors were initially granted options to purchase 4,800 shares of the Company's common stock pursuant to the 2005 Directors Plan, (see "PART III ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND RELATED STOCKHOLDER MATTERS").

Performance Graph

The following graph shows a five-year comparison of cumulative total returns:(1)

Total Return To Shareholders
(Includes reinvestment of dividends)

ANNUAL RETURN PERCENTAGE

For the year ended December 31,

Company Name / Index	Dec01	Dec02	Dec03	Dec04	Dec05
HANSEN NATURAL CORP	8.39	0.50	99.48	332.42	332.90
S&P SMALLCAP 600 INDEX	6.54	(14.63)	38.79	22.65	7.68
PEER GROUP	82.83	17.06	41.59	(1.94)	(16.23)

INDEXED RETURNS

For the year ended December 31,

Company Name / Index	Base Period Dec00	Dec01	Dec02	Dec03	Dec04	Dec05
HANSEN NATURAL CORP	100	108.39	108.93	217.29	939.61	4067.61
S&P SMALLCAP 600 INDEX	100	106.54	90.95	126.23	154.82	166.71
PEER GROUP	100	182.83	214.02	303.02	297.13	248.91

(1) Annual return assumes reinvestment of dividends. Cumulative total return assumes an initial investment of \$100 on December 31, 2000. The Company's self-selected peer group is comprised of National Beverage Corporation, Clearly Canadian Beverage Company, Triarc Companies, Inc., Leading Brands, Inc., Cott Corporation, Northland Cranberries and Jones Soda Co. All of the companies in the peer group traded during the entire five-year period with the exception of Triarc Companies, Inc., which sold their beverage business in October 2000, Jones Soda Co., which started trading in August 2000, and Northland Cranberries, which began trading November 2001.

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

The disclosure set forth in ITEM 5 of this report is incorporated herein.

(a) The following table sets forth information, as of February 10, 2006, in respect of the only persons known to the Company who beneficially own more than 5% of the outstanding common stock of the Company:

Title Of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class	
Common Stock	Brandon Limited Partnership No. 1(1)	326,730	1.4%	
	Brandon Limited Partnership No. 2 (2)	2,383,334	10.2%	
	HRS Holdings, L.P. (3)	250,000	1.1%	
	Hilrod Holdings L.P. (4)	1,420,000	6.0%	
	Rodney C. Sacks (5)	4,980,064(6)	21.2%	
	Hilton H. Schlosberg (7)	4,902,258(8)	20.9%	
	Kevin Douglas, Douglas Family Trust and James Douglas and Jean Douglas Irrevocable Descendants' Trust(9)	1,207,122(10)	5.1%	
	Fidelity Low Priced Stock Fund(11)	3,096,143	13.2%	

(1) The mailing address of Brandon No. 1 is 21 Dartmouth Street, 4th Floor, London SW1 H9BP, United Kingdom. The general partners of Brandon No. 1 are Rodney C. Sacks and Hilton H. Schlosberg.

(2) The mailing address of Brandon No. 2 is 21 Dartmouth Street, 4th Floor, London SW1 H9BP, United Kingdom. The general partners of Brandon No. 2 are Rodney C. Sacks and Hilton H. Schlosberg.

(3) The mailing address of HRS Holdings, L.P. ("HRS") is 1010 Railroad Street, Corona, California 92882. The general partners of HRS are Rodney C. Sacks and Hilton H. Schlosberg.

(4) The mailing address of Hilrod Holdings L.P. ("Hilrod") is 1010 Railroad Street, Corona, California 92882. The general partners of Hilrod are Rodney C. Sacks and Hilton H. Schlosberg.

(5) The mailing address of Mr. Sacks is 1010 Railroad Street, Corona, California 92882.

(6) Includes 80,000 shares of common stock owned by Mr. Sacks; 326,730 shares beneficially held by Brandon No. 1 because Mr. Sacks is one of Brandon No. 1s general partners; 2,383,334 shares beneficially held by Brandon No. 2 because Mr. Sacks is one of Brandon No. 2s general partners; 250,000 shares beneficially held by HRS because Mr. Sacks is one of HRSs general partners; and 1,420,000 shares beneficially held by Hilrod because Mr. Sacks is one of Hilrods general partners. Also includes options to purchase 200,000 shares of common stock exercisable at \$2.125 per share, granted pursuant to a Stock Option Agreement dated February 2, 1999 between the Company and Mr. Sacks; options presently exercisable to purchase 180,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$2.10 per share, granted pursuant to a Stock Option Agreement dated May 28, 2003 between the Company and Mr. Sacks; options presently exercisable to purchase 80,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$1.785 per share, granted pursuant to a Stock Option Agreement dated July 12, 2002 between the Company and Mr. Sacks and options presently exercisable to purchase 60,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$26.25 per share, granted pursuant to a Stock Option Agreement dated March 23, 2005 between the Company and Mr. Sacks.

Mr. Sacks disclaims beneficial ownership of all shares deemed beneficially owned by him hereunder except: (i) 80,000 shares of common stock; (ii) 125,000 shares of common stock held by HRS allocable to Mr. Sacks and grantor retained annuity trusts for the benefit of Mr. Sacks and his children; (iii) 710,000 shares of common stock held by Hilrod allocable to Mr. Sacks and grantor retained annuity trusts for the benefit of Mr. Sacks and his children; and (iv) the 520,000 shares of common stock presently exercisable under Stock Option Agreements.

(7) The mailing address of Mr. Schlosberg is 1010 Railroad Street, Corona, California 92882.

(8) Includes 2,194 shares of common stock which are jointly owned by Mr. Schlosberg and his wife, 326,730 shares beneficially held by Brandon No. 1 because Mr. Schlosberg is one of Brandon No. 1s general partners; 2,383,334 shares beneficially held by Brandon No. 2 because Mr. Schlosberg is one of Brandon No. 2s general partners; 250,000 shares beneficially held by HRS because Mr. Schlosberg is one of HRSS general partners; and 1,420,000 shares beneficially held by Hilrod because Mr. Schlosberg is one of Hilrods general partners. Also includes options to purchase 200,000 shares of common stock exercisable at \$2.125 per share, granted pursuant to a Stock Option Agreement dated February 2, 1999 between the Company and Mr. Schlosberg; and options presently exercisable to purchase 180,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$2.10 per share, granted pursuant to a Stock Option Agreement dated May 28, 2003 between the Company and Mr. Schlosberg; options presently exercisable to purchase 80,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$1.785 per share, granted pursuant to a Stock Option Agreement dated July 12, 2002 between the Company and Mr. Schlosberg and options presently exercisable to purchase 60,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$26.25 per share, granted pursuant to a Stock Option Agreement dated March 23, 2005 between the Company and Mr. Schlosberg.

Mr. Schlosberg disclaims beneficial ownership of all shares deemed beneficially owned by him hereunder except: (i) 2,194 shares of common stock, (ii) 125,000 shares of common stock held by HRS allocable to Mr. Schlosberg and grantor retained annuity trusts for the benefit of Mr. Schlosberg and his children; (iii) 710,000 shares of common stock held by Hilrod allocable to Mr. Schlosberg and grantor retained annuity trusts for the benefit of Mr. Schlosberg and his children; and (iv) the 520,000 shares of common stock presently exercisable under Stock Option Agreements.

(9) The mailing address of this reporting person is 1101 Fifth Avenue, Suite 360, San Rafael, California 94901.

(10) Includes 450,078 shares of common stock owned by Kevin and Michelle Douglas; 354,033 shares of common stock owned by James Douglas and Jean Douglas Irrevocable Descendants Trust; 400,705 shares of common stock owned by Douglas Family Trust; and 2,306 shares of common stock owned by James E. Douglas III. Kevin Douglas, James E. Douglas, Douglas Family Trust and James Douglas and Jean Douglas Irrevocable Descendants Trust are deemed members of a group that shares voting and dispositive power over the shares.

(11) The mailing address of this reporting person is 82 Devonshire Street, Boston, Massachusetts, 02109.

(b) The following table sets forth information as to the beneficial ownership of shares of common stock, as of February 10, 2006, held by persons who are directors of the Company and certain executive officers, naming them, and as to directors and all executive officers of the Company as a group, without naming them:

Title of Class	Name	Amount Owned	Percent of Class
Common Stock	Rodney C. Sacks	4,980,064(1)	21.2%
	Hilton H. Schlosberg	4,902,258(2)	20.9%
	Mark J. Hall	102,000(3)	.*%
	Michael Schott	40,500(4)	.*%
	Kirk Blower	25,000(5)	.*%
	Thomas J. Kelly	12,500(6)	.*%
	Sydney Selati	8,000(7)	.*%
	Norman Epstein	3,200(8)	.*%
	Harold Taber	2,201(9)	.*%
	Benjamin M. Polk	1,200(10)	.*%
Mark Vidergauz	1,200(10)	.*%	

Executive Officers and Directors as a group: 11 members; 7,368,059 shares or 31.4% in aggregate(11).

*Less than 1%

(1) Includes 80,000 shares of common stock owned by Mr. Sacks; 326,730 shares beneficially held by Brandon No. 1 because Mr. Sacks is one of Brandon No. 1s general partners; 2,383,334 shares beneficially held by Brandon No. 2 because Mr. Sacks is one of Brandon No. 2s general partners; 250,000 shares beneficially held by HRS because Mr. Sacks is one of HRSs general partners; and 1,420,000 shares beneficially held by Hilrod because Mr. Sacks is one of Hilrods general partners. Also includes options to purchase 200,000 shares of common stock exercisable at \$2.125 per share, granted pursuant to a Stock Option Agreement dated February 2, 1999 between the Company and Mr. Sacks; options presently exercisable to purchase 180,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$2.10 per share, granted pursuant to a Stock Option Agreement dated May 28, 2003 between the Company and Mr. Sacks; options presently exercisable to purchase 80,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$1.785 per share, granted pursuant to a Stock Option Agreement dated July 12, 2002 between the Company and Mr. Sacks and options presently exercisable to purchase 60,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$26.25 per share, granted pursuant to a Stock Option Agreement dated March 23, 2005 between the Company and Mr. Sacks.

Mr. Sacks disclaims beneficial ownership of all shares deemed beneficially owned by him hereunder except: (i) 80,000 shares of common stock; (ii) 125,000 shares of common stock held by HRS allocable to Mr. Sacks and grantor retained annuity trusts for the benefit of Mr. Sacks and his children; (iii) 710,000 shares of common stock held by Hilrod allocable to Mr. Sacks and grantor retained annuity trusts for the benefit of Mr. Sacks and his children; and (iv) the 520,000 shares of common stock presently exercisable under Stock Option Agreements.

(2) Includes 2,194 shares of common stock which are jointly owned by Mr. Schlosberg and his wife, 326,730 shares beneficially held by Brandon No. 1 because Mr. Schlosberg is one of Brandon No. 1s general partners; 2,383,334 shares beneficially held by Brandon No. 2 because Mr. Schlosberg is one of Brandon No. 2s general partners; 250,000 shares beneficially held by HRS because Mr. Schlosberg is one of HRSs general partners; and 1,420,000 shares beneficially held by Hilrod because Mr. Schlosberg is one of Hilrods general partners. Also includes options to purchase 200,000 shares of common stock exercisable at \$2.125 per share, granted pursuant to a Stock Option Agreement dated February 2, 1999 between the Company and Mr. Schlosberg; and options presently exercisable to purchase 180,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$2.10 per share, granted pursuant to a Stock Option Agreement dated May 28, 2003 between the Company and Mr. Schlosberg; options presently exercisable to purchase 80,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$1.785 per share, granted pursuant to a Stock Option Agreement dated July 12, 2002 between the Company and Mr. Schlosberg and options presently exercisable to purchase 60,000 shares of common stock, out of options to purchase a total of 300,000 shares, exercisable at \$26.25 per share, granted pursuant to a Stock Option Agreement dated March 23, 2005 between the Company and Mr. Schlosberg.

Mr. Schlosberg disclaims beneficial ownership of all shares deemed beneficially owned by him hereunder except: (i) 2,194 shares of common stock, (ii) 125,000 shares of common stock held by HRS allocable to Mr. Schlosberg and grantor retained annuity trusts for the benefit of Mr. Schlosberg and his children; (iii) 710,000 shares of common stock held by Hilrod allocable to Mr. Schlosberg and grantor retained annuity trusts for the benefit of Mr. Schlosberg and his children; and (iv) the 520,000 shares of common stock presently exercisable under Stock Option Agreements.

(3) Includes 62,000 shares of common stock owned by Mr. Hall and options presently exercisable to purchase 40,000 shares of common stock, out of options to purchase a total of 200,000 shares, exercisable at \$26.25 per share, granted pursuant to a Stock Option Agreement dated March 23, 2005 between the Company and Mr. Hall.

(4) Includes 28,000 shares of common stock owned by Mr. Schott and options presently exercisable to purchase 12,500 shares of common stock, out of options to purchase a total of 50,000 shares, exercisable at \$26.25 per share, granted pursuant to a Stock Option Agreement dated March 23, 2005 between the Company and Mr. Schott.

(5) Includes 25,000 shares of common stock owned by Mr. Blower.

(6) Includes 12,500 shares of common stock owned by Mr. Kelly.

(7) Includes 8,000 shares of common stock owned by Mr. Selati.

(8) Includes 2,000 shares beneficially held by Shoreland Investment because Mr. Epstein is one of the general partners and options presently exercisable to purchase 1,200 shares of common stock, out of options to purchase a total of 4,800 shares of common stock, exercisable at \$67.48 per share, granted pursuant to a Stock Option Agreement dated November 11, 2005 between the Company and Mr. Epstein.

(9) Includes 1,001 shares of common stock owned by Mr. Taber and options presently exercisable to purchase 1,200 shares of common stock, out of options to purchase a total of 4,800 shares of common stock, exercisable at \$67.48 per share, granted pursuant to a Stock Option Agreement dated November 11, 2005 between the Company and Mr. Taber.

(10) Includes options presently exercisable to purchase 1,200 shares of common stock, out of options to purchase a total of 4,800 shares of common stock, exercisable at \$67.48 per share, granted pursuant to a Stock Option Agreement dated November 11, 2005 between the Company and Messrs. Polk and Vidergauz respectively.

(11) Includes securities beneficially owned by all directors and executive officers of the Company including those listed above.

There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Benjamin M. Polk is a partner in Schulte Roth & Zabel LLP, a law firm that has been retained by the Company since May 2004, and was previously a partner with Winston & Strawn LLP, a law firm (together with its predecessors) that had been retained by the company since 1992.

Mark Vidergauz is the Managing Director and Chief Executive Officer of the Sage Group LLC, a professional services firm that is utilized by the Company during 2005.

Rodney C. Sacks is currently acting as the sole Trustee of a trust formed pursuant to an Agreement of Trust dated July 27, 1992 for the purpose of holding the Hansen's(R) trademark. The Company and HBC have agreed to indemnify Mr. Sacks and hold him harmless from any claims, loss or liability arising out of his acting as Trustee.

During 2005, the Company purchased promotional items from IFM Group, Inc. ("IFM"). Rodney C. Sacks, together with members of his family, own approximately 27% of the issued shares in IFM. Hilton H. Schlosberg, together with members of his family, own approximately 43% of the issued shares in IFM. Purchases from IFM of promotional items in 2005, 2004 and 2003 were \$748,725, \$638,590 and \$331,478, respectively. The Company continues to purchase promotional items from IFM Group, Inc. in 2006.

The preceding descriptions of agreements are qualified in their entirety by reference to such agreements, which have been filed as exhibits to the Company's reports, as applicable.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Accounting Fees

Aggregate fees billed and unbilled to the company for service provided for the years ended December 31, 2005, and 2004 by the Company's principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively "Deloitte & Touche"):

	Year ended December 31,	
	2005	2004
Audit Fees	\$ 559,572	\$ 464,575
Audit Related Fees(1)	93,830	
Tax Fees(2)	10,383	8,360
Total Fees(3)	\$ 663,785	\$ 472,935

(1) Audit related fees consisted of fees for consultations regarding reporting matters under regulations of the Securities and Exchange Commission.

(2) Tax fees consisted of fees for tax consultation services including advisory services for state tax analysis and tax audit assistance.

(3) For years ended December 31, 2005 and 2004, all of the services performed by Deloitte & Touche have been pre-approved by the Audit Committee.

The Audit Committee has considered whether Deloitte & Touche's provision of the non-audit services covered above is compatible with maintaining Deloitte & Touche's independence and has determined that it is.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by the Company's independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee has delegated pre-approval authority to its Chairman when necessary due to timing considerations. Any services approved by the Chairman must be reported to the full Audit Committee at its next scheduled meeting. The independent auditors and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent auditors in accordance with the pre-approval policies, and the fees for the services performed to date.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Form 10-K

1. Index to Financial Statements filed as part of this Report	
Report of Independent Registered Public Accounting Firm	67
Consolidated Balance Sheets as of December 31, 2005 and 2004	68
Consolidated Statements of Income for the years ended December 31, 2005, 2004 and 2003	69
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2005, 2004 and 2003	70
Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003	71
Notes to Consolidated Financial Statements for the years ended December 31, 2005, 2004 and 2003	73

2. Financial Statement Schedule

Valuation and Qualifying Accounts for the years ended December 31, 2005, 2004 and 2003	90
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3. Exhibits

The Exhibits listed in the Index of Exhibits, which appears immediately following the signature page and is incorporated herein by reference, as filed as part of this Form 10-K

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) 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

/s/ RODNEY C. SACKS Rodney C. Sacks Date: March 14, 2006
 ----- Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
/s/ RODNEY C. SACKS ----- Rodney C. Sacks	Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)	March 15, 2006
/s/ HILTON H. SCHLOSBERG ----- Hilton H. Schlosberg	Vice Chairman of the Board of Directors, President, Chief Operating Officer, Chief Financial Officer and Secretary (principal financial officer, controller and principal accounting officer)	March 15, 2006
/s/ NORMAN C. EPSTEIN ----- Norman C. Epstein	Director	March 15, 2006
/s/ BENJAMIN M. POLK ----- Benjamin M. Polk	Director	March 15, 2006
/s/ SYDNEY SELATI ----- Sydney Selati	Director	March 15, 2006
/s/ HAROLD C. TABER, JR. ----- Harold C. Taber, Jr.	Director	March 15, 2006
/s/ MARK S. VIDERGAUZ ----- Mark S. Vidergauz	Director	March 15, 2006

INDEX TO EXHIBITS

The following designated exhibits, as indicated below, are either filed or furnished, as applicable herewith or have heretofore been filed or furnished with the Securities and Exchange Commission under the Securities Act of 1933 or the Securities Exchange Act of 1934 as indicated by footnote.

- 10.34 Amended and Restated Loan and Security Agreement by and between Comerica Bank California and Hansen Beverage Company dated July 15, 2005.
- 10.35 Stock option Agreement dated as of November 5, 2004 by and between Hansen Natural Corporation and Sydney Selati.
- 10.36 Stock option Agreement dated as of March 23, 2005 by and between Hansen Natural Corporation and Rodney Sacks.
- 10.37 Stock option Agreement dated as of March 23, 2005 by and between Hansen Natural Corporation and Hilton H. Schlosberg.
- 10.38 Stock option Agreement dated as of March 23, 2005 by and between Hansen Natural Corporation and Mark Hall.
- 10.39 Stock option Agreement dated as of March 23, 2005 by and between Hansen Natural Corporation and Michael Schott.
- 10.40 Stock option Agreement dated as of September 28, 2005 by and between Hansen Natural Corporation and Mark Hall.
- 10.41 Stock option Agreement dated as of November 1, 2005 by and between Hansen Natural Corporation and Kirk Blower.
- 10.42 Stock option Agreement dated as of November 11, 2005 by and between Hansen Natural Corporation and Harold C. Taber.
- 10.43 Stock option Agreement dated as of November 11, 2005 by and between Hansen Natural Corporation and Norman Epstein.
- 10.44 Stock option Agreement dated as of November 11, 2005 by and between Hansen Natural Corporation and Mark Vidergauz.
- 10.45 Stock option Agreement dated as of November 11, 2005 by and between Hansen Natural Corporation and Benjamin Polk.
- 10.46 Stock option Agreement dated as of November 11, 2005 by and between Hansen Natural Corporation and Hilton H. Schlosberg.
- 10.47 Stock option Agreement dated as of November 11, 2005 by and between Hansen Natural Corporation and Rodney Sacks.
- 10.48 Stock option Agreement dated as of November 11, 2005 by and between Hansen Natural Corporation and Mark Hall.
- 10.49 Stock option Agreement dated as of November 11, 2005 by and between Hansen Natural Corporation and Mike Schott.
- 10.50 Stock option Agreement dated as of November 11, 2005 by and between Hansen Natural Corporation and Thomas Kelly.

21 Subsidiaries(1)

23 Independent Auditors' Consent

- 31.1 Certification by CEO 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
- 31.2 Certification by CFO 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
- 32.1 Certification by CEO 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 CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Filed previously as an exhibit to Form 10-Q for the quarter ended June 30, 2005.

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The Board of Directors and Stockholders
Hansen Natural Corporation
Corona, California

We have audited the accompanying consolidated balance sheets of Hansen Natural Corporation and subsidiaries ("the Company") as of December 31, 2005 and 2004, and the related consolidated statements of income, stockholders equity, and cash flows for each of the three years in the period ended December 31, 2005. Our audits also included the financial statement schedule listed in Item 15(b). These financial statements and financial statement schedule are the responsibility of the Companys management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Companys internal control over financial reporting as of December 31, 2005, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 9, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

DELOITTE & TOUCHE LLP
Costa Mesa, California
March 9, 2006

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2005 AND 2004

	2005	2004
	-----	-----
ASSETS		

CURRENT ASSETS:		
Cash and cash equivalents	\$ 61,654,284	\$ 3,676,119
Short-term investments (Note 2)	11,860,665	17,300,000
Accounts receivable, net	28,751,588	12,650,055
Inventories (Note 3)	31,399,628	22,406,054
Prepaid expenses and other current assets	477,237	638,967
Prepaid income taxes	637,794	
Deferred income tax asset (Note 9)	5,505,264	3,708,942
	-----	-----
Total current assets	140,286,460	60,380,137
PROPERTY AND EQUIPMENT, net (Note 4)	3,742,958	2,964,064
INTANGIBLE AND OTHER ASSETS:		
Trademarks, net (Note 5)	19,103,049	18,351,804
Deposits and other assets	757,215	326,312
	-----	-----
Total intangible and other assets	19,860,264	18,678,116
	-----	-----
	\$ 163,889,682	\$ 82,022,317
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Accounts payable	\$ 26,613,663	\$ 14,542,753
Accrued liabilities	2,481,703	1,582,968
Accrued compensation	3,346,243	1,831,627
Current portion of long-term debt (Note 6)	515,221	437,366
Income taxes payable	-	346,449
	-----	-----
Total current liabilities	32,956,830	18,741,163
LONG-TERM DEBT, less current portion (Note 6)	10,123	146,486
DEFERRED INCOME TAX LIABILITY (Note 9)	5,413,880	4,563,439
COMMITMENTS AND CONTINGENCIES (Note 8)	-	-
STOCKHOLDERS' EQUITY (Note 10):		
Common stock - \$0.005 par value; 30,000,000 shares authorized; 22,607,128 shares issued, 22,193,606 outstanding in 2005; 22,239,728 shares issued, 21,826,206 outstanding in 2004 (Notes 1 and 7)	113,036	111,198
Additional paid-in capital	19,917,748	15,757,942
Retained earnings	106,292,610	43,516,634
Common stock in treasury, at cost; 413,522 shares in 2005 and 2004	(814,545)	(814,545)
	-----	-----
Total stockholders' equity	125,508,849	58,571,229
	-----	-----
	\$ 163,889,682	\$ 82,022,317
	=====	=====

See accompanying notes to consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

	2005	2004	2003
NET SALES	\$ 348,886,366	\$ 180,341,135	\$ 110,352,196
COST OF SALES	166,343,118	96,874,750	66,577,168
GROSS PROFIT	182,543,248	83,466,385	43,775,028
OPERATING EXPENSES:			
Selling, general and administrative	79,029,837	49,507,137	33,887,045
Amortization of trademarks	70,102	73,046	61,888
Total operating expenses	79,099,939	49,580,183	33,948,933
OPERATING INCOME	103,443,309	33,886,202	9,826,095
NONOPERATING INCOME (EXPENSE):			
Interest and financing expense	(76,531)	(41,988)	(72,592)
Interest income	1,427,803	93,983	5,579
Net nonoperating income (expense)	1,351,272	51,995	(67,013)
INCOME BEFORE PROVISION FOR INCOME TAXES	104,794,581	33,938,197	9,759,082
PROVISION FOR INCOME TAXES (Note 9)	42,018,605	13,551,393	3,828,678
NET INCOME	\$ 62,775,976	\$ 20,386,804	\$ 5,930,404
NET INCOME PER COMMON SHARE:			
Basic (Note 7)	\$ 2.85	\$ 0.96	\$ 0.29
Diluted (Note 7)	\$ 2.59	\$ 0.86	\$ 0.28
NUMBER OF COMMON SHARES USED IN PER SHARE COMPUTATIONS:			
Basic (Note 7)	22,055,983	21,333,784	20,557,420
Diluted (Note 7)	24,272,235	23,619,880	21,524,314

See accompanying notes to consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

	Common stock		Additional paid-in capital	Retained earnings	Treasury stock		Total stockholders' equity
	Shares	Amount			Shares	Amount	
Balance, January 1, 2003	20,519,528	\$ 102,598	\$ 11,883,265	\$ 17,199,426	(413,522)	\$ (814,545)	\$ 28,370,744
Exercise of stock options	730,200	3,650	744,780				748,430
Net income				5,930,404			5,930,404
Balance, December 31, 2003	21,249,728	106,248	12,628,045	23,129,830	(413,522)	(814,545)	35,049,578
Exercise of stock options	990,000	4,950	1,714,978				1,719,928
Reduction of tax liability in connection with the exercise of certain stock options			1,414,919				1,414,919
Net income				20,386,804			20,386,804
Balance, December 31, 2004	22,239,728	111,198	15,757,942	43,516,634	(413,522)	(814,545)	58,571,229
Exercise of stock options	367,400	1,838	1,165,922				1,167,760
Reduction of tax liability in connection with the exercise of certain stock options			2,993,884				2,993,884
Net income				62,775,976			62,775,976
Balance, December 31, 2005	22,607,128	\$ 113,036	\$ 19,917,748	\$ 106,292,610	(413,522)	\$ (814,545)	\$125,508,849

See accompanying notes to consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 62,775,976	\$ 20,386,804	\$ 5,930,404
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of trademark	70,102	73,046	61,888
Depreciation and other amortization	1,008,629	770,413	584,197
Impairment of operating equipment		587,877	
Loss on disposal of property and equipment	180,085	120,200	31,992
Deferred income taxes	(945,881)	(172,543)	(360,524)
Provision for doubtful accounts	86,783	(116,311)	16,996
Effect on cash of changes in operating assets and liabilities			
Accounts receivable	(16,188,316)	(7,160,761)	559,423
Inventories	(8,993,574)	(4,762,268)	(6,000,052)
Prepaid expenses and other current assets	161,730	(157,190)	500,713
Prepaid income taxes	(637,794)		
Accounts payable	12,070,910	8,021,351	1,789,141
Accrued liabilities	898,735	397,626	504,383
Accrued compensation	1,514,616	948,168	573,395
Income taxes payable/receivable	2,647,435	1,114,105	1,292,458
Net cash provided by operating activities	54,649,436	20,050,517	5,484,414
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of held-to-maturity investments	(9,642,565)		
Sales and maturities of held-to-maturity investments	4,481,900		
Purchases of available for sale investments	(13,000,000)	(23,600,000)	
Sales of available for sale investments	23,600,000	6,300,000	
Purchases of property and equipment	(1,519,760)	(1,260,068)	(1,627,490)
Proceeds from sale of property and equipment	178,571	24,698	70,826
Additions to trademarks	(821,347)	(131,146)	(995,137)
(Increase) decrease in deposits and other assets	(60,869)	(104,210)	114,267
Net cash provided by (used in) investing activities	3,215,930	(18,770,726)	(2,437,534)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on long-term debt	(1,054,961)	(422,385)	(3,234,445)
Proceeds from issuance of common stock	1,167,760	1,719,928	748,430
Net cash provided by (used in) financing activities	112,799	1,297,543	(2,486,015)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS, beginning of year	57,978,165	2,577,334	560,865
CASH AND CASH EQUIVALENTS, end of year	\$ 61,654,284	\$ 3,676,119	\$ 1,098,785
SUPPLEMENTAL INFORMATION:			
Cash paid during the year for:			
Interest	\$ 65,119	\$ 35,510	\$ 76,306
Income taxes	\$ 40,954,842	\$ 12,538,355	\$ 2,896,743

See accompanying notes to consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

NONCASH TRANSACTIONS:

During 2005 and 2004, the Company entered into capital leases of \$996,454 and \$403,902, respectively, for the acquisition of promotional vehicles.

During 2005 and 2004, the Company reduced current income taxes payable and increased additional paid-in capital in the amount of \$2,993,884 and \$1,414,919, respectively, in connection with the exercise of certain stock options.

See accompanying notes to consolidated financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Hansen Natural Corporation (the "Company" or "Hansen") was incorporated in Delaware on April 25, 1990. The Company is a holding company and has no operating business except through its direct wholly-owned subsidiaries, Hansen Beverage Company ("HBC") which was incorporated in Delaware on June 8, 1992 and Monster LDA Company ("MLDA") formally known as Hard e Beverage Company, and previously known as Hard Energy Company and CVI Ventures, Inc., which was incorporated in Delaware on April 30, 1990. HBC conducts the vast majority of the Companys operating business and generates substantially all of the Companys operating revenues. References herein to "Hansen" or the "Company" when used to describe the operating business of the Company are references to the business of HBC unless otherwise indicated, and references herein to MLDA when used to describe the operating business of MLDA, are to the business of MLDA unless otherwise indicated.

In addition, HBC, through its wholly-owned subsidiaries, Blue Sky Natural Beverage Co. ("Blue Sky") and Hansen Junior Juice Company ("Junior Juice") owns and operates the natural soda business under the Blue Sky(R) trademark and the Junior Juice(R) beverage business under the Junior Juice trademarks, respectively.

Nature of Operations - Hansen markets and distributes Hansen's(R) Natural Sodas, Signature Sodas, fruit juice Smoothies, energy drinks, Energade(R) energy sports drinks, E20 Energy Water(R), Sparkling Lemonades and Orangeades, multi-vitamin juice drinks in aseptic packaging, Junior Juice juice, iced teas, lemonades and juice cocktails, apple juice, cider and juice blends, Blue Sky(R) brand carbonated beverages, Monster Energy(R) brand energy drinks, Lost(R) Energy brand energy drinks, Rumba(TM) brand Energy Juice and Fizzit(TM) powdered drink mixes.

Basis of Presentation - The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles").

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Hansen and its wholly owned subsidiaries, HBC, MLDA, Blue Sky and Junior Juice since their respective dates of incorporation. All intercompany balances and transactions have been eliminated in consolidation.

Stock Split - On August 8, 2005, the common stock of the Company was split on a two-for-one basis through a 100% stock dividend. All per-share and outstanding share information has been presented to reflect the stock split.

Cash and Cash Equivalents - The Company invests cash available in various investments from time to time including, but not limited to, investments of the following nature: auction rate securities, corporate bank debt, commercial paper, certificates of deposit, U.S. treasury bills, notes and bonds, money market funds and tax exempt securities including municipal notes. Those investments that have maturity dates of ninety days or less are included in Cash and cash equivalents whereas those investments that have maturity dates in excess of ninety days are included in "Short-term investments". The Company did not have any investments in auction rate securities at December 31, 2005 but did hold such investments at December 31, 2004. As a result, we reclassified \$17.3 million from "Cash and cash equivalents" to "Short-term investments" in our Condensed Consolidated Balance Sheet as of December 31, 2004. This reclassification has no impact on previously reported total current assets, total assets, working capital, or results of operations and does not affect previously reported cash flows from operating or financing activities. Throughout the year, the Company had amounts on deposit at a financial institution that exceed the depository insurance limits. The Company has not experienced any loss as a result of these deposits and does not expect to incur any losses in the future.

Inventories - Inventories are valued at the lower of first-in, first-out (FIFO) cost or market value (net realizable value).

Property and Equipment - Property and equipment are stated at cost. Depreciation of furniture, office equipment, equipment and vehicles is based on their estimated useful lives (three to ten years) and is calculated using the straight-line method. Amortization of leasehold improvements is based on the lesser of their estimated useful lives or the terms of the related leases and is calculated using the straight-line method.

Trademarks - Trademarks represents the Companys exclusive ownership of the Hansens trademark in connection with the manufacture, sale and distribution of beverages and water and non-beverage products and the Monster Energy(R) trademark in connection with the manufacture, sale and distribution of supplements and beverages. The Company also owns a number of other trademarks in the United States as well as in a number of countries around the world. The Company also owns the Blue Sky(R) trademark, which was acquired in September 2000, and the Junior Juice(R) trademark, which was acquired in May 2001. The Company amortizes its trademarks over their useful lives of 1 to 20 years.

Long-Lived Assets - Management regularly reviews property and equipment and other long-lived assets, including certain identifiable intangibles, for possible impairment. This review occurs annually, or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If there is indication of impairment of property and equipment or amortizable intangible assets, then management prepares an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. The fair value is estimated at the present value of the future cash flows discounted at a rate commensurate with management's estimates of the business risks. Annually, or earlier, if there is indication of impairment of identified intangible assets not subject to amortization, management compares the estimated fair value with the carrying amount of the asset. An impairment loss is recognized to write down the intangible asset to its fair value if it is less than the carrying amount. Preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions. For the year ended December 31, 2004, the Company recognized impairment on operating equipment in cost of sales of \$587,877. For 2005, there was no impairment losses recorded.

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 an adequate provision has been made for estimated returns, allowances and cash discounts based on the Company's historical experience, which are accounted for as a reduction of gross sales.

Freight Costs and Reimbursement of Freight Costs - In accordance with EITF No. 00-10, Accounting for Shipping and Handling Fees and Costs, reimbursements of freight charges are recorded in net sales in the accompanying consolidated statements of income. For the years ended December 31, 2005, 2004 and 2003, freight-out costs amounted to \$19.1 million, \$10.7 million and \$7.0 million, respectively, and have been recorded in selling, general and administrative expenses in the accompanying consolidated statements of income.

Advertising and Promotional Allowances - The Company accounts for advertising production costs by expensing such production costs the first time the related advertising takes place. Advertising expenses, including but not limited to production costs, amounted to \$18.0 million, \$10.8 million and \$7.9 million for the years ended December 31, 2005, 2004 and 2003, respectively. Advertising expenses are included in selling, general and administrative expenses.

Income Taxes - The Company accounts for income taxes under the provisions of SFAS No. 109, Accounting for Income Taxes. This statement requires the recognition of deferred tax assets and liabilities for the future consequences of events that have been recognized in the Companys financial statements or tax returns. Measurement of the deferred items is based on enacted tax laws. In the event the future consequences of differences between financial reporting bases and tax bases of the Companys assets and liabilities result in a deferred tax asset, SFAS No. 109 requires an evaluation of the probability of being able to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Stock-Based Compensation - The Company accounts for its stock option plans in accordance with Accounting Principles Board (APB) Opinion No.25, Accounting for Stock Issued to Employees, and related Interpretations. Under APB Opinion No.25, no compensation expense is recognized because the exercise price of the Companys employee stock options equals the market price of the underlying stock at the date of the grant. In December 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No.148, Accounting for Stock-Based Compensation-Transition and Disclosure. Statement of Financial Accounting Standards ("SFAS") No.148 amends SFAS No.123, Accounting for Stock-based Compensation, and was effective immediately upon issuance. The Company follows the requirements of APB Opinion No.25 and the disclosure-only provision of SFAS No.123, as amended by SFAS No.148. Had compensation cost for the Companys option plans been determined based on the fair value at the grant date for awards consistent with the provisions of SFAS No. 123, the Companys net income and net income per common share for the years ended December 31, 2005, 2004 and 2003 would have been reduced to the pro forma amounts indicated below. Additionally, the effect of the stock split, which was effective August 8, 2005, has been given effect to all years presented (Note 1).

	2005 -----	2004 -----	2003 -----
Net income, as reported	\$ 62,775,976	\$ 20,386,804	\$ 5,930,404
Less: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	2,682,562	356,156	216,250
	-----	-----	-----
Net income, pro forma	\$ 60,093,414	\$ 20,030,648	\$ 5,714,154
	=====	=====	=====
Net income per common share, as reported:			
Basic	\$ 2.85	\$ 0.96	\$ 0.29
Diluted	\$ 2.59	\$ 0.86	\$ 0.28
Net income per common share, pro forma:			
Basic	\$ 2.72	\$ 0.94	\$ 0.28
Diluted	\$ 2.48	\$ 0.85	\$ 0.27

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

	Dividend Yield	Expected Volatility	Risk-Free Interest Rate	Expected Lives
2005	0%	62%	4.4%	7 years
2004	0%	46%	4.0%	8 years
2003	0%	12%	3.5%	8 years

Net Income Per Common Share - In accordance with SFAS No. 128, Earnings per Share, net income per common share, on a basic and diluted basis, is presented for all periods. Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share is computed by dividing net income by the weighted average number of common and dilutive common equivalent shares outstanding.

Concentration Risk - Certain of the Company's products utilize components (raw materials and/or co-packing services) from a limited number of sources. A disruption in the supply of such components could significantly affect the Company's revenues from those products, as alternative sources of such components may not be available at commercially reasonable rates or within a reasonably short time period. The Company continues to take steps on an ongoing basis to secure the availability of alternative sources for such components and minimize the risk of any disruption in production.

One customer accounted for approximately 18% and 13% of the Company's sales for the years ended December 31, 2005 and 2004, respectively. A decision by that, or any other large customer, to decrease the amount purchased from the Company or to cease carrying the Company's products could have a material adverse effect on the Company's financial condition and consolidated results of operations.

During 2005, 2004 and 2003, sales outside of California represented 62%, 56% and 47% of the aggregate sales of the Company, respectively.

Credit Risk - The Company sells its products nationally, primarily to retailers and beverage distributors. The Company performs ongoing credit evaluations of its customers and generally does not require collateral. The Company maintains reserves for estimated credit losses, and historically, such losses have been within management's expectations.

Fair Value of Financial Instruments - At December 31, 2005 and 2004, the carrying values of cash, accounts receivable and accounts payable approximate fair value because of the short maturity of these financial instruments. Long-term debt bears interest at a rate comparable to the prime rate; therefore, management believes the carrying amount for the outstanding borrowings at December 31, 2005 approximates fair value.

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

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.

Newly Issued Accounting Pronouncements - In November 2004, FASB issued statement of Financial Accounting Standard No. 151, "Inventory Costs". The new Statement amends Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing", to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material. This Statement requires that those items be recognized as current-period charges and requires that allocation of fixed production overheads to the cost of conversion be based on the normal capacity of the production facilities. This statement is effective for fiscal years beginning after June 15, 2005. The adoption of this statement will have an immaterial impact on the financial condition and results of operations of the Company.

In December 2004, the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions. This statement amends APB Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provision in SFAS No. 153 is effective for nonmonetary asset exchanges incurred during fiscal years beginning after June 15, 2005. The adoption of this statement will have an immaterial impact on the financial condition and results of operations of the Company.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payment. This Statement replaces FASB Statement No. 123 and supersedes APB Opinion No. 25. SFAS No. 123(R) will require the fair value of all stock option awards issued to employees to be recorded as an expense over the related vesting period. The Statement also requires the recognition of compensation expense for the fair value of any unvested stock option awards outstanding at the date of adoption. This standard is effective for the Company as of January 1, 2006. Management has concluded it will adopt the modified prospective application method. Management has not completed their evaluation of the effect of these new rules on the Company's financial statements but expects the effect to be material.

In May 2005, FASB issued SFAS No. 154, Accounting Changes and Error Corrections, which establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. The statement provides guidance for determining whether retrospective application of a change in accounting principle is impracticable. The statement also addresses the reporting of a correction of error by restating previously issued financial statements. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect adoption of this statement to have a material impact on its financial condition or results of operations.

2. SHORT-TERM INVESTMENTS

We consider 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.

We classify our debt securities in one of two categories: held-to-maturity or available-for-sale. Held-to-maturity securities are those securities in which we have the positive intent and ability to hold until maturity. All other securities not included in held-to-maturity are classified as available-for-sale. No securities are held for speculative or trading purposes.

Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization of accretion of premiums or discounts. 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 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.

The carrying amount, gross unrealized holding gains, gross unrealized holding losses and fair value for available-for-sale and held-to-maturity short-term investments at December 31, 2005 and 2004 are as follows:

	Carrying Amount	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Continuous Unrealized Loss Position less than 12 Months	Continuous Unrealized Loss Position greater than 12 Months
December 31, 2005						

Held-to-maturity						
Debt securities of government sponsored entities	\$ 2,951,409	\$ 284	\$ 152	\$ 2,951,541	\$ 152	\$
Corporate bonds	2,209,256		1,055	2,208,201	1,055	
	5,160,665	284	1,207	5,159,742	1,207	
Available-for-sale						
Municipal bonds	6,700,000			6,700,000		
	6,700,000			6,700,000		
	<u>\$ 11,860,665</u>	<u>\$ 284</u>	<u>\$ 1,207</u>	<u>\$ 11,859,742</u>	<u>\$ 1,207</u>	<u>\$</u>

December 31, 2004						

Available-for-sale						
Debt securities of government sponsored entities	\$ 10,300,000	\$	\$	\$ 10,300,000	\$	\$
Municipal bonds	7,000,000			7,000,000		
	<u>\$ 17,300,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 17,300,000</u>	<u>\$</u>	<u>\$</u>

3. INVENTORIES

Inventories consist of the following at December 31:

	2005	2004
Raw materials	\$ 10,227,362	\$ 6,449,520
Finished goods	21,172,266	15,956,534
	<u>\$ 31,399,628</u>	<u>\$ 22,406,054</u>
=====		

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2005	2004
	-----	-----
Leasehold improvements	\$ 579,240	\$ 268,068
Furniture and office equipment	1,700,131	1,193,741
Equipment	1,162,944	1,488,571
Vehicles	2,402,399	2,359,264
	-----	-----
	5,844,714	5,309,644
Less accumulated depreciation and amortization	(2,101,756)	(2,345,580)
	-----	-----
	\$ 3,742,958	\$ 2,964,064
	=====	=====

5. TRADEMARK AND TRADEMARK AMORTIZATIONS

As of December 31, 2004 and 2005, the trademarks were tested for impairment in accordance with the provisions of SFAS No. 142. Fair values were estimated based on the Company's best estimate of the expected present value of future cash flows. No amounts were impaired at those dates. The following provides additional information concerning the Company's trademarks as of December 31:

	2005	2004
	-----	-----
Amortizing trademarks	\$ 1,169,248	\$ 1,169,248
Accumulated amortization	(289,366)	(219,264)
	-----	-----
	879,882	949,984
Nonamortizing trademarks	18,223,167	17,401,820
	-----	-----
	\$ 19,103,049	\$ 18,351,804
	=====	=====

All amortizing trademarks have been assigned an estimated finite useful life, and are amortized on a straight-line basis over the number of years that approximate their respective useful lives ranging from 1 to 20 years (weighted-average life of 19 years). The straight-line method of amortization allocates the cost of the trademarks to earnings over the period of expected benefit. Total amortization expense during the year ended December 31, 2005 was \$70,102. As of December 31, 2005, future estimated amortization expense related to amortizing trademarks through the year ended December 31, 2010 is:

2006	\$55,739
2007	55,739
2008	55,590
2009	55,590
2010	55,590

6. DEBT

HBC has a credit facility from Comerica Bank ("Comerica"), consisting of a revolving line of credit. Such revolving line of credit is secured by substantially all of HBC's assets, including accounts receivable, inventory, trademarks and certain equipment. In accordance with the provisions of the credit facility, HBC can borrow up to \$7.8 million under its revolving line of credit. The revolving line of credit remains effect through June 1, 2007. 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 1.5%, depending upon certain financial ratios maintained by HBC. The Company had no outstanding borrowings on the line of credit at December 31, 2005.

The terms of the Company's line of credit contain certain financial covenants based on certain financial ratios. The Company was in compliance with its covenants at December 31, 2005. Long-term debt consists of the following at December 31:

	2005	2004
	-----	-----
Note payable to Pasco Juices, Inc., collateralized by the Junior Juice trademark, payable in quarterly installments of varying amounts through May 2006, net of unamortized discount (based on imputed interest rate of 4.5%) of \$2,636 and \$13,329 at December 31, 2005 and 2004, respectively	\$ 109,864	\$ 267,390
Capital leases, collateralized by vehicles and warehouse equipment acquired, payable over 26 to 60 months in monthly installments at various effective interest rates ranging from 4.3% to 9.9%, with final payments ending from 2006 to 2008.	415,480	316,462
	-----	-----
	525,344	583,852
Less: current portion of long-term debt	(515,221)	(437,366)
	-----	-----
	\$ 10,123	\$ 146,486
	=====	=====

Long-term debt is payable as follows:

Years ending December 31:	
2006	\$ 515,221
2007	6,201
2008	3,922

	\$ 525,344
	=====

At December 31, 2005 and 2004, the assets acquired under capital leases had a net book value of \$1,035,046 and \$402,245, net of accumulated depreciation of \$338,901 and \$518,988, respectively.

Interest expense recorded, including those for capital lease obligations, amounted to \$55,576, \$35,988 and \$66,592 for the years ended December 31, 2005, 2004 and 2003, respectively.

7. 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 years ended December 31, 2005 and 2004 is presented below:

	2005	2004	2003
	-----	-----	-----
Weighted-average shares outstanding:			
Basic	22,055,983	21,333,784	20,557,420
Dilutive securities	2,216,252	2,286,096	966,894
	-----	-----	-----
Diluted	24,272,235	23,619,880	21,524,314
	=====	=====	=====

For the years ended December 31, 2005, 2004 and 2003, options outstanding totaling 507,200, 34,500 and 20,000 shares respectively, were excluded from the calculations, as their effect would have been antidilutive.

8. COMMITMENTS AND CONTINGENCIES

Operating Leases - The Company leases its warehouse facility and corporate offices under a 10 year lease expiring in 2010. The facility lease and certain equipment and other noncancelable operating leases which expire through 2010. The facility lease has scheduled rent increases which are accounted for on a straight-line basis. Rent expense under such leases amounted to \$1,080,107, \$965,730, and \$660,616 for the years ended December 31, 2005, 2004 and 2003, respectively. In January 2004, the Company entered into a lease for additional warehouse space. This lease expires in March 2008 with an option to renew through 2010.

Future minimum rental payments at December 31, 2005 under the operating leases referred to above are as follows: Year ending December 31:

Year ending December 31:

2006	\$ 1,289,343
2007	1,279,292
2008	986,010
2009	888,864
2010 and thereafter	666,648

	\$ 5,110,157
	=====

Purchase Commitments - The Company has purchase commitments aggregating approximately \$11.7 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, 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. Should the Company fail to purchase the minimum volume, the Company will be obligated to reimburse Rexam for certain capital reimbursements on a pro rated basis. The Companys maximum liability under this agreement is \$4.3 million subject to compliance by Rexam with a number of conditions under this agreement.

The Company purchases various raw material items, including, but not limited to, flavors, ingredients and containers, from a limited number of resources. An interruption in supply from any of such resources could result in the Companys inability to produce certain products for limited or possibly extended periods of time. The aggregate value of purchases from suppliers of such limited resources described above for the year ended December 31, 2005 was \$46.4 million.

Advertising Commitment - In March 2003, HBC entered into an advertising display agreement ("Monorail Agreement") with the Las Vegas Monorail Company ("LVMC") in terms of which HBC was granted the right, in consideration of the payment by HBC to LVMC of the sum of \$1,000,000 per year, payable quarterly, to advertise and promote its products on a designated four car monorail vehicle as well as the right to sell certain of its products on all monorail stations for payment of additional consideration.

The initial term of the Monorail Agreement commenced in July 2004. The initial term of the Monorail Agreement ends on the first anniversary of its commencement date. However due to interruptions in the operations of the Monorail, the commencement date of the initial term was extended to January 1, 2005. Not less than 120 days before the expiration of the initial term and each renewal term, as the case may be, HBC has the right to renew the Monorail Agreement for a further one year term up to a maximum of nine additional one year terms and the LVMC has the right, notwithstanding such election by HBC, to terminate the Monorail Agreement at the expiration of the then current term. The Company renewed the Monorail Agreement for an additional one-year term.

Licensing Agreements - The Company produces, sells and distributes Lost(R) Energy drinks under an exclusive license with Lost International LLC. The license agreement requires certain royalty payments to be made related to the sale of Lost(R) brand products. Royalty expense under this agreement for the years 2005, 2004 and 2003 was \$594,803, \$351,773, and \$0, respectively.

Employment and Consulting Agreements - On June 1, 2003, the Company entered into an employment agreement with Rodney C. Sacks and Hilton H. Schlosberg pursuant to which Mr. Sacks and Mr. Schlosberg render services to the Company as its Chairman and Chief Executive Officer, and its Vice Chairman, President and Chief Financial Officer, respectively. The agreements provide for an annual base salary of \$230,000 each for the 7 months ended December 31, 2003, increasing to \$245,000 for the year ending December 31, 2004 and increasing by a minimum of 5% for each subsequent twelve-month period during the employment period. In addition, the agreement provides for an annual bonus in an amount determined at the discretion of the Board of Directors of the Company as well as certain fringe benefits for the period commencing June 1, 2003 and ending December 31, 2008. Compensation expense related to these agreements for the years 2005, 2004 and 2003 was \$ 799,156, \$ 727,619 and \$ 548,752, respectively.

Litigation - The Company is subject to, and involved in, claims and contingencies related to lawsuits, and other matters arising out of the normal course of business. In management's opinion, the ultimate liability associated with such claims and contingencies, if any, is not likely to have a material adverse effect on the financial condition of the Company.

In September 2004, Barrington Capital Corporation through an alleged successor in interest, Sandburg Financial Corporation (both entities with whom the Company has never had any dealings) served a Notice of Motion ("Motion") on the Company and each of its subsidiaries as well as on a number of other unrelated entities and individuals. The Motion seeks to amend a default judgment granted against a completely unconnected company, Hansen Foods, Inc., to add the Company and its subsidiary companies, as well as the other entities and individuals cited, as judgment debtors. The default judgment was entered on February 15, 1996, for \$7,626,000 plus legal interest and attorneys fees in the sum of \$211,000 arising out of a breach of contract claim that allegedly occurred in the 1980s. Barrington Capital Corporations/Sandburg Financial Corporations claim is based on the misconceived and unsubstantiated theory that the Company and its subsidiaries are alter egos and/or successors of Hansen Foods, Inc. In managements opinion, the Motion is based on demonstrably false allegations, misstated legal propositions and lacks any substantial supporting evidence. The Company and its subsidiaries are vigorously opposing the Motion and believe that the Motion is without any merit. The Company does not believe the Motion will have a material adverse effect on the financial condition of the Company.

In June 2005, the Company filed a complaint in California federal court against North American Beverage Company ("NAB") seeking an injunction, damages and other relief arising out of NAB's infringement of the Companys Monster Energy(TM) marks through the promotion and advertising of carbonated beverages under the mark "Flathead Lake Monster" with the word "Monster" predominantly displayed. In response, in July 2005, "Flathead Lake Monster", Inc. ("Flathead"), a Montana corporation which allegedly licensed the mark "Flathead Lake Monster" to NAB, filed a complaint against the Company in federal court in Montana in which it alleges that it is the licensor of the mark "Flathead Lake Monster" and sought a declaration that its use of that mark for soda does not infringe the Companys rights in its "Monster Energy" marks. Flatheads complaint also in the alternative claimed trademark infringement by the Company to the extent a court finds a likelihood of confusion between the parties marks and sought an injunction against the Company from using the term "Monster Energy", as well as damages and other relief. In December 2005, all of the aforesaid proceedings including the complaint filed by the Company as well as the complaint filed by Flathead Lake were settled on terms deemed to be favorable to the Company.

Guarantees - The Company from time to time enters into certain types of contracts that contingently require the Company to indemnify parties against third party claims. These contracts primarily relate to: (i) certain agreements with the Company's officers, directors and employees under which the Company may be required to indemnify such persons for liabilities arising out of their employment relationship, (ii) certain distribution or purchase agreements under which the Company may have to indemnify the Company's customers from any claim, liability or loss arising out of any actual or alleged injury or damages suffered in connection with the consumption or purchase of the Company's products, and (iii) certain real estate leases, under which the Company may be required to indemnify property owners for liabilities and other claims arising from the Company's use of the applicable premises.

The terms of such obligations vary. Generally, a maximum obligation is not explicitly stated. Because the obligated amounts of these types of agreements often are not explicitly stated, the overall maximum amount of the obligations cannot be reasonably estimated. Further, the Company believes that its insurance coverage is adequate to cover any liabilities or claims arising out of such instances referred to above. Historically, the Company has not been obligated to make significant payments for these obligations and accordingly, the Company has not valued these obligations on its consolidated balance sheets as of December 31, 2005 and 2004.

9. INCOME TAXES

Components of the income tax provision are as follows:

	2005	Year Ended December 31,	
		2004	2003
	-----	-----	-----
Current income taxes:			
Federal	\$ 35,273,920	\$ 11,305,019	\$ 3,386,946
State	7,690,566	2,418,917	802,256
	-----	-----	-----
	42,964,486	13,723,936	4,189,202
Deferred income taxes:			
Federal	(1,080,085)	(218,967)	(290,357)
State	134,204	46,424	(70,167)
	-----	-----	-----
	(945,881)	(172,543)	(360,524)
	-----	-----	-----
	\$ 42,018,605	\$ 13,551,393	\$ 3,828,678
	=====	=====	=====

The differences between the income tax provision that would result from applying the 35% federal statutory rate to income before provision for income taxes and the reported provision for income taxes are as follows:

	2005	Year Ended December 31,	
		2004	2003
	-----	-----	-----
Income tax provision using the statutory rate	\$ 36,678,103	\$ 11,878,369	\$ 3,318,088
State taxes, net of federal tax benefit	5,086,100	1,602,471	521,475
Permanent differences	147,986	74,374	39,895
Rate change		23,735	
Other	106,416	(27,556)	(50,780)
	-----	-----	-----
	\$ 42,018,605	\$ 13,551,393	\$ 3,828,678
	=====	=====	=====

Major components of the Company's deferred tax assets (liabilities) at December 31 are as follows:

	2005	2004
	-----	-----
Reserve for sales returns	\$ 266,233	\$ 385,371
Reserve for doubtful accounts	82,381	45,838
Reserve for obsolescence	358,196	410,945
Reserves for marketing development fund	1,726,762	1,542,576
Capitalization of inventory costs	183,832	199,462
State franchise tax	2,733,997	1,014,799
Accrued compensation	153,863	109,951
	-----	-----
Total deferred tax asset	5,505,264	3,708,942
Amortization of trademarks	(4,430,284)	(3,857,784)
Depreciation	(890,746)	(583,708)
Amortization of graphic design	(92,850)	(121,947)
	-----	-----
Total deferred tax liability	(5,413,880)	(4,563,439)
	-----	-----
Net deferred tax asset (liability)	\$ 91,384	\$ (854,497)
	=====	=====

10. STOCK OPTIONS

The Company has four stock option plans, the Employee Stock Option Plan (the "Plan"), the Outside Directors Stock Option Plan ("Directors Plan"), the Hansen Natural Corporation 2001 Stock Option Plan ("2001 Option Plan"), and the 2005 Stock Option Plan for Non-Employee Directors ("2005 Directors Plan").

The Plan, as amended, provided for the granting of options to purchase not more than 6,000,000 shares of Hansen common stock to key employees of the Company and its subsidiaries through July 1, 2001. Stock options are exercisable at such time and in such amounts as determined by the Compensation Committee of the Board of Directors of the Company up to a ten-year period after their date of grant, and no options may be granted after July 1, 2001. The option price will not be less than the fair market value at the date of grant. As of the expiration date, July 1, 2001, options to purchase 4,191,400 shares of Hansen common stock had been granted under the Plan, net of options that had expired.

The Directors Plan provides for the grant of options to purchase up to 200,000 shares of common stock of the Company to directors of the Company who are not and have not been employed by or acted as consultants to the Company and its subsidiaries or affiliates and who are not and have not been nominated to the Board of Directors of the Company (the "Board") pursuant to a contractual arrangement. 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 12,000 shares (24,000 shares if the director is serving on a committee of the Board) of the Company's common stock, exercisable one-third each on the first, second and third anniversary of the date of grant; provided, however, that options granted as of February 14, 1995, are exercisable 66 2/3% on the date of grant and 100% on July 8, 1995; provided, further, 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 Directors Plan that are not exercised generally expire ten years after the date of grant. Option grants may be made under the Directors Plan for ten years from the effective date of the Directors Plan. The Directors Plan is a "formula plan" so that a nonemployee directors participation in the Directors Plan does not affect his status as a "disinterested person" (as defined in Rule 16b-3 under the Securities Exchange Act of 1934). As of December 31, 2005, options to purchase 96,000 shares of Hansen common stock had been granted under the Directors Plan and options to purchase 104,000 shares of Hansen common stock remained available for grant.

During 2001, the Company adopted the 2001 Option Plan which provides for the grant of options to purchase up to 4,000,000 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 (the "Code"), nonqualified stock options, or stock appreciation rights. Stock options are exercisable at such time and in such amounts as 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 December 31, 2005, options to purchase 3,918,200 shares of Hansen common stock had been granted under the 2001 Option Plan and options to purchase 81,800 shares of Hansen common stock remain available for grant under the 2001 Option Plan.

During 2005, the Company adopted the 2005 Hansen Natural Corporation Stock Option Plan for Non-Employee Directors ("2005 Directors Plan") that provides for the grant of options to purchase up to an aggregate of 200,000 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 6,000 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, and each fifth anniversary thereafter, each eligible director shall receive an additional grant of an option to purchase 4,800 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 Directors Plan. The Directors Plan is a "formula plan" so that a non-employee directors participation in the Directors Plan does not affect his status as a "disinterested person" (as defined in Rule 16b-3 under the Securities Exchange Act of 1934). As of December 31, 2005, options to purchase 19,200 shares of Hansen common stock had been granted under the Directors Plan and options to purchase 180,800 shares of Hansen common stock remained available for grant.

During the years ended December 31, 2005, 2004 and 2003, the Company granted 1,546,200, 742,000 and 710,000 options to purchase shares under the 2001 Option Plan and the 2005 Directors Plan at a weighted-average grant date fair value of \$21.97, \$3.34 and \$0.64. Additional information regarding the plans is as follows:

	2005		2004		2003	
Shares	Weighted -average exercise price	Shares	Weighted -average exercise price	Shares	Weighted -average exercise price	
Options outstanding, beginning of year	2,596,800	\$ 3.05	2,939,600	\$ 1.94	3,003,800	\$ 1.65
Options granted	1,546,200	\$ 38.21	742,000	\$ 5.70	710,000	\$ 2.22
Options exercised	(367,400)	\$ 3.18	(990,000)	\$ 1.74	(730,200)	\$ 1.03
Options canceled or expired	(63,000)	\$ 9.09	(94,800)	\$ 3.02	(44,000)	\$ 1.77
Options outstanding, end of year	3,712,600	\$ 8.38	2,596,800	\$ 3.05	2,939,600	\$ 1.94
Option price range end of year		\$ 1.51 to \$80.10		\$ 1.51 to \$16.25		\$ 0.57 to \$4.12

The following table summarizes information about fixed-price stock options outstanding at December 31, 2005:

Range of exercise prices	Options Outstanding			Options Exercisable	
	Number outstanding at December 31, 2005	Weighted-average remaining contractual life (in years)	Weighted-average exercise price	Number exercisable at December 31, 2005	Weighted-average exercise price
\$1.51 to \$ 2.46	1,592,400	6	\$ 2.00	827,600	\$ 2.04
\$4.06 to \$ 9.09	527,000	8	\$ 4.89	12,000	\$ 4.09
\$12.51 to \$20.45	146,000	8	\$ 15.96	10,000	\$ 13.57
\$26.25 to \$29.59	895,000	9	\$ 26.30		
\$42.44 to \$49.71	184,000	10	\$ 46.99		
\$67.48 to \$80.10	368,200	10	\$ 67.82	4,800	\$ 67.48
	3,712,600			854,400	

11. EMPLOYEE BENEFIT PLAN

Employees of Hansen Natural Corporation may participate in the Hansen Natural Corporation 401(k) Plan, a defined contribution plan, which qualifies under Section 401(k) of the Internal Revenue Code. Participating employees may contribute up to 15% of their pretax salary up to statutory limits. The Company contributes 25% of the employee contribution, up to 8% of each employees earnings, which vest 20% each year for five years after the first anniversary date. Matching contributions were \$162,659, \$98,494 and \$70,518 for the years ended December 31, 2005, 2004 and 2003, respectively.

12. RELATED-PARTY TRANSACTIONS

A director of the Company is a partner in a law firm that serves as counsel to the Company and was a partner in another law firm that previously served as counsel to the Company. Expenses incurred in connection with services rendered by such firms to the Company during the years ended December 31, 2005, 2004 and 2003 were \$331,880, \$173,878 and \$59,146, respectively.

A director of the Company is a managing director and Chief Executive Officer of a company that provided investment banking services to the Company. Expenses incurred in connection with services rendered by the Sage Group, LLC to the Company during the year ended December 31, 2005 were \$16,293.

Two directors and officers of the Company 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 years ended December 31, 2005, 2004 and 2003 were \$748,725, \$638,590 and \$331,478, respectively.

13. OPERATING SEGMENTS

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".

The net revenues derived from DSD and Warehouse segments and other financial information related thereto for the years ended December 31, 2005, 2004 and 2003 are as follows:

Year Ended December 31, 2005	DSD	Warehouse	Corporate & Unallocated	Total
Net sales	\$ 270,011,144	\$ 78,875,222	\$	\$ 348,886,366
Contribution margin	112,943,469	6,373,787		119,317,256
Corporate & unallocated expenses			(15,873,947)	(15,873,947)
Operating income				103,443,309
Net nonoperating income (expense)	(34,041)	(10,693)	1,396,006	1,351,272
Income before provision for income taxes				104,794,581
Depreciation & amortization	403,226	30,403	575,000	1,008,629
Trademark amortization		44,060	26,042	70,102
Year Ended December 31, 2004	DSD	Warehouse	Corporate & Unallocated	Total
Net sales	\$ 113,050,278	\$ 67,573,480	\$ (282,623)	\$ 180,341,135
Contribution margin	41,151,012	4,020,973		45,171,985
Corporate & unallocated expenses			(11,285,783)	(11,285,783)
Operating income				33,886,202
Net nonoperating income (expense)	(22,703)	(16,218)	90,916	51,995
Income before provision for income taxes				33,938,197
Depreciation & amortization	345,096	48,798	376,519	770,413
Trademark amortization		44,060	28,986	73,046
Year Ended December 31, 2003	DSD	Warehouse	Corporate & Unallocated	Total
Net sales	\$ 49,468,755	\$ 60,884,383	\$ (942)	\$ 110,352,196
Contribution margin	14,872,174	2,411,996		17,284,170
Corporate & unallocated expenses			(7,458,075)	(7,458,075)
Operating income				9,826,095
Net nonoperating income (expense)	(22,545)	(44,048)	(420)	(67,013)
Income before provision for income taxes				9,759,082
Depreciation & amortization	271,848	56,075	256,274	584,197
Trademark amortization		29,596	32,292	61,888

The accounting policy for segment information is described in Note 1, "Organization and Summary of Significant Accounting Policies". All revenue is derived from sales to external customers. Operating expenses that pertain to each segment are allocated to the segment concerned.

Corporate and unallocated expenses were \$15.9 million for the year ended December 31, 2005 and included \$8.3 million of payroll costs and \$2.5 million of professional service expenses including accounting and legal costs. Corporate and unallocated expenses were \$11.3 million for the year ended December 31, 2004 and included \$5.6 million of payroll costs and \$2.3 million of professional service expenses including accounting and legal costs. Corporate and unallocated expenses were \$7.5 million for the year ended December 31, 2003 and included \$4.1 million of payroll costs and \$1.0 million of professional service expenses including accounting and legal costs. Certain items, including operating assets and income taxes, are not allocated to individual segments and therefore are not presented above.

One customer of the DSD segment made up approximately 18%, 13%, and 8% of the Company's net revenues for the years ended December 31, 2005, 2004, and 2003 respectively.

The Company's net sales by product line for the years ended December 31, 2005, 2004 and 2003 were as follows:

Product Line	2005	2004	2003
DSD (primarily energy drinks)	\$ 270,011,144	\$ 113,050,278	\$ 49,468,755
Non-Carbonated (primarily juice based beverages)	51,522,955	38,871,923	31,415,692
Carbonated (primarily soda beverages)	27,352,267	28,418,934	29,467,749
	<u>\$ 348,886,366</u>	<u>\$ 180,341,135</u>	<u>\$ 110,352,196</u>

14. QUARTERLY FINANCIAL DATA (Unaudited)

	Net Sales	Gross Profit	Net Income	Net Income per Common Share (post-split)	
				Basic	Diluted
Quarter ended:					
March 31, 2005	\$ 60,014,272	\$ 30,329,318	\$ 8,844,713	\$ 0.40	\$ 0.37
June 30, 2005	85,440,555	44,927,078	15,245,698	0.69	0.63
September 30, 2005	105,421,454	55,343,669	20,245,368	0.92	0.83
December 31, 2005	98,010,085	51,943,183	18,440,197	0.84	0.76
	<u>\$ 348,886,366</u>	<u>\$ 182,543,248</u>	<u>\$ 62,775,976</u>	<u>\$ 2.85</u>	<u>\$ 2.59</u>
Quarter ended:					
March 31, 2004	\$ 31,298,783	\$ 13,907,821	\$ 2,183,281	\$ 0.10	\$ 0.09
June 30, 2004	46,063,543	20,758,929	5,078,149	0.24	0.22
September 30, 2004	52,641,477	23,809,208	5,798,648	0.27	0.24
December 31, 2004	50,337,332	24,990,427	7,326,726	0.35	0.31
	<u>\$ 180,341,135</u>	<u>\$ 83,466,385</u>	<u>\$ 20,386,804</u>	<u>\$ 0.96</u>	<u>\$ 0.86</u>

Certain of the figures reported above may differ from previously reported figures for individual quarters due to rounding.

On August 8, 2005, the common stock of the Company was split on a two-for-one basis through a 100% stock dividend. Net Income per Common Share information has been presented to reflect the stock split (Note 1).

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

Description	Balance at beginning of period	Charged to cost and expenses	Deductions	Balance at end of period
Allowance for doubtful accounts, sales returns and cash discounts:				
2005	\$ 1,252,101	2,416,828	(2,700,569)	\$ 968,360
2004	\$ 875,351	3,585,153	(3,208,403)	\$ 1,252,101
2003	\$ 1,098,645	2,936,429	(3,159,723)	\$ 875,351
Inventory reserves:				
2005	\$ 955,687	74,169	(189,021)	\$ 840,835
2004	\$ 1,236,219	184,472	(465,004)	\$ 955,687
2003	\$ 646,439	589,780		\$ 1,236,219

CONSENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 33-92526, No. 333-41333, No. 333-89123, No. 333-112482 and No.333-131467 of Hansen Natural Corporation on Form S-8 of our reports dated March 9, 2006, relating to the consolidated financial statements and financial statement schedule of Hansen Natural Corporation and subsidiaries and management's report on internal control over financial reporting appearing in the Annual Report on Form 10-K of Hansen Natural Corporation for the year ended December 31, 2005.

/s/ DELOITTE & TOUCHE LLP

Costa Mesa, California
March 9, 2006

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of March 23, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Michael B. Schott ("Holder").

Preliminary Recitals

- A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
- B. Pursuant to the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock").

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 25,000 shares of Common Stock, at the purchase price of \$52.50 per share, such ISO to be exercisable and exercised as hereinafter provided.
2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Natural Group") unless the employment is terminated by a member of the Hansen Natural Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Natural Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(c) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations or satisfactorily perform his duties of employment, insubordination or drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, and provided that Holder is employed by a member of the Hansen Natural Group on the relevant date, the ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
5,000	March 23, 2006
5,000	March 23, 2007
5,000	March 23, 2008
5,000	March 23, 2009
5,000	March 23, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(d) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date of this agreement or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$8,000, assuming exercise price of \$2.00 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,600 shares of Common Stock to the Company.)

(c) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. (a) Adjustments. In the event of any change in the outstanding Common Stock of the Company by reason of any stock recapitalization, merger, consolidation, combination or exchange of shares, the kind of shares subject to the ISO and their purchase price per share (but not the number of shares) shall be appropriately adjusted consistent with such change in such manner as the Board of Directors of the Company may deem equitable. In the event of a stock dividend or stock split the kind of shares, their purchase price per share and the number of shares shall be appropriately adjusted, consistent with such change in such manner as the Board of Directors may deem equitable. Any adjustment so made shall be final and binding on Holder. No adjustments shall be made that would have the effect of modifying an ISO under Internal Revenue Code §§ 422 and 424.

(b) Notwithstanding anything else herein to the contrary, upon the occurrence of a change in control (as defined in 7(c) below), 50% of any portion of the option not theretofore exercisable, shall immediately become exercisable and such portion of the option (being the Option to purchase shares of Common Stock subject to the applicable provisions of the Plan and awarded in accordance with the Plan in terms of section 1 above) may, with the consent of the Holder, be purchased by the Company at a fair value (as defined in 7(c) below) less the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of Common Stock of the Company multiplied by the number of shares of Common Stock which Holder has the option to purchase in terms of Article 1 above.

Further, notwithstanding anything herein to the contrary if, after the occurrence of a change in control (as defined in 7(c) below) the Holder's employment by the Hansen Natural group is terminated (unless his employment is terminated by the Hansen Natural group for cause as defined above) and on the date of termination any portion of the option has not theretofore become exercisable, then such remaining portion shall immediately become exercisable and that portion of the option (being the option to purchase shares of common stock subject to the applicable provisions of the plan and awarded in accordance with the plan in terms of section 1 above) may, with the consent of Holder, be purchased by the Company for cash at a price equal to the fair market value (defined in 7(c) below) less the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of common stock of the Company multiplied by the number of shares of common stock which Holder has the option to purchase in terms of Article 1 above.

(c) For the purposes of this Agreement

(i) "Change in Control" means;

(A) the acquisition of "Beneficial Ownership" by any person (as defined in rule 13(d) - 3 under the Securities Exchange Act 1934), corporation or other entity other than the Company or a wholly owned subsidiary of the Company of 50% or more of the outstanding Stock,

(B) the sale or disposition of substantially all of the assets of the Company,

or

(C) the merger of the Company with another corporation in which the Common Stock of the Company is no longer outstanding after such merger.

(ii) "Fair Market Value" means, as of any date, the Closing Price for one share of the common Stock of the company on such date.

8. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to him of a certificate or certificates for such shares.

9. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Natural Group nor shall it interfere in any way with the right of any such member to terminate his employment at any time.

10. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

12. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be addressed to him at 1372 Brys Drive, Grosse Point Woods, Michigan 48236, subject to the right of either party to designate at any time hereafter in writing some other address.

14. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

15. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Title: Chairman of the Board

/s/ Michael B. Schott
Michael B. Schott

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 annual report on Form 10-K 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: March 15, 2006

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

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 annual report on Form 10-K 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: March 15, 2006

/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 annual report of Hansen Natural Corporation (the "Company") on Form 10-K for the year ended December 31, 2005 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: March 15, 2006

/s/ Rodney C. Sacks

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

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 annual report of Hansen Natural Corporation (the "Company") on Form 10-K for the year ended December 31, 2005 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: March 15, 2006

/s/ Hilton H. Schlosberg

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

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of November 5, 2004, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Sydney Selati ("Holder").

Preliminary Recitals

- A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
- B. Pursuant to the Hansen Natural Corporation Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock").

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase 12,000 shares of Common Stock, at the purchase price of \$25.80 per share, such ISO to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Natural Group") unless the employment is terminated by a member of the Hansen Natural Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Natural Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(c) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations or satisfactorily perform his duties of employment, insubordination or drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, and provided that Holder is employed by a member of the Hansen Natural Group on the relevant date, the ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
4,000	November 5, 2006
4,000	November 5, 2007
4,000	November 5, 2008

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(d) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date of this agreement or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in any of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$8,000, assuming exercise price of \$2.00 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,600 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities

Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) Subject to clause 7(b) below, if the outstanding shares of stock of the Company are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of stock or securities, through merger, consolidation, sale of all or substantially all of the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution with respect to such shares of stock or other securities, then, to the extent permitted by the Board of the Company, an appropriate and proportionate adjustment shall be made in (1) the maximum number and kind of shares provided in clause 1 above; (2) the number and kind of shares or other securities subject to the outstanding options and tandem SARs, if any; and (3) the price for each share or other unit of any other securities subject to outstanding options without change in the aggregate purchase price or value as to which the options remain exercisable or subject to restrictions. Any adjustment under this clause 7(a) shall be made by the Board of the Company, whose determination as to what adjustments shall be made, if any, and the extent thereof, will be final, binding and conclusive. No fractional interests will be issued under this agreement resulting from any such adjustment.

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

8. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to her of a certificate or certificates for such shares.

9. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Natural Group nor shall it interfere in any way with the right of any such member to terminate her employment at any time.

10. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

12. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be addressed to him at 10 Orchard Road, Suite 200, Lake Forest, California 92630, subject to the right of either party to designate at any time hereafter in writing some other address.

14. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

15. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Title: Chairman of the Board

/s/ Sydney Selati
Sydney Selati

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of March 23, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Rodney C. Sacks ("Holder").

Preliminary Recitals

A. Holder is an employee of the Company or one of its subsidiaries or affiliates.

B. Pursuant to the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock"), subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth below.

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 150,000 shares of Common Stock, at the purchase price of \$52.50 per share, such ISO to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Group") unless the employment is terminated by a member of the Hansen Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(d) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations, drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, the

ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
30,000	March 23, 2006
30,000	March 23, 2007
30,000	March 23, 2008
30,000	March 23, 2009
30,000	March 23, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding the above, this ISO shall be fully exercisable in the event Holder's employment with the Hansen Group is terminated by Holder for "Good Reason" (as defined below), or a member of the Hansen Group terminates his employment without "Cause" (as defined above). "Good Reason" means the Holder's termination of employment with the Hansen Group on or after a reduction in his compensation or benefits, his removal as the Company's Chairman of the Board or Chief Executive Officer, or his being assigned duties or responsibilities that are inconsistent with the dignity, importance or scope of his position with the Company.

(d) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(e) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date indicated above or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$7,000, assuming exercise price of \$1.75 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,400 shares of Common Stock to the Company.)

(c) For purposes of this Agreement, the term "Closing Price" means, with respect to the

Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers (NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) If the Company hereafter (i) declares a distribution on its shares in shares, (ii) splits its outstanding shares, (iii) combines its outstanding shares into a smaller number of securities or (iv) issues any shares or other securities by reclassification of its shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing entity), the purchase price in effect at the time of the record date for such distribution or the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the purchase price by a fraction, the denominator of which shall be the number of shares outstanding immediately after giving effect to such action, and the numerator of which shall be the number of shares outstanding immediately prior to such action. Whenever the purchase price payable upon exercise of the ISO is adjusted pursuant to the preceding sentence above, the number of shares purchasable upon exercise of the ISO shall simultaneously be adjusted by multiplying the number of shares issuable upon exercise of the ISO immediately prior to the event which causes the adjustment by the purchase price in effect immediately prior to the event which causes the adjustment and dividing the product so obtained by the purchase price, as adjusted. Such adjustments shall be made successively whenever any event listed above shall occur.

(b) If, at any time, as a result of an adjustment made pursuant to paragraph 7(a) above, the Holder shall become entitled to receive any securities of the Company other than shares, the number of such other securities so receivable upon exercise of the ISO shall thereafter be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in paragraph 7(a) above.

(c) If any other event contemplated in Section 10(a) of the Plan occurs, adjustments to the number and kind of shares subject to this ISO and/or to the purchase price for each share subject to this ISO may be made in accordance with Section 10(a) of the Plan.

(d) No adjustments shall be made under this Section 7 that would have the effect of modifying this ISO under Internal Revenue Code §§ 422 or 424.

(e) Whenever the purchase price or the number of shares is adjusted, as herein provided, Hansen shall within 10 business days of the event causing such adjustment give a notice setting forth the adjusted purchase price and adjusted number of shares issuable upon exercise of the ISO to be mailed to the Holder.

(f) Notwithstanding anything else herein to the contrary, upon the occurrence of a change in control (as defined in (g) below), the option or any portion thereof not theretofore exercisable, shall immediately become exercisable in its entirety and the option (being the option to purchase shares of Common Stock subject to the applicable provisions of the Plan and awarded in accordance with the Plan in terms of section 1 above) may, with the consent of Holder, be purchased by the Company for cash at a price equal to the fair market value (as

defined in 7(g) below) ~~less~~ the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of Common Stock of the Company multiplied by the number of shares of Common Stock which Holder has the option to purchase in terms of Article 1 above.

(g) For the purposes of this agreement

(i) "Change in Control" means;

(A) the acquisition of "Beneficial Ownership" by any person (as defined

in rule 13 (d) - 3 under the Securities Exchange Act 1934), corporation or other entity other than the Company or a wholly owned subsidiary of the Company of 20% or more of the outstanding Stock,

(B) the sale or disposition of substantially all of the assets of the Company,

or

(C) the merger of the Company with another corporation in which the

Common Stock of the Company is no longer outstanding after such merger.

(ii) "Fair Market Value" means, as of any date, the Closing Price for one share of

the Common Stock of the Company on such date.

8. The provisions of Section 5(b) (iii) of the Plan, regarding the execution of a shareholder's agreement as a condition precedent to the Company's obligation to issue shares under the Plan, shall not apply to the ISO or any shares issued pursuant to the ISO.

9. The Company represents and warrants to Holder that (a) there are no options to purchase the Company's Common Stock, containing the same or substantially the same terms as the ISO, which are actively traded on an established market within the meaning of Internal Revenue Code §83 and the regulations promulgated thereunder; and (b) the shares of the Company's Common Stock issued upon exercise of the ISO, when issued in accordance with the terms hereof, will be duly authorized, validly issued, fully paid and nonassessable. The Company shall reserve and keep reserved out of its authorized shares of Common Stock the number of shares of Common Stock that may be issuable from time to time upon exercise of the ISO.

10. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to him of a certificate or certificates for such shares.

11. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Group nor shall it interfere in any way with the right of any such member to terminate his employment at any time.

12. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors. The Company agrees to use its reasonable efforts to obtain any necessary listing, registration, qualification, consent, approval or agreement as expeditiously as possible, and the term of this ISO shall be extended until 30 days following the date such listing, registration, qualification, consent, approval or agreement is effected or obtained. Moreover, this ISO may not be exercised if its exercise or the receipt of shares of Common Stock pursuant thereto would be contrary to applicable law.

13. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

14. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

15. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Hilton Schlosberg with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be

addressed to him at 14 Vienne, Irvine, California 92606, subject to the right of either party to designate at any time hereafter in writing some other address.

16. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

17. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Hilton H. Schlosberg

Title: Vice Chairman

/s/ Rodney C. Sacks

Rodney C. Sacks

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of March 23, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Hilton H. Schlosberg ("Holder").

Preliminary Recitals

- A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
- B. Pursuant to the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock"), subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth below.

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 150,000 shares of Common Stock, at the purchase price of \$52.50 per share, such ISO to be exercisable and exercised as hereinafter provided.
2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Group") unless the employment is terminated by a member of the Hansen Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(d) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations, drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, the ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
30,000	March 23, 2006
30,000	March 23, 2007
30,000	March 23, 2008
30,000	March 23, 2009
30,000	March 23, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding the above, this ISO shall be fully exercisable in the event Holder's employment with the Hansen Group is terminated by Holder for "Good Reason" (as defined below), or a member of the Hansen Group terminates his employment without "Cause" (as defined above). "Good Reason" means the Holder's termination of employment with the Hansen Group on or after a reduction in his compensation or benefits, his removal as the Company's Vice Chairman of the Board of Directors, President, Chief Operating Officer, Chief Financial Officer or Secretary, or his being assigned duties or responsibilities that are inconsistent with the dignity, importance or scope of his position with the Company.

(d) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(e) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date indicated above or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$7,000, assuming exercise price of \$1.75 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,400 shares of Common Stock to the Company.)

(c) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the

average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers (NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) If the Company hereafter (i) declares a distribution on its shares in shares, (ii) splits its outstanding shares, (iii) combines its outstanding shares into a smaller number of securities or (iv) issues any shares or other securities by reclassification of its shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing entity), the purchase price in effect at the time of the record date for such distribution or the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the purchase price by a fraction, the denominator of which shall be the number of shares outstanding immediately after giving effect to such action, and the numerator of which shall be the number of shares outstanding immediately prior to such action. Whenever the purchase price payable upon exercise of the ISO is adjusted pursuant to the preceding sentence above, the number of shares purchasable upon exercise of the ISO shall simultaneously be adjusted by multiplying the number of shares issuable upon exercise of the ISO immediately prior to the event which causes the adjustment by the purchase price in effect immediately prior to the event which causes the adjustment and dividing the product so obtained by the purchase price, as adjusted. Such adjustments shall be made successively whenever any event listed above shall occur.

(b) If, at any time, as a result of an adjustment made pursuant to paragraph 7(a) above, the Holder shall become entitled to receive any securities of the Company other than shares, the number of such other securities so receivable upon exercise of the ISO shall thereafter be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in paragraph 7(a) above.

(c) If any other event contemplated in Section 10(a) of the Plan occurs, adjustments to the number and kind of shares subject to this ISO and/or to the purchase price for each share subject to this ISO may be made in accordance with Section 10(a) of the Plan.

(d) No adjustments shall be made under this Section 7 that would have the effect of modifying this ISO under Internal Revenue Code §§ 422 or 424.

(e) Whenever the purchase price or the number of shares is adjusted, as herein provided, Hansen shall within 10 business days of the event causing such adjustment give a notice setting forth the adjusted purchase price and adjusted number of shares issuable upon exercise of the ISO to be mailed to the Holder.

(f) Notwithstanding anything else herein to the contrary, upon the occurrence of a change in control (as defined in (g) below), the option or any portion thereof not theretofore exercisable, shall immediately become exercisable in its entirety and the option (being the option to purchase shares of Common Stock subject to the applicable provisions of the Plan and awarded in accordance with the Plan in terms of section 1 above) may, with the consent of Holder, be purchased by the Company for cash at a price equal to the fair market value (as

defined in 7(g) below) ~~less~~ the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of Common Stock of the Company multiplied by the number of shares of Common Stock which Holder has the option to purchase in terms of Article 1 above.

(g) For the purposes of this agreement

(i) "Change in Control" means;

(A) the acquisition of "Beneficial Ownership" by any person (as defined

in rule 13 (d) - 3 under the Securities Exchange Act 1934), corporation or other entity other than the Company or a wholly owned subsidiary of the Company of 20% or more of the outstanding Stock,

(B) the sale or disposition of substantially all of the assets of the Company, or

(C) the merger of the Company with another corporation in which the

Common Stock of the Company is no longer outstanding after such merger.

(ii) "Fair Market Value" means, as of any date, the Closing Price for one share of

the Common Stock of the Company on such date.

8. The provisions of Section 5(b) (iii) of the Plan, regarding the execution of a shareholder's agreement as a condition precedent to the Company's obligation to issue shares under the Plan, shall not apply to the ISO or any shares issued pursuant to the ISO.

9. The Company represents and warrants to Holder that (a) there are no options to purchase the Company's Common Stock, containing the same or substantially the same terms as the ISO, which are actively traded on an established market within the meaning of Internal Revenue Code §83 and the regulations promulgated thereunder; and (b) the shares of the Company's Common Stock issued upon exercise of the ISO, when issued in accordance with the terms hereof, will be duly authorized, validly issued, fully paid and nonassessable. The Company shall reserve and keep reserved out of its authorized shares of Common Stock the number of shares of Common Stock that may be issuable from time to time upon exercise of the ISO.

10. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to him of a certificate or certificates for such shares.

11. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Group nor shall it interfere in any way with the right of any such member to terminate his employment at any time.

12. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors. The Company agrees to use its reasonable efforts to obtain any necessary listing, registration, qualification, consent, approval or agreement as expeditiously as possible, and the term of this ISO shall be extended until 30 days following the date such listing, registration, qualification, consent, approval or agreement is effected or obtained. Moreover, this ISO may not be exercised if its exercise or the receipt of shares of Common Stock pursuant thereto would be contrary to applicable law.

13. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

14. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

15. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be

addressed to him at 2 Nidden, Irvine, California 92715, subject to the right of either party to designate at any time hereafter in writing some other address.

16. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

17. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Chairman/Chief Executive Officer

/s/ Hilton H. Schlosberg
Hilton H. Schlosberg

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of March 23, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Mark J. Hall ("Holder").

Preliminary Recitals

- A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
- B. Pursuant to the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock").

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 100,000 shares of Common Stock, at the purchase price of \$52.50 per share, such ISO to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Natural Group") unless the employment is terminated by a member of the Hansen Natural Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Natural Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(c) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations or satisfactorily perform his duties of employment, insubordination or drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, and provided that Holder is employed by a member of the Hansen Natural Group on the relevant date, the ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
20,000	March 23, 2006
20,000	March 23, 2007
20,000	March 23, 2008
20,000	March 23, 2009
20,000	March 23, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(d) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date of this agreement or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in any of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$8,000, assuming exercise price of \$2.00 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,600 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASDAQ"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities

Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the

laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) In the event of any change in the outstanding Common Stock of the Company by reason of any stock recapitalization, merger, consolidation, combination or exchange of shares, the kind of shares subject to the ISO and their purchase price per share (but not the number of shares) shall be appropriately adjusted consistent with such change in such manner as the Board of Directors of the Company may deem equitable. In the event of a stock dividend or stock split the kind of shares, their purchase price per share and the number of shares shall be appropriately adjusted, consistent with such change in such manner as the Board of Directors may deem equitable. Any adjustment so made shall be final and binding on Holder. No adjustments shall be made that would have the effect of modifying an ISO under Internal Revenue Code §§ 422 and 424.

(b) Notwithstanding anything else herein to the contrary, upon the occurrence of a change in control (as defined in 7(c) below), any portion of the option not theretofore exercisable, shall immediately become exercisable in its entirety and the option (being the Option to purchase shares of Common Stock subject to the applicable provisions of the Plan and awarded in accordance with the Plan in terms of section 1 above) may, with the consent of Holder, be purchased by the Company for cash at a price equal to the fair market value (as defined in 7(c) below) less the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of Common Stock of the Company multiplied by the number of shares of Common Stock which Holder has the option to purchase in terms of Article 1 above.

(c) For the purposes of this Agreement

- (i) "Change in Control" means;
 - (A) the acquisition of "Beneficial Ownership" by any person (as

defined in rule 13(d) - 3 under the Securities Exchange Act 1934), corporation or other entity other than the Company or a wholly owned subsidiary of the Company of 50% or more of the outstanding Stock,

(B) the sale or disposition of substantially all of the assets of the Company,

or

(C) the merger of the Company with another corporation in which the

Common Stock of the Company is no longer outstanding after such merger.

(ii) "Fair Market Value" means, as of any date, the Closing Price for one share of the common Stock of the company on such date.

8. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to him of a certificate or certificates for such shares.

9. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Natural Group nor shall it interfere in any way with the right of any such member to terminate his employment at any time.

10. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

12. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be addressed to him at 22433 Stanley Lane, Wildomar, California 92595, subject to the right of either party to designate at any time hereafter in writing some other address.

14. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

15. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Title: Chairman of the Board

/s/ Mark J. Hall
Mark J. Hall

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of September 28, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Mark J. Hall ("Holder").

Preliminary Recitals

- A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
- B. Pursuant to the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock").

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 25,000 shares of Common Stock, at the purchase price of \$43.79 per share, such ISO to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Natural Group") unless the employment is terminated by a member of the Hansen Natural Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Natural Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(c) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations or satisfactorily perform his duties of employment, insubordination or drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, and provided that Holder is employed by a member of the Hansen Natural Group on the relevant date, the ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
5,000	September 28, 2006
5,000	September 28, 2007
5,000	September 28, 2008
5,000	September 28, 2009
5,000	September 28, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(d) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date of this agreement or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in any of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$8,000, assuming exercise price of \$2.00 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,600 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities

Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) In the event of any change in the outstanding Common Stock of the Company by reason of any stock recapitalization, merger, consolidation, combination or exchange of shares, the kind of shares subject to the ISO and their purchase price per share (but not the number of shares) shall be appropriately adjusted consistent with such change in such manner as the Board of Directors of the Company may deem equitable. In the event of a stock dividend or stock split the kind of shares, their purchase price per share and the number of shares shall be appropriately adjusted, consistent with such change in such manner as the Board of Directors may deem equitable. Any adjustment so made shall be final and binding on Holder. No adjustments shall be made that would have the effect of modifying an ISO under Internal Revenue Code §§ 422 and 424.

(b) Notwithstanding anything else herein to the contrary, upon the occurrence of a change in control (as defined in 7(c) below), any portion of the option not theretofore exercisable, shall immediately become exercisable in its entirety and the option (being the Option to purchase shares of Common Stock subject to the applicable provisions of the Plan and awarded in accordance with the Plan in terms of section 1 above) may, with the consent of Holder, be purchased by the Company for cash at a price equal to the fair market value (as defined in 7(c) below) less the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of Common Stock of the Company multiplied by the number of shares of Common Stock which Holder has the option to purchase in terms of Article 1 above.

(c) For the purposes of this Agreement

(i) "Change in Control" means;

(A) the acquisition of "Beneficial Ownership" by any person (as defined in rule 13(d) - 3 under the Securities Exchange Act 1934), corporation or other entity other than the Company or a wholly owned subsidiary of the Company of 50% or more of the outstanding Stock,

(B) the sale or disposition of substantially all of the assets of the Company,

or

(C) the merger of the Company with another corporation in which the Common Stock of the Company is no longer outstanding after such merger.

(ii) "Fair Market Value" means, as of any date, the Closing Price for one share of the common Stock of the company on such date.

8. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to him of a certificate or certificates for such shares.

9. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Natural Group nor shall it interfere in any way with the right of any such member to terminate his employment at any time.

10. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

12. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be addressed to him at 22433 Stanley Lane, Wildomar, California 92595, subject to the right of either party to designate at any time hereafter in writing some other address.

14. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

15. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Title: Chairman of the Board

/s/ Mark J. Hall
Mark J. Hall

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of November 1, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Kirk Blower ("Holder").

Preliminary Recitals

A. Holder is an employee of the Company or one of its subsidiaries or affiliates.

B. Pursuant to the Hansen Natural Corporation Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock").

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase 2,000 shares of Common Stock, at the purchase price of \$49.71 per share, such ISO to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Natural Group") unless the employment is terminated by a member of the Hansen Natural Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Natural Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(c) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations or satisfactorily perform his duties of employment, insubordination or drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, and provided that Holder is employed by a member of the Hansen Natural Group on the relevant date, the ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
400	November 1, 2006
400	November 1, 2007
400	November 1, 2008
400	November 1, 2009
400	November 1, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(d) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date of this agreement or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in any of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$8,000, assuming exercise price of \$2.00 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,600 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASDAQ"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities

Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) Subject to clause 7(b) below, if the outstanding shares of stock of the Company are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of stock or securities, through merger, consolidation, sale of all or substantially all of the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution with respect to such shares of stock or other securities, then, to the extent permitted by the Board of the Company, an appropriate and proportionate adjustment shall be made in (1) the maximum number and kind of shares provided in clause 1 above; (2) the number and kind of shares or other securities subject to the outstanding options and tandem SARs, if any; and (3) the price for each share or other unit of any other securities subject to outstanding options without change in the aggregate purchase price or value as to which the options remain exercisable or subject to restrictions. Any adjustment under this clause 7(a) shall be made by the Board of the Company, whose determination as to what adjustments shall be made, if any, and the extent thereof, will be final, binding and conclusive. No fractional interests will be issued under this agreement resulting from any such adjustment.

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

8. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to her of a certificate or certificates for such shares.

9. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Natural Group nor shall it interfere in any way with the right of any such member to terminate her employment at any time.

10. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

12. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be addressed to him at 3 Promontory, Dove Canyon, California 92679, subject to the right of either party to designate at any time hereafter in writing some other address.

14. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

15. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Title: Chairman of the Board

/s/ Kirk Blower
Kirk Blower

STOCK OPTION AGREEMENT

This STOCK OPTION AGREEMENT ("Agreement") is made as of November 11, 2005

by and between HANSEN NATURAL CORPORATION, a Delaware corporation (the "Company"), and Harold Taber ("Holder").

Preliminary Recitals

A. Holder is a member of the Board of Directors of the Company (the "Board") who: (i) is not an employee of the Company or one of its subsidiaries or affiliates, (ii) does not serve as a consultant of the Company or its subsidiaries or affiliates and (iii) the Company is not contractually obligated to nominate as a member of the Board.

B. Pursuant to the 2005 Hansen Natural Corporation Stock Option Plan For Non-Employee Directors, (the "Plan"), the Company desires to grant Holder a stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock"), subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth below.

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the stock option (the "Option") to purchase up to 4,800 shares of Common Stock, at the purchase price of \$67.48 per share (the "Exercise Price"), such Option to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The Option shall expire on the date which is the earlier of (x) ten (10) years after the date of grant or (y) three (3) months after the termination of the Holder's membership on the Board unless the Holder's membership on the Board terminates by reason of the death or Total Disability (as defined below) of holder. If the Holder's membership on the Board terminates due to his death or Total Disability, then the Option may be exercised to the extent vested at any time, or from time to time, within twelve (12) months after the date of termination, but not later than the expiration date specified in Section 3 (c) below, by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators. For purposes of this Agreement, "Total Disability" means the complete and permanent inability of Holder to perform all of his duties as a director, as determined by the Board upon the basis of such evidence, including independent medical reports and data, as the Board deems appropriate or necessary.

3. Exercise of Option.

(a) Subject to the other terms of this Agreement regarding the exercisability of the Option, the Option may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B:

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
1,200	November 11, 2005
1,200	May 1, 2006
1,200	May 1, 2007
1,200	May 1, 2008
4,800	

(b) This Option may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this Option is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this Option shall expire on November 11, 2015.

4. Payment of Exercise Price. At the time of any exercise of the Option the Exercise Price of the Option Shares shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (the shares of Common Stock to be used as payment shall be valued as of the date of exercise of the Option at the Closing Price as defined below. For example, if Holder exercises the Option for 1,200 shares at a total Exercise Price of \$60,000, assuming an Exercise Price of \$50.00 per share, and the Closing Price is \$70.00, he may pay for the 1,200 Option Shares by transferring 857 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association

of Securities Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the Option there shall be a valid and effective registration statement under the Securities Act of 1933 ("’33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the Option give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company’s counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the ’33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This Option shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this Option shall be exercisable only by Holder.

7. Adjustments.

(a) Subject to Section 7(b) below, in the event of any change in the outstanding Common Stock by reason of any stock recapitalization, merger, consolidation, combination or exchange of shares, the kind of shares subject to the Option and their purchase price per share (but not the number of shares) shall be appropriately adjusted consistent with such change in such manner as the Board may deem equitable. In the event of a stock dividend or stock split the kind of shares, their purchase price per share and the number of shares shall be appropriately adjusted, consistent with such change in such manner as the Board may deem equitable. Any adjustment so made shall be final and binding.

(b) Notwithstanding anything else herein to the contrary, upon the occurrence of a Change in Control (as defined in the Plan), the Option or any portion thereof not theretofore exercisable, shall immediately become exercisable in its entirety and the Option may be purchased by the Company for cash at a price equal to the Fair Market Value (as defined in the Plan) of the Option as determined in good faith by the Board.

8. Reservation of Shares. The Company shall reserve and keep reserved out of its authorized shares of Common Stock the number of shares of Common Stock that may be issuable from time to time upon exercise of the Option.

9. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this Option prior to the date of issuance to him of a certificate or certificates for such shares.

10. No Right to Continue Membership on Board. This Agreement shall not confer upon Holder any right with respect to continuance on the Board nor shall it interfere in any way with the rights of Holder to terminate his membership on the Board at any time.

11. Compliance With Law and Regulation. This Agreement and the obligation of the

Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board. Moreover, this Option may not be exercised if its exercise or the receipt of shares of Common Stock pursuant thereto would be contrary to applicable law.

12. Tax Withholding Requirements. The Company shall have the right to require Holder to

remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

13. Fractional Shares. Notwithstanding any other provision of this Agreement, no

fractional shares of stock shall be issued upon the exercise of this Option and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

14. Notices. Any notice hereunder to the Company shall be addressed to it at its offices at

1010 Railroad Street, Corona, California 92882, Attention: Rodney Sacks, and any notice to Holder shall be addressed to him at 1421 Brighton Street, La Habra, California 90631, subject to the right of either party to designate at any time hereafter in writing some other address.

15. Amendment. No modification, amendment or waiver of any of the provisions of this

Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

16. Governing Law. This Agreement shall be construed according to the laws of the State

of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of

which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be

executed by a duly authorized officer and Holder has executed this Agreement, both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks

Name: Rodney C. Sacks

Title: Chairman of the Board

HOLDER

/s/ Harold Taber

Harold Taber

STOCK OPTION AGREEMENT

This STOCK OPTION AGREEMENT ("Agreement") is made as of November 11, 2005

by and between HANSEN NATURAL CORPORATION, a Delaware corporation (the "Company"), and Norman Epstein ("Holder").

Preliminary Recitals

A. Holder is a member of the Board of Directors of the Company (the "Board") who: (i) is not an employee of the Company or one of its subsidiaries or affiliates, (ii) does not serve as a consultant of the Company or its subsidiaries or affiliates and (iii) the Company is not contractually obligated to nominate as a member of the Board.

B. Pursuant to the 2005 Hansen Natural Corporation Stock Option Plan For Non-Employee Directors, (the "Plan"), the Company desires to grant Holder a stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock"), subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth below.

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the stock option (the "Option") to purchase up to 4,800 shares of Common Stock, at the purchase price of \$67.48 per share (the "Exercise Price"), such Option to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The Option shall expire on the date which is the earlier of (x) ten (10) years after the date of grant or (y) three (3) months after the termination of the Holder's membership on the Board unless the Holder's membership on the Board terminates by reason of the death or Total Disability (as defined below) of holder. If the Holder's membership on the Board terminates due to his death or Total Disability, then the Option may be exercised to the extent vested at any time, or from time to time, within twelve (12) months after the date of termination, but not later than the expiration date specified in Section 3 (c) below, by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators. For purposes of this Agreement, "Total Disability" means the complete and permanent inability of Holder to perform all of his duties as a director, as determined by the Board upon the basis of such evidence, including independent medical reports and data, as the Board deems appropriate or necessary.

3. Exercise of Option.

(a) Subject to the other terms of this Agreement regarding the exercisability of

the Option, the Option may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B:

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
1,200	November 11, 2005
1,200	May 1, 2006
1,200	May 1, 2007
1,200	May 1, 2008
4,800	

(b) This Option may be exercised, to the extent exercisable by its terms, from

time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this Option is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this Option shall

expire on November 11, 2015.

4. Payment of Exercise Price. At the time of any exercise of the Option the Exercise Price

of the Option Shares shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (the shares of

Common Stock to be used as payment shall be valued as of the date of exercise of the Option at the Closing Price as defined below. For example, if Holder exercises the Option for 1,200 shares at a total Exercise Price of \$60,000, assuming an Exercise Price of \$50.00 per share, and the Closing Price is \$70.00, he may pay for the 1,200 Option Shares by transferring 857 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable

instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with

respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association

of Securities Dealers Automatic Quotation System (“NASDAQ”) or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the Option there shall be a valid and effective registration statement under the Securities Act of 1933 (“’33 Act”) and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the Option give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company’s counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the ’33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This Option shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this Option shall be exercisable only by Holder.

7. Adjustments.

(a) Subject to Section 7(b) below, in the event of any change in the outstanding Common Stock by reason of any stock recapitalization, merger, consolidation, combination or exchange of shares, the kind of shares subject to the Option and their purchase price per share (but not the number of shares) shall be appropriately adjusted consistent with such change in such manner as the Board may deem equitable. In the event of a stock dividend or stock split the kind of shares, their purchase price per share and the number of shares shall be appropriately adjusted, consistent with such change in such manner as the Board may deem equitable. Any adjustment so made shall be final and binding.

(b) Notwithstanding anything else herein to the contrary, upon the occurrence of a Change in Control (as defined in the Plan), the Option or any portion thereof not theretofore exercisable, shall immediately become exercisable in its entirety and the Option may be purchased by the Company for cash at a price equal to the Fair Market Value (as defined in the Plan) of the Option as determined in good faith by the Board.

8. Reservation of Shares. The Company shall reserve and keep reserved out of its authorized shares of Common Stock the number of shares of Common Stock that may be issuable from time to time upon exercise of the Option.

9. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this Option prior to the date of issuance to him of a certificate or certificates for such shares.

10. No Right to Continue Membership on Board. This Agreement shall not confer upon Holder any right with respect to continuance on the Board nor shall it interfere in any way with the rights of Holder to terminate his membership on the Board at any time.

11. Compliance With Law and Regulation. This Agreement and the obligation of the

Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board. Moreover, this Option may not be exercised if its exercise or the receipt of shares of Common Stock pursuant thereto would be contrary to applicable law.

12. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

13. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this Option and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

14. Notices. Any notice hereunder to the Company shall be addressed to it at its offices at 1010 Railroad Street, Corona, California 92882, Attention: Rodney Sacks, and any notice to Holder shall be addressed to him at Cheval Acceptances, Stanmore House, 2nd Floor, 15/19 Church Road, Stanmore, Middlesex HA7 4AR, subject to the right of either party to designate at any time hereafter in writing some other address.

15. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

16. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under the laws of such State, except where preempted by federal laws.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement, both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Name: Rodney C. Sacks
Title: Chairman of the Board

HOLDER

/s/ Norman Epstein
Norman Epstein

STOCK OPTION AGREEMENT

This STOCK OPTION AGREEMENT ("Agreement") is made as of November 11, 2005

by and between HANSEN NATURAL CORPORATION, a Delaware corporation (the "Company"), and Mark Vidergauz ("Holder").

Preliminary Recitals

A. Holder is a member of the Board of Directors of the Company (the "Board") who: (i) is not an employee of the Company or one of its subsidiaries or affiliates, (ii) does not serve as a consultant of the Company or its subsidiaries or affiliates and (iii) the Company is not contractually obligated to nominate as a member of the Board.

B. Pursuant to the 2005 Hansen Natural Corporation Stock Option Plan For Non-Employee Directors, (the "Plan"), the Company desires to grant Holder a stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock"), subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth below.

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the stock option (the "Option") to purchase up to 4,800 shares of Common Stock, at the purchase price of \$67.48 per share (the "Exercise Price"), such Option to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The Option shall expire on the date which is the earlier of (x) ten (10) years after the date of grant or (y) three (3) months after the termination of the Holder's membership on the Board unless the Holder's membership on the Board terminates by reason of the death or Total Disability (as defined below) of holder. If the Holder's membership on the Board terminates due to his death or Total Disability, then the Option may be exercised to the extent vested at any time, or from time to time, within twelve (12) months after the date of termination, but not later than the expiration date specified in Section 3 (c) below, by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators. For purposes of this Agreement, "Total Disability" means the complete and permanent inability of Holder to perform all of his duties as a director, as determined by the Board upon the basis of such evidence, including independent medical reports and data, as the Board deems appropriate or necessary.

3. Exercise of Option.

(a) Subject to the other terms of this Agreement regarding the exercisability of

the Option, the Option may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B:

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
1,200	November 11, 2005
1,200	May 1, 2006
1,200	May 1, 2007
1,200	May 1, 2008
4,800	

(b) This Option may be exercised, to the extent exercisable by its terms, from

time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this Option is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this Option shall

expire on November 11, 2015.

4. Payment of Exercise Price. At the time of any exercise of the Option the Exercise Price

of the Option Shares shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (the shares of

Common Stock to be used as payment shall be valued as of the date of exercise of the Option at the Closing Price as defined below. For example, if Holder exercises the Option for 1,200 shares at a total Exercise Price of \$60,000, assuming an Exercise Price of \$50.00 per share, and the Closing Price is \$70.00, he may pay for the 1,200 Option Shares by transferring 857 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable

instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with

respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association

of Securities Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the Option there shall be a valid and effective registration statement under the Securities Act of 1933 ("’33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the Option give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company’s counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the ’33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This Option shall not be transferable other than by will or by the

laws of descent and distribution. During the lifetime of Holder, this Option shall be exercisable only by Holder.

7. Adjustments.

(a) Subject to Section 7(b) below, in the event of any change in the outstanding

Common Stock by reason of any stock recapitalization, merger, consolidation, combination or exchange of shares, the kind of shares subject to the Option and their purchase price per share (but not the number of shares) shall be appropriately adjusted consistent with such change in such manner as the Board may deem equitable. In the event of a stock dividend or stock split the kind of shares, their

purchase price per share and the number of shares shall be appropriately adjusted, consistent with such change in such manner as the Board may deem equitable. Any adjustment so made shall be final and binding.

(b) Notwithstanding anything else herein to the contrary, upon the occurrence of

a Change in Control (as defined in the Plan), the Option or any portion thereof not theretofore exercisable, shall immediately become exercisable in its entirety and the Option may be purchased by the Company for cash at a price equal to the Fair Market Value (as defined in the Plan) of the Option as determined in good faith by the Board.

8. Reservation of Shares. The Company shall reserve and keep reserved out of its

authorized shares of Common Stock the number of shares of Common Stock that may be issuable from time to time upon exercise of the Option.

9. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to

any shares of Common Stock subject to this Option prior to the date of issuance to him of a certificate or certificates for such shares.

10. No Right to Continue Membership on Board. This Agreement shall not confer upon

Holder any right with respect to continuance on the Board nor shall it interfere in any way with the rights of Holder to terminate his membership on the Board at any time.

11. Compliance With Law and Regulation. This Agreement and the obligation of the

Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board. Moreover, this Option may not be exercised if its exercise or the receipt of shares of Common Stock pursuant thereto would be contrary to applicable law.

12. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

13. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this Option and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

14. Notices. Any notice hereunder to the Company shall be addressed to it at its offices at 1010 Railroad Street, Corona, California 92882, Attention: Rodney Sacks, and any notice to Holder shall be addressed to him at Sage Group LLC, 11111 Santa Monica Boulevard, Suite 2200, Los Angeles, California 90025, subject to the right of either party to designate at any time hereafter in writing some other address.

15. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

16. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under the laws of such State, except where preempted by federal laws.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement, both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Name: Rodney C. Sacks
Title: Chairman of the Board

HOLDER

/s/ Mark Vidergauz
Mark Vidergauz

STOCK OPTION AGREEMENT

This STOCK OPTION AGREEMENT ("Agreement") is made as of November 11, 2005

by and between HANSEN NATURAL CORPORATION, a Delaware corporation (the "Company"), and Benjamin Polk ("Holder").

Preliminary Recitals

A. Holder is a member of the Board of Directors of the Company (the "Board") who: (i) is not an employee of the Company or one of its subsidiaries or affiliates, (ii) does not serve as a consultant of the Company or its subsidiaries or affiliates and (iii) the Company is not contractually obligated to nominate as a member of the Board.

B. Pursuant to the 2005 Hansen Natural Corporation Stock Option Plan For Non-Employee Directors, (the "Plan"), the Company desires to grant Holder a stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock"), subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth below.

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the stock option (the "Option") to purchase up to 4,800 shares of Common Stock, at the purchase price of \$67.48 per share (the "Exercise Price"), such Option to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The Option shall expire on the date which is the earlier of (x) ten (10) years after the date of grant or (y) three (3) months after the termination of the Holder's membership on the Board unless the Holder's membership on the Board terminates by reason of the death or Total Disability (as defined below) of holder. If the Holder's membership on the Board terminates due to his death or Total Disability, then the Option may be exercised to the extent vested at any time, or from time to time, within twelve (12) months after the date of termination, but not later than the expiration date specified in Section 3 (c) below, by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators. For purposes of this Agreement, "Total Disability" means the complete and permanent inability of Holder to perform all of his duties as a director, as determined by the Board upon the basis of such evidence, including independent medical reports and data, as the Board deems appropriate or necessary.

3. Exercise of Option.

(a) Subject to the other terms of this Agreement regarding the exercisability of the Option, the Option may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B:

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
1,200	November 11, 2005
1,200	May 1, 2006
1,200	May 1, 2007
1,200	May 1, 2008
4,800	

(b) This Option may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this Option is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this Option shall expire on November 11, 2015.

4. Payment of Exercise Price. At the time of any exercise of the Option the Exercise Price of the Option Shares shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (the shares of Common Stock to be used as payment shall be valued as of the date of exercise of the Option at the Closing Price as defined below. For example, if Holder exercises the Option for 1,200 shares at a total Exercise Price of \$60,000, assuming an Exercise Price of \$50.00 per share, and the Closing Price is \$70.00, he may pay for the 1,200 Option Shares by transferring 857 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association

of Securities Dealers Automatic Quotation System (“NASDAQ”) or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the Option there shall be a valid and effective registration statement under the Securities Act of 1933 (“’33 Act”) and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the Option give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company’s counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the ’33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This Option shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this Option shall be exercisable only by Holder.

7. Adjustments.

(a) Subject to Section 7(b) below, in the event of any change in the outstanding Common Stock by reason of any stock recapitalization, merger, consolidation, combination or exchange of shares, the kind of shares subject to the Option and their purchase price per share (but not the number of shares) shall be appropriately adjusted consistent with such change in such manner as the Board may deem equitable. In the event of a stock dividend or stock split the kind of shares, their purchase price per share and the number of shares shall be appropriately adjusted, consistent with such change in such manner as the Board may deem equitable. Any adjustment so made shall be final and binding.

(b) Notwithstanding anything else herein to the contrary, upon the occurrence of a Change in Control (as defined in the Plan), the Option or any portion thereof not theretofore exercisable, shall immediately become exercisable in its entirety and the Option may be purchased by the Company for cash at a price equal to the Fair Market Value (as defined in the Plan) of the Option as determined in good faith by the Board.

8. Reservation of Shares. The Company shall reserve and keep reserved out of its authorized shares of Common Stock the number of shares of Common Stock that may be issuable from time to time upon exercise of the Option.

9. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this Option prior to the date of issuance to him of a certificate or certificates for such shares.

10. No Right to Continue Membership on Board. This Agreement shall not confer upon Holder any right with respect to continuance on the Board nor shall it interfere in any way with the rights of Holder to terminate his membership on the Board at any time.

11. Compliance With Law and Regulation. This Agreement and the obligation of the

Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board. Moreover, this Option may not be exercised if its exercise or the receipt of shares of Common Stock pursuant thereto would be contrary to applicable law.

12. Tax Withholding Requirements. The Company shall have the right to require Holder to

remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

13. Fractional Shares. Notwithstanding any other provision of this Agreement, no

fractional shares of stock shall be issued upon the exercise of this Option and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

14. Notices. Any notice hereunder to the Company shall be addressed to it at its offices at

1010 Railroad Street, Corona, California 92882, Attention: Rodney Sacks, and any notice to Holder shall be addressed to him at Schulte Roth & Zabel LLP 919 Third Avenue, New York, NY 10022, subject to the right of either party to designate at any time hereafter in writing some other address.

15. Amendment. No modification, amendment or waiver of any of the provisions of this

Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

16. Governing Law. This Agreement shall be construed according to the laws of the State

of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of

which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be

executed by a duly authorized officer and Holder has executed this Agreement, both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks

Name: Rodney C. Sacks

Title: Chairman of the Board

HOLDER

/s/Benjamin Polk

Benjamin Polk

SCHEDULE A

HANSEN NATURAL CORPORATION

**NOTATIONS AS TO PARTIAL OR INSTALLMENT
EXERCISE OF STOCK OPTION**

<u>Date of Exercise</u>	<u>Number of Shares Purchased</u>	<u>Balance of Shares on Option</u>	<u>Authorized Signature</u>	<u>Notation Date</u>
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STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of November 11, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Hilton H. Schlosberg ("Holder").

Preliminary Recitals

A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
B. Pursuant to the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock"), subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth below.

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 150,000 shares of Common Stock, at the purchase price of \$67.48 per share, such ISO to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Group") unless the employment is terminated by a member of the Hansen Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(d) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations, drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, the

ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
30,000	November 11, 2006
30,000	November 11, 2007
30,000	November 11, 2008
30,000	November 11, 2009
30,000	November 11, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding the above, this ISO shall be fully exercisable in the event Holder's employment with the Hansen Group is terminated by Holder for "Good Reason" (as defined below), or a member of the Hansen Group terminates his employment without "Cause" (as defined above). "Good Reason" means the Holder's termination of employment with the Hansen Group on or after a reduction in his compensation or benefits, his removal as the Company's Vice Chairman of the Board of Directors, President, Chief Operating Officer, Chief Financial Officer or Secretary, or his being assigned duties or responsibilities that are inconsistent with the dignity, importance or scope of his position with the Company.

(d) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(e) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date indicated above or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

- (a) By check or other immediately available funds.
- (b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$7,000, assuming exercise price of \$1.75 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,400 shares of Common Stock to the Company.)

(c) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the

average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers (NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) If the Company hereafter (i) declares a distribution on its shares in shares, (ii) splits its outstanding shares, (iii) combines its outstanding shares into a smaller number of securities or (iv) issues any shares or other securities by reclassification of its shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing entity), the purchase price in effect at the time of the record date for such distribution or the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the purchase price by a fraction, the denominator of which shall be the number of shares outstanding immediately after giving effect to such action, and the numerator of which shall be the number of shares outstanding immediately prior to such action. Whenever the purchase price payable upon exercise of the ISO is adjusted pursuant to the preceding sentence above, the number of shares purchasable upon exercise of the ISO shall simultaneously be adjusted by multiplying the number of shares issuable upon exercise of the ISO immediately prior to the event which causes the adjustment by the purchase price in effect immediately prior to the event which causes the adjustment and dividing the product so obtained by the purchase price, as adjusted. Such adjustments shall be made successively whenever any event listed above shall occur.

(b) If, at any time, as a result of an adjustment made pursuant to paragraph 7(a) above, the Holder shall become entitled to receive any securities of the Company other than shares, the number of such other securities so receivable upon exercise of the ISO shall thereafter be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in paragraph 7(a) above.

(c) If any other event contemplated in Section 10(a) of the Plan occurs, adjustments to the number and kind of shares subject to this ISO and/or to the purchase price for each share subject to this ISO may be made in accordance with Section 10(a) of the Plan.

(d) No adjustments shall be made under this Section 7 that would have the effect of modifying this ISO under Internal Revenue Code §§ 422 or 424.

(e) Whenever the purchase price or the number of shares is adjusted, as herein provided, Hansen shall within 10 business days of the event causing such adjustment give a notice setting forth the adjusted purchase price and adjusted number of shares issuable upon exercise of the ISO to be mailed to the Holder.

(f) Notwithstanding anything else herein to the contrary, upon the occurrence of a change in control (as defined in (g) below), the option or any portion thereof not theretofore exercisable, shall immediately

become exercisable in its entirety and the option (being the option to purchase shares of Common Stock subject to the applicable provisions of the Plan and awarded in accordance with the Plan in terms of section 1 above) may, with the consent of Holder, be purchased by the Company for cash at a price equal to the fair market value (as defined in 7(g) below) less the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of Common Stock of the Company multiplied by the number of shares of Common Stock which Holder has the option to purchase in terms of Article 1 above.

(g) For the purposes of this agreement

(i) "Change in Control" means;

(A) the acquisition of "Beneficial Ownership" by any person (as defined

in rule 13 (d) - 3 under the Securities Exchange Act 1934), corporation or other entity other than the Company or a wholly owned subsidiary of the Company of 20% or more of the outstanding Stock,

(B) the sale or disposition of substantially all of the assets of the Company, or

(C) the merger of the Company with another corporation in which the

Common Stock of the Company is no longer outstanding after such merger.

(ii) "Fair Market Value" means, as of any date, the Closing Price for one share of

the Common Stock of the Company on such date.

8. The provisions of Section 5(b) (iii) of the Plan, regarding the execution of a shareholder's agreement as a condition precedent to the Company's obligation to issue shares under the Plan, shall not apply to the ISO or any shares issued pursuant to the ISO.

9. The Company represents and warrants to Holder that (a) there are no options to purchase the Company's Common Stock, containing the same or substantially the same terms as the ISO, which are actively traded on an established market within the meaning of Internal Revenue Code §83 and the regulations promulgated thereunder; and (b) the shares of the Company's Common Stock issued upon exercise of the ISO, when issued in accordance with the terms hereof, will be duly authorized, validly issued, fully paid and nonassessable. The Company shall reserve and keep reserved out of its authorized shares of Common Stock the number of shares of Common Stock that may be issuable from time to time upon exercise of the ISO.

10. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to him of a certificate or certificates for such shares.

11. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Group nor shall it interfere in any way with the right of any such member to terminate his employment at any time.

12. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors. The Company agrees to use its reasonable efforts to obtain any necessary listing, registration, qualification, consent, approval or agreement as expeditiously as possible, and the term of this ISO shall be extended until 30 days following the date such listing, registration, qualification, consent, approval or agreement is effected or obtained. Moreover, this ISO may not be exercised if its exercise or the receipt of shares of Common Stock pursuant thereto would be contrary to applicable law.

13. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

14. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

15. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be

addressed to him at 2 Nidden, Irvine, California 92603, subject to the right of either party to designate at any time hereafter in writing some other address.

16. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

17. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Chairman/Chief Executive Officer

/s/ Hilton H. Schlosberg
Hilton H. Schlosberg

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of November 11, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Mark J. Hall ("Holder").

Preliminary Recitals

- A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
- B. Pursuant to the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock").

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 25,000 shares of Common Stock, at the purchase price of \$67.48 per share, such ISO to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Natural Group") unless the employment is terminated by a member of the Hansen Natural Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Natural Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(c) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations or satisfactorily perform his duties of employment, insubordination or drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, and provided that Holder is employed by a member of the Hansen Natural Group on the relevant date, the ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
5,000	November 11, 2006
5,000	November 11, 2007
5,000	November 11, 2008
5,000	November 11, 2009
5,000	November 11, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(d) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date of this agreement or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in any of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$8,000, assuming exercise price of \$2.00 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,600 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities

Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) In the event of any change in the outstanding Common Stock of the Company by reason of any stock recapitalization, merger, consolidation, combination or exchange of shares, the kind of shares subject to the ISO and their purchase price per share (but not the number of shares) shall be appropriately adjusted consistent with such change in such manner as the Board of Directors of the Company may deem equitable. In the event of a stock dividend or stock split the kind of shares, their purchase price per share and the number of shares shall be appropriately adjusted, consistent with such change in such manner as the Board of Directors may deem equitable. Any adjustment so made shall be final and binding on Holder. No adjustments shall be made that would have the effect of modifying an ISO under Internal Revenue Code §§ 422 and 424.

(b) Notwithstanding anything else herein to the contrary, upon the occurrence of a change in control (as defined in 7(c) below), any portion of the option not theretofore exercisable, shall immediately become exercisable in its entirety and the option (being the Option to purchase shares of Common Stock subject to the applicable provisions of the Plan and awarded in accordance with the Plan in terms of section 1 above) may, with the consent of Holder, be purchased by the Company for cash at a price equal to the fair market value (as defined in 7(c) below) less the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of Common Stock of the Company multiplied by the number of shares of Common Stock which Holder has the option to purchase in terms of Article 1 above.

(c) For the purposes of this Agreement

(i) "Change in Control" means;

(A) the acquisition of "Beneficial Ownership" by any person (as defined in rule 13(d) - 3 under the Securities Exchange Act 1934), corporation or other entity other than the Company or a wholly owned subsidiary of the Company of 50% or more of the outstanding Stock,

(B) the sale or disposition of substantially all of the assets of the Company,

or

(C) the merger of the Company with another corporation in which the Common Stock of the Company is no longer outstanding after such merger.

(ii) "Fair Market Value" means, as of any date, the Closing Price for one share of the common Stock of the company on such date.

8. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to him of a certificate or certificates for such shares.

9. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Natural Group nor shall it interfere in any way with the right of any such member to terminate his employment at any time.

10. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

12. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be addressed to him at 22433 Stanley Lane, Wildomar, California 92595, subject to the right of either party to designate at any time hereafter in writing some other address.

14. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

15. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/ Rodney C. Sacks
Title: Chairman of the Board

/s/Mark J. Hall
Mark J. Hall

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of November 11, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Thomas J. Kelly ("Holder").

Preliminary Recitals

- A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
- B. Pursuant to the Hansen Natural Corporation Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock").

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase 2,000 shares of Common Stock, at the purchase price of \$67.48 per share, such ISO to be exercisable and exercised as hereinafter provided.
2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Natural Group") unless the employment is terminated by a member of the Hansen Natural Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Natural Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(c) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations or satisfactorily perform his duties of employment, insubordination or drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, and provided that Holder is employed by a member of the Hansen Natural Group on the relevant date, the ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
400	November 11, 2006
400	November 11, 2007
400	November 11, 2008
400	November 11, 2009
400	November 11, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(d) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date of this agreement or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in any of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$8,000, assuming exercise price of \$2.00 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,600 shares of Common Stock to the Company.)

(c) By delivering a properly executed exercise notice together with irrevocable instructions to a broker to deliver promptly to the company the amount of sale or loan proceeds necessary to pay the purchase price and applicable withholding taxes, and such other documents as the Committee may determine.

(d) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities

Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) Subject to clause 7(b) below, if the outstanding shares of stock of the Company are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of stock or securities, through merger, consolidation, sale of all or substantially all of the property of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution with respect to such shares of stock or other securities, then, to the extent permitted by the Board of the Company, an appropriate and proportionate adjustment shall be made in (1) the maximum number and kind of shares provided in clause 1 above; (2) the number and kind of shares or other securities subject to the outstanding options and tandem SARs, if any; and (3) the price for each share or other unit of any other securities subject to outstanding options without change in the aggregate purchase price or value as to which the options remain exercisable or subject to restrictions. Any adjustment under this clause 7(a) shall be made by the Board of the Company, whose determination as to what adjustments shall be made, if any, and the extent thereof, will be final, binding and conclusive. No fractional interests will be issued under this agreement resulting from any such adjustment.

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

8. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to her of a certificate or certificates for such shares.

9. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Natural Group nor shall it interfere in any way with the right of any such member to terminate her employment at any time.

10. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

12. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be

addressed to him at 4472 Torrey Pines Drive, Chino Hills, CA 91709, subject to the right of either party to designate at any time hereafter in writing some other address.

14. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

15. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/Rodney C. Sacks
Title: Chairman of the Board

/s/Thomas Kelly
Thomas Kelly

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of November 11, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Rodney C. Sacks ("Holder").

Preliminary Recitals

- A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
- B. Pursuant to the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock"), subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth below.

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 150,000 shares of Common Stock, at the purchase price of \$67.48 per share, such ISO to be exercisable and exercised as hereinafter provided.
2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Group") unless the employment is terminated by a member of the Hansen Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(d) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations, drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, the

ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
30,000	November 11, 2006
30,000	November 11, 2007
30,000	November 11, 2008
30,000	November 11, 2009
30,000	November 11, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding the above, this ISO shall be fully exercisable in the event Holder's employment with the Hansen Group is terminated by Holder for "Good Reason" (as defined below), or a member of the Hansen Group terminates his employment without "Cause" (as defined above). "Good Reason" means the Holder's termination of employment with the Hansen Group on or after a reduction in his compensation or benefits, his removal as the Company's Chairman of the Board or Chief Executive Officer, or his being assigned duties or responsibilities that are inconsistent with the dignity, importance or scope of his position with the Company.

(d) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(e) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date indicated above or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

- (a) By check or other immediately available funds.
- (b) With property consisting of shares of Common Stock. (The shares of Common Stock to

be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$7,000, assuming exercise price of \$1.75 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,400 shares of Common Stock to the Company.)

(c) For purposes of this Agreement, the term "Closing Price" means, with respect to the

Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers (NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. Adjustments.

(a) If the Company hereafter (i) declares a distribution on its shares in shares, (ii) splits its outstanding shares, (iii) combines its outstanding shares into a smaller number of securities or (iv) issues any shares or other securities by reclassification of its shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing entity), the purchase price in effect at the time of the record date for such distribution or the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the purchase price by a fraction, the denominator of which shall be the number of shares outstanding immediately after giving effect to such action, and the numerator of which shall be the number of shares outstanding immediately prior to such action. Whenever the purchase price payable upon exercise of the ISO is adjusted pursuant to the preceding sentence above, the number of shares purchasable upon exercise of the ISO shall simultaneously be adjusted by multiplying the number of shares issuable upon exercise of the ISO immediately prior to the event which causes the adjustment by the purchase price in effect immediately prior to the event which causes the adjustment and dividing the product so obtained by the purchase price, as adjusted. Such adjustments shall be made successively whenever any event listed above shall occur.

(b) If, at any time, as a result of an adjustment made pursuant to paragraph 7(a) above, the Holder shall become entitled to receive any securities of the Company other than shares, the number of such other securities so receivable upon exercise of the ISO shall thereafter be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in paragraph 7(a) above.

(c) If any other event contemplated in Section 10(a) of the Plan occurs, adjustments to the number and kind of shares subject to this ISO and/or to the purchase price for each share subject to this ISO may be made in accordance with Section 10(a) of the Plan.

(d) No adjustments shall be made under this Section 7 that would have the effect of modifying this ISO under Internal Revenue Code §§ 422 or 424.

(e) Whenever the purchase price or the number of shares is adjusted, as herein provided, Hansen shall within 10 business days of the event causing such adjustment give a notice setting forth the adjusted purchase price and adjusted number of shares issuable upon exercise of the ISO to be mailed to the Holder.

(f) Notwithstanding anything else herein to the contrary, upon the occurrence of a change in control (as defined in (g) below), the option or any portion thereof not theretofore exercisable, shall immediately

become exercisable in its entirety and the option (being the option to purchase shares of Common Stock subject to the applicable provisions of the Plan and awarded in accordance with the Plan in terms of section 1 above) may, with the consent of Holder, be purchased by the Company for cash at a price equal to the fair market value (as defined in 7(g) below) less the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of Common Stock of the Company multiplied by the number of shares of Common Stock which Holder has the option to purchase in terms of Article 1 above.

(g) For the purposes of this agreement

(i) "Change in Control" means;

(A) the acquisition of "Beneficial Ownership" by any person (as defined

in rule 13 (d) - 3 under the Securities Exchange Act 1934), corporation or other entity other than the Company or a wholly owned subsidiary of the Company of 20% or more of the outstanding Stock,

(B) the sale or disposition of substantially all of the assets of the Company,

or

(C) the merger of the Company with another corporation in which the

Common Stock of the Company is no longer outstanding after such merger.

(ii) "Fair Market Value" means, as of any date, the Closing Price for one share of

the Common Stock of the Company on such date.

8. The provisions of Section 5(b) (iii) of the Plan, regarding the execution of a shareholder's agreement as a condition precedent to the Company's obligation to issue shares under the Plan, shall not apply to the ISO or any shares issued pursuant to the ISO.

9. The Company represents and warrants to Holder that (a) there are no options to purchase the Company's Common Stock, containing the same or substantially the same terms as the ISO, which are actively traded on an established market within the meaning of Internal Revenue Code §83 and the regulations promulgated thereunder; and (b) the shares of the Company's Common Stock issued upon exercise of the ISO, when issued in accordance with the terms hereof, will be duly authorized, validly issued, fully paid and nonassessable. The Company shall reserve and keep reserved out of its authorized shares of Common Stock the number of shares of Common Stock that may be issuable from time to time upon exercise of the ISO.

10. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to him of a certificate or certificates for such shares.

11. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Group nor shall it interfere in any way with the right of any such member to terminate his employment at any time.

12. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors. The Company agrees to use its reasonable efforts to obtain any necessary listing, registration, qualification, consent, approval or agreement as expeditiously as possible, and the term of this ISO shall be extended until 30 days following the date such listing, registration, qualification, consent, approval or agreement is effected or obtained. Moreover, this ISO may not be exercised if its exercise or the receipt of shares of Common Stock pursuant thereto would be contrary to applicable law.

13. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

14. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

15. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Hilton Schlosberg with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be

addressed to him at 14 Vienne, Irvine, California 92606, subject to the right of either party to designate at any time hereafter in writing some other address.

16. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

17. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: Hilton H. Schlosberg
Title: Vice Chairman

/s/ Rodney C. Sacks
Rodney C. Sacks

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of November 11, 2005, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Michael B. Schott ("Holder").

Preliminary Recitals

- A. Holder is an employee of the Company or one of its subsidiaries or affiliates.
- B. Pursuant to the Hansen Natural Corporation 2001 Stock Option Plan (the "Plan"), the Company desires to grant Holder an incentive stock option to purchase shares of the Company's common stock, par value \$.005 per share (the "Common Stock").

NOW, THEREFORE, the Company and Holder agree as follows:

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 12,000 shares of Common Stock, at the purchase price of \$67.48 per share, such ISO to be exercisable and exercised as hereinafter provided.

2. Exercise Period. The ISO shall expire three months after the termination of the Holder's employment with the Company and its subsidiaries and affiliates (the "Hansen Natural Group") unless the employment is terminated by a member of the Hansen Natural Group for Cause (as defined below) or unless the employment is terminated by reason of the death or Total Disability (as defined below) of Holder. If the Holder's employment is terminated by a member of the Hansen Natural Group for Cause, the ISO shall expire as of the date employment terminates. If the Holder's employment terminates due to his death or Total Disability, then the ISO may be exercised by Holder or the person or persons to which Holder's rights under this Agreement pass by will, or if no such person has such right, by his executors or administrators, within six months after the date of death or Total Disability, but no later than the expiration date specified in Section 3(c) below. "Cause" means the Holder's act of fraud or dishonesty, knowing and material failure to comply with applicable laws or regulations or satisfactorily perform his duties of employment, insubordination or drug or alcohol abuse, as determined by the Committee of the Hansen Natural Corporation Stock Option Plan (the "Committee"). "Total Disability" means the complete and permanent inability of Holder to perform all of his duties of employment with the Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Exercise of Option

(a) Subject to the other terms of this Agreement regarding the exercisability of the ISO, and provided that Holder is employed by a member of the Hansen Natural Group on the relevant date, the ISO may only be exercised in respect of the number of shares listed in column A from and after the exercise dates listed in column B,

<u>Column "A"</u> <u>Number of Shares</u>	<u>Column "B"</u> <u>Exercise Date</u>
2,400	November 11, 2006
2,400	November 11, 2007
2,400	November 11, 2008
2,400	November 11, 2009
2,400	November 11, 2010

(b) This ISO may be exercised, to the extent exercisable by its terms, from time to time in whole or in part at any time prior to the expiration thereof. Any exercise shall be accompanied by a written notice to the Company specifying the number of shares as to which this ISO is being exercised (the "Option Shares"). Notations of any partial exercise or installment exercise, shall be made by the Company on Schedule A hereto.

(c) Notwithstanding anything else herein to the contrary, this ISO shall expire ten years from the date of this agreement.

(d) The Holder hereby agrees to notify the Company in writing in the event shares acquired pursuant to the exercise of this ISO are transferred, other than by will or by the laws of descent and distribution, within two years after the date of this agreement or within one year after the issuance of such shares pursuant to such exercise.

4. Payment of Purchase Price Upon Exercise. At the time of any exercise of the ISO the purchase price of the ISO shall be paid in full to the Company in either of the following ways or in any combination of the following ways:

(a) By check or other immediately available funds.

(b) With property consisting of shares of Common Stock. (The shares of Common Stock to be used as payment shall be valued as of the date of exercise of the ISO at the Closing Price as defined below. For example, if Holder exercises the option for 4,000 shares at a total Exercise Price of \$8,000, assuming exercise price of \$2.00 per share, and the Closing Price is \$5.00, he may pay for the 4,000 Option Shares by transferring 1,600 shares of Common Stock to the Company.)

(c) For purposes of this Agreement, the term "Closing Price" means, with respect to the Company's Common Stock, the last sale price regular-way or, in case no such sale takes place on such date, the average of the closing bid and asked prices regular-way on the principal national securities exchange on which the securities are listed or admitted to trading; or, if they are not listed or admitted to trading on any national securities exchange, the last sale price of the securities on the consolidated transaction reporting system of the National Association of Securities Dealers ("NASD"), if such last sale information is reported on such system or, if not so reported, the average of the closing bid and asked prices of the securities on the National Association of Securities Dealers Automatic Quotation System ("NASDAQ") or any comparable system or, if the securities are not listed on NASDAQ or a comparable system, the average of the closing bid and asked prices as furnished by two members of the NASD selected from time to time by the Company for that purpose.

5. Purchase for Investment; Resale Restrictions. Unless at the time of exercise of the ISO there shall be a valid and effective registration statement under the Securities Act of 1933 ("33 Act") and appropriate qualification and registration under applicable state securities laws relating to the Option Shares being acquired, Holder shall upon exercise of the ISO give a representation that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the resale or distribution of any such shares. In the absence of such registration statement, Holder shall execute a written affirmation, in a form reasonably satisfactory to the Company, of such investment intent. Holder further agrees that he will not sell or transfer any Option Shares until he requests and receives an opinion of the Company's counsel or other counsel reasonably satisfactory to the Company to the effect that such proposed sale or transfer will not result in a violation of the '33 Act, or a registration statement covering the sale or transfer of the shares has been declared effective by the Securities and Exchange Commission, or he obtains a no-action letter from the Securities and Exchange Commission with respect to the proposed transfer.

6. Nontransferability. This ISO shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of Holder, this ISO shall be exercisable only by Holder.

7. (a) Adjustments. In the event of any change in the outstanding Common Stock of the Company by reason of any stock recapitalization, merger, consolidation, combination or exchange of shares, the kind of shares subject to the ISO and their purchase price per share (but not the number of shares) shall be appropriately adjusted consistent with such change in such manner as the Board of Directors of the Company may deem equitable. In the event of a stock dividend or stock split the kind of shares, their purchase price per share and the number of shares shall be appropriately adjusted, consistent with such change in such manner as the Board of Directors may deem equitable. Any adjustment so made shall be final and binding on Holder. No adjustments shall be made that would have the effect of modifying an ISO under Internal Revenue Code §§ 422 and 424.

(b) Notwithstanding anything else herein to the contrary, upon the occurrence of a change in control (as defined in 7(c) below), 50% of any portion of the option not theretofore exercisable, shall immediately become exercisable and such portion of the option (being the Option to purchase shares of Common Stock subject to the applicable provisions of the Plan and awarded in accordance with the Plan in terms of section 1 above) may, with the consent of the Holder, be purchased by the Company at a fair value (as defined in 7(c) below) less the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of Common Stock of the Company multiplied by the number of shares of Common Stock which Holder has the option to purchase in terms of Article 1 above.

Further, notwithstanding anything herein to the contrary if, after the occurrence of a change in control (as defined in 7(c) below) the Holder's employment by the Hansen Natural group is terminated (unless his employment is terminated by the Hansen Natural group for cause as defined above) and on the date of termination any portion of the option has not theretofore become exercisable, then such remaining portion shall immediately become exercisable and that portion of the option (being the option to purchase shares of common stock subject to the applicable provisions of the plan and awarded in accordance with the plan in terms of section 1 above) may, with the consent of Holder, be purchased by the Company for cash at a price equal to the fair market value (defined in 7(c) below) less the purchase price payable by Holder to exercise the option as set out in Article 1 above for one (1) share of common stock of the Company multiplied by the number of shares of common stock which Holder has the option to purchase in terms of Article 1 above.

(c) For the purposes of this Agreement

(i) "Change in Control" means;

(A) the acquisition of "Beneficial Ownership" by any person (as defined in rule 13(d) - 3 under the Securities Exchange Act 1934), corporation or other entity other than the Company or a wholly owned subsidiary of the Company of 50% or more of the outstanding Stock,

(B) the sale or disposition of substantially all of the assets of the Company,

or

(C) the merger of the Company with another corporation in which the Common Stock of the Company is no longer outstanding after such merger.

(ii) "Fair Market Value" means, as of any date, the Closing Price for one share of the common Stock of the company on such date.

8. No Rights as Stockholder. Holder shall have no rights as a stockholder with respect to any shares of Common Stock subject to this ISO prior to the date of issuance to him of a certificate or certificates for such shares.

9. No Right to Continue Employment. This Agreement shall not confer upon Holder any right with respect to continuance of employment with any member of the Hansen Natural Group nor shall it interfere in any way with the right of any such member to terminate his employment at any time.

10. Compliance With Law and Regulation. This Agreement and the obligation of the Company to sell and deliver shares of Common Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. If at any time the Board of Directors of the Company shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, is necessary or desirable as a condition of or in connection with the issue or purchase of shares of Common Stock hereunder, this ISO may not be exercised in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. Tax Withholding Requirements. The Company shall have the right to require Holder to remit to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements prior to the delivery of any certificate or certificates for Common Stock.

12. Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of stock shall be issued upon the exercise of this ISO and the Company shall not be under any obligation to compensate Holder in any way for such fractional shares.

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, and any notice hereunder to Holder shall be addressed to him at 618 Canterbury Road, Grosse Point Woods, Michigan 48236, subject to the right of either party to designate at any time hereafter in writing some other address.

14. Amendment. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto, and signed by both parties.

15. Governing Law. This Agreement shall be construed according to the laws of the State of Delaware and all provisions hereof shall be administered according to and its validity shall be determined under, the laws of such State, except where preempted by federal laws.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By: /s/Rodney C. Sacks
Title: Chairman of the Board

/s/Michael B. Schott
Michael B. Schott

	2005	2004	2003	Percentage Change	
				05 vs. 04	04 vs. 03
Gross sales, net of discounts & returns *	\$ 415,417,282	\$ 224,097,875	\$ 135,655,087	85.4%	65.2%
Less: Promotional and other allowances**	66,530,916	43,756,740	25,302,891	52.0%	72.9%
Net sales	348,886,366	180,341,135	110,352,196	93.5%	63.4%
Cost of sales	166,343,118	96,874,750	66,577,168	71.7%	45.5%
Gross profit	182,543,248	83,466,385	43,775,028	118.7%	90.7%
Gross profit margin	52.3%	46.3%	39.7%		
Operating Expenses:					
Selling, general and administrative expenses	79,029,837	49,507,137	33,887,045	59.6%	46.1%
Amortization of trademarks	70,102	73,046	61,888	(40.0%)	18.0%
Operating income	103,443,309	33,886,202	9,826,095	205.3%	244.9%
Operating income as a percent of net sales	29.6%	18.8%	8.9%		
Net nonoperating income (expense)	1,351,272	51,995	(67,013)	2,498.8%	(177.6%)
Income before provision for income taxes	104,794,581	33,938,197	9,759,082	208.8%	247.8%
Provision for income taxes	42,018,605	13,551,393	3,828,678	210.1%	253.9%
Effective tax rate	40.1%	39.9%	39.2%		
Net income	\$ 62,775,976	\$ 20,386,804	\$ 5,930,404	207.9%	243.8%
Net income as a percent of net sales	18.0%	11.3%	5.4%		
Net income per common share:					
Basic (See Note 7 to the consolidated financial statements)	\$2.85	\$0.96	\$0.29	196.9%	231.0%
Diluted (See Note 7 to the consolidated financial statements)	\$2.59	\$0.86	\$0.28	201.2%	207.1%
Case sales (in thousands) (in 192-ounce case equivalents)	48,214	29,760	20,421	62.0%	45.7%

FIRST MODIFICATION TO THE AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This First Modification to the Amended and Restated Loan and Security Agreement (this "Modification") is entered into July 15, 2005 by and between Hansen Beverage Company, a Delaware corporation, ("Borrower") and COMERICA BANK ("Bank"), whose Western Division Headquarters is located at 333 West Santa Clara Street, San Jose, California.

RECITALS

This Modification is entered into upon the basis of the following facts and understandings of the parties, which facts and understandings are acknowledged by the parties to be true and accurate:

Bank and Borrower previously entered into an Amended and Restated Loan and Security Agreement dated December 1, 2004. The Amended and Restated Credit Agreement, as so modified, and as such may be otherwise modified, amended, restated, revised, supplemented or replaced from time to time prior to the date hereof shall collectively be referred to herein as the "Agreement."

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

AGREEMENT

1. Incorporation by Reference. The Recitals and the documents referred to therein are incorporated herein by this reference. Except as otherwise noted, the terms not defined herein shall have the meaning set forth in the Agreement.

2. Modification to the Agreement. Subject to the satisfaction of the conditions precedent as set forth in Section 3 hereof, the Agreement is hereby modified as set forth below.

A. Section 3.1 of the Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

"3.1 This Agreement shall remain in full force and effect until June 1, 2007, unless earlier terminated by notice by Borrower. Notice of such termination by Borrower shall be effectuated by mailing a registered or certified letter not less than thirty (30) days prior to the effective date of such termination, addressed to Bank at the address set forth herein and the termination shall be effective as of the date so fixed in such notice."

3. Legal Effect.

a. Except as specifically set forth in this Modification, all of the terms and conditions of the Agreement remain in full force and effect. Except as expressly set forth herein, the execution, delivery, and performance of this Modification shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. 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 Agreement.

b. Borrower represents and warrants that each of the representations and warranties contained in the Agreement are true and correct as of the date of this Agreement, and that no Event of Default has occurred and is continuing.

c. The effectiveness of this Modification and each of the documents, instruments and agreements entered into in connection with this Modification is conditioned upon receipt by Bank of this Modification and any other documents which Bank may require to carry out the terms hereof.

4. Miscellaneous Provisions.

a. This is an integrated Modification and supersedes all prior negotiations and agreements regarding the subject matter hereof. All Modifications hereto must be in writing and signed by the parties.

b. This Modification may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties have agreed as the date first set forth above.

HANSEN BEVERAGE COMPANY,
a Delaware corporation

By: /s/ Rodney C. Sacks

Name: Rodney C. Sacks

Title: Chairman of the Board

COMERICA BANK

By: /s/ Thomas M. Hicks
Thomas M. Hicks

Title: Vice-President – Western Division