SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the Quarterly Period Ended March 31, 2000   Commission file number 0-18761

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

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

2380 Railroad Street, Suite 101,
Corona, California 92880
(Address of principal executive offices) (Zip Code)

(909) 739 - 6200
Registrant's telephone number, including area code.

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

Yes X No

The registrant had 10,109,431 shares of common stock
outstanding as of May 1, 2000

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
March 31, 2000

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HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2000 AND DECEMBER 31, 1999 (Unaudited)

	March 31, 2000	December 31, 1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 133,687	$ 2,009,155
Accounts receivable (net of allowance for doubtful accounts, sales returns and cash discounts of $383,875 in 2000 and $415,305 in 1999 and promotional allowances of $1,723,575 in 2000 and $1,651,604 in 1999)	4,244,322	3,751,258
Inventories, net	9,994,854	9,894,414
Prepaid expenses and other current assets	707,029	553,689
Deferred income tax asset	743,364	743,364
	15,823,256	16,951,880
PROPERTY AND EQUIPMENT, net	596,502	504,191
INTANGIBLE AND OTHER ASSETS:		
Trademark license and trademarks (net of accumulated amortization of $3,077,699 in 2000 and $2,995,285 in 1999)	10,690,510	10,768,493
Deposits and other assets	611,579	484,388
	11,302,089	11,252,881
	$ 27,721,847	$ 28,708,952
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 350,000	$ -
Accounts payable	4,552,072	5,936,873
Accrued liabilities	240,143	345,794
Accrued compensation	41,629	462,285
Current portion of long-term debt	885,416	863,501
Income taxes payable	770,565	346,636
Total current liabilities	6,839,825	7,955,089
LONG-TERM DEBT, less current portion	702,716	902,716
DEFERRED INCOME TAX LIABILITY	1,225,271	1,225,271
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock - $.005 par value; 30,000,000 shares authorized; 10,106,198 and 10,010,084 shares issued in 2000 and 1999 respectively	50,531	50,050
Additional paid-in capital	11,569,593	11,340,074
Retained earnings	7,923,855	7,235,752
Common stock in treasury, at cost - 149,175 and 0 shares in 2000 and 1999 respectively	(589,944)	-
Total shareholders' equity	18,954,035	18,625,876
	$ 27,721,847	$ 28,708,952

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999 (Unaudited)

	2000	1999
NET SALES	$ 15,978,002	$ 15,229,104
COST OF SALES	8,774,042	7,821,425
GROSS PROFIT	7,203,960	7,407,679
OPERATING EXPENSES:		
Selling, general and administrative	5,953,412	5,771,247
Amortization of trademark license and trademarks	82,659	74,148
Other operating expenses	-	15,000
Total operating expenses	6,036,071	5,860,395
OPERATING INCOME	1,167,889	1,547,284
NON-OPERATING EXPENSE (INCOME):		
Interest and financing expense	28,295	63,031
Interest income	(7,244)	(26,159)
Net non-operating expense	21,051	36,872
INCOME BEFORE PROVISION FOR INCOME TAXES	1,146,838	1,510,412
PROVISION FOR INCOME TAXES	458,735	601,500
NET INCOME	$ 688,103	$ 908,912
NET INCOME PER COMMON SHARE:		
Basic	$ 0.07	$ 0.09
Diluted	$ 0.07	$ 0.09
NUMBER OF COMMON SHARES USED IN PER SHARE COMPUTATIONS:		
Basic	9,998,657	9,924,933
Diluted	10,481,940	10,521,733

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999 (Unaudited)

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 688,103	$ 908,912
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of trademark license and trademarks	82,414	74,148
Depreciation and other amortization	45,995	64,226
Compensation expense related to issuance of stock options		24,341
Deferred income taxes		150,375
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable	(493,064)	(1,329,237)
Inventories	(100,440)	(194,695)
Prepaid expenses and other current assets	(153,340)	(97,233)
Accounts payable	(1,384,801)	1,885,093
Accrued liabilities	(105,651)	(75,573)
Accrued compensation	(420,656)	(294,597)
Income taxes payable	423,929	(1,068,875)
Net cash (used in) provided by operating activities	(1,417,511)	46,885
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(138,306)	(103,270)
Increase in trademark license and trademarks	(4,431)	
Decrease in note receivable from director		10,274
Increase in deposits and other assets	(127,191)	(101,559)
Net cash used in investing activities	(269,928)	(194,555)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term borrowings	350,000	
Principal payments on long-term debt	(178,085)	(1,602,576)
Issuance of common stock	230,000	20,700
Purchases of treasury stock	(589,944)	
Net cash used in financing activities	(188,029)	(1,581,876)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	-
NET DECREASE IN CASH	(1,875,468)	(1,729,546)
CASH AND CASH EQUIVALENTS, beginning of the period	2,009,155	3,806,089
CASH AND CASH EQUIVALENTS, end of the period	$ 133,687	$ 2,076,543
SUPPLEMENTAL INFORMATION Cash paid during the period for:		
Interest	$ 22,078	$ 75,252
Income taxes	$ 34,806	$ 1,520,000

NONCASH TRANSACTIONS:

During the three month period ended March 31, 2000, the Company issued 4,114 shares of common stock to employees in connection with a net exercise of options to purchase 5,600 shares of common stock.

1. BASIS OF PRESENTATION

Reference is made to the Notes to Consolidated Financial Statements, in the Company's Form 10-K for the year ended December 31, 1999, which is incorporated by reference, for a summary of significant policies utilized by Hansen Natural Corporation ("Hansen" or "Company") and its wholly-owned subsidiaries, Hansen Beverage Company ("HBC") and Hard Energy Company. The information set forth in these interim financial statements is unaudited and may be subject to normal year-end adjustments. The information reflects all adjustments, which include only normal recurring adjustments, which in the opinion of management are necessary to make the financial statements not misleading. Results of operations covered by this report may not necessarily be indicative of results of operations for the full fiscal year.

2. INVENTORIES

Inventories consist of the following at:

	March 31, 2000	December 31, 1999
Raw materials	$ 3,663,621	$ 3,615,269
Finished goods	6,499,641	6,442,193
	10,163,262	10,057,462
Less inventory reserves	(168,408)	(163,048)
	$ 9,994,854	$ 9,894,414

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

- --

General

The increase in sales and profitability that was achieved by the Company during the first quarter of 1999 was attributable in large measure to the introduction during that quarter of the Company's Healthy Start juice line in multi-serve P.E.T. bottles, which were sold mainly to club stores, and the Signature Soda line. Late in the first quarter of 2000, the Company began introducing its new Slim Down functional drink and its Healthy Start juice line in glass bottles. However, due to the late introduction, the contribution by those products to sales during the quarter was minimal.

The increase in sales during the first quarter of 2000 was primarily attributable to sales of the Company's children's multi-vitamin juice drinks in 8.45-oz. aseptic packages, which were introduced during the third quarter of 1999, and increased sales of the Company's functional drinks in 8.2-oz. slim cans. Such increase was, however, largely offset by decreased sales of Healthy Start juices in multi-serve PET bottles and, to a lesser extent, by decreased sales of Smoothies in 11.5-oz. cans, Signature Sodas, Smoothies in multi-serve PET bottles, and teas, lemonades and juice cocktails.

Due to the lower gross profit margins achieved by the Company on its children's multi-vitamin juice drinks in 8.45-oz. aseptic packages compared to Healthy Start juices and Signature Sodas, the overall gross profit margin achieved by the Company during the first quarter of 2000 decreased to 45.1% from 48.6% during the first quarter of 1999.

The Company continues to incur expenditures in connection with the development and introduction of new products and flavors.

During the first quarter of 2000, the Company repurchased 149,175 shares of its common stock at an average price of $3.95 per share.

Results of Operations for the Three-months Ended March 31, 2000 Compared to the Three-months Ended March 31, 1999

Net Sales. For the three-months ended March 31, 2000, net sales were approximately $16.0 million, an increase of $749,000 or 4.9% higher than the $15.2 million net sales for the three-months ended March 31, 1999. The increase in net sales was primarily attributable to sales of the Company's multi-vitamin juice drinks, which were introduced in the third quarter of 1999, Super Smoothies, which were also introduced in the third quarter of 1999, and increased sales of the Company's energy and other functional drinks in 8.2 oz. slim cans and sodas in cans. The increase in net sales was largely offset by decreased sales of Healthy Start juices in multi-serve PET bottles, and to a lesser extent, decreased sales of Smoothies in 11.5 oz. cans, Signature Sodas, Smoothies in multi-serve PET bottles, and teas, lemonades and juice cocktails.

Gross Profit. Gross profit was $7.2 million for the three-months ended March 31, 2000, a decrease of $204,000 or 2.8% lower than the $7.4 million gross profit for the three-months ended March 31, 1999. Gross profit as a percentage of net sales decreased to 45.1% for the three-months ended March 31, 2000 from 48.6% for the three-months ended March 31, 1999. The decrease in gross profit and gross profit as a percentage of net sales was primarily attributable to lower margins achieved as a result of a change in the Company's product mix.

Total Operating Expenses. Total operating expenses were $6.0 million for the three-months ended March 31, 2000, an increase of $176,000 or 3.0% higher than total operating expenses of $5.9 million for the three-months ended March 31, 1999. Total operating expenses as a percentage of net sales decreased to 37.8% for the three-months ended March 31, from 38.5% for the three-months ended March 31, 1999. 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 a comparably lower increase in total operating expenses as compared to the increase in net sales.

Selling, general and administrative expenses were $6.0 million for the three-months ended March 31, 2000, an increase of $182,000 or 3.2% higher than selling, general and administrative expenses of $5.8 million for the three-months ended March 31, 1999. The increase in selling, general and administrative expenses was primarily attributable to increased slotting fees of $336,000 for the three-months ended March 31, 2000 as compared to slotting fees of $50,000 for the three-months ended March 31, 1999 and increased distribution expenses. The increase in selling, general and administrative expenses was partially offset by a decrease in certain selling and marketing expenses, particularly expenditures relating to in-store demonstrations and the costs of merchandise displays.

Operating Income. Operating income was $1.2 million for the three-months ended March 31, 2000, a decrease of $380,000 or 24.5% lower than operating income of $1.5 million for the three-months ended March 31, 1999. Operating income as a percentage of net sales decreased to 7.3% for the three-months ended March 31, 2000 from 10.2% for the three-months ended March 31, 1999. The decrease in operating income was attributable to a $204,000 decrease in gross profit and an increase of $176,000 in operating expenses. The 2.9% decrease in operating income as a percentage of net sales was partially attributable to a 3.6% decrease in gross profit as a percentage of net sales which was partially offset by a 0.7% decrease in operating expenses as a percentage of net sales.

Net Non-operating Expense. Net non-operating expense was $21,000 for the three-months ended March 31, 2000, a decrease of $16,000 or 42.9% lower than net non-operating expense of $37,000 for the three-months ended March 31, 1999. Net non-operating expense consists of interest and financing expense and interest income. Interest and financing expense for the three-months ended March 31, 2000 was $28,000 as compared to interest and financing expense of $63,000 for the three-months ended March 31, 1999. The decrease in interest and financing expense was primarily attributable to lower interest expense incurred on the Company's long-term debt, which was substantially lower than the average outstanding long-term debt during the comparable period in 1999. Interest income for the three-months ended March 31, 2000 was $7,000 as compared to $26,000 for the three-months ended March 31, 1999. The decrease in interest income was primarily attributable to decreased cash available for investing in interest-bearing securities during the period.

Provision for Income Taxes. Provision for income taxes for the three-months ended March 31, 2000 was $459,000 as compared to provision for income taxes of $602,000 for the comparable period in 1999. The $143,000 decrease in provision for income taxes was primarily attributable to the decrease in operating income.

Net Income. Net income was $688,000 for the three-months ended March 31, 2000, a decrease of $221,000 or 24.3% lower than net income of $909,000 for the three-months ended March 31, 1999. The decrease in net income was attributable to the decrease in gross profit of $204,000 and the increase in operating expenses of $176,000 which was partially offset by the decrease in non-operating expense of $16,000 and the decrease in provision for income taxes of $143,000.

Liquidity and Capital Resources

As of March 31, 2000, the Company had working capital of $9.0 million which was comparable to working capital of $9.0 million as of December 31, 1999. Increases in working capital were primarily attributable to net income earned after adjustments for certain noncash expenses, primarily amortization of trademark license and trademarks and depreciation and other amortization. Decreases in working capital were primarily attributable to purchases of treasury stock, repayments made in reduction of HBC's term loan and increases in noncurrent assets.

Net cash used in operating activities increased to $1.4 million for the three-months ended March 31, 2000 as compared to net cash provided by operating activities of $47,000 for the comparable period in 1999. The increase in net cash used in operating activities was primarily attributable to the decrease in net income and the increase in net cash used in connection with operating assets and liabilities including the payment of accounts payable, accrued liabilities, accrued compensation and the increase in accounts receivable and prepaid expenses. During the three-months ended March 31, 2000, a portion of the Company's cash reserves was also used for the acquisition of property and equipment and the payment of income taxes. Increases in inventories, accounts receivable, payment of payables and accrued liabilities, acquisition of property and equipment, repayment of the Company's short-term borrowings and payment of income taxes, as well as HBC's acquisition and development plans are, and for the foreseeable future are, expected to remain HBC's principle recurring use of cash and working capital funds.

Net cash used in investing activities increased to $270,000 for the three-months ended March 31, 2000 as compared to net cash used in investing activities of $195,000 for the comparable period in 1999. The increase in net cash used in investing activities was primarily attributable to increased purchases of property and equipment and increases in deposits and other assets. Management, from time to time, considers the acquisition of capital equipment, particularly coolers, merchandise display racks, vans and promotional vehicles, and businesses compatible with the image of the Hansen's(R) brand, as well as the development and introduction of new product lines. The Company may require additional capital resources in the event of any such transaction, depending upon the cash requirements relating thereto. Any such transaction will also be subject to the terms and restrictions of HBC's credit facilities.

Net cash used in financing activities decreased to $188,000 for the three-months ended March 31, 2000 as compared to net cash used in financing activities of $1,582,000 for the comparable period in 1999. The decrease in net cash used in financing activities was primarily attributable to decreased principal payments on long-term debt and cash received from short-term borrowings and issuance of common stock. Such decrease was partially offset by cash paid to repurchase shares of the Company's common stock.

As of March 31, 2000, approximately $1.2 million was outstanding under the term loan.

HBC's revolving line of credit has been renewed by its bank until June 30, 2000. The effective borrowing rate under the revolving line of credit is prime plus 1/4%. HBC anticipates that the revolving line of credit will be renewed when it expires on June 30, 2000; however, there can be no assurance that it will in fact be renewed or, if renewed, that the terms of such renewal will not be disadvantageous to HBC and its business.

Management believes that cash generated from operations and the Company's cash resources and amounts available under HBC's revolving line of credit, will be sufficient to meet its operating cash requirements in the foreseeable future, including purchase commitments for raw materials, debt servicing, expansion and development needs as well as any purchases of capital assets or equipment and repurchases of shares of the Company's common stock.

Year 2000 Compliance

Prior to January 1, 2000, the Company reviewed the readiness of its computer systems and business practices for handling Year 2000 issues. These issues involve systems that are date sensitive and may not be able to properly process the transition from year 1999 to year 2000 and beyond, resulting in miscalculations and software failures. Year 2000 compliance updates were completed in the fourth quarter of 1999 and the Company's information technology ("IT") and non-information technology ("NIT") computer systems completed the transition to the year 2000 without material issues or problems. No additional expenditures to enable the Company to become Year 2000 compliant are currently anticipated. The Company has been in contact with critical suppliers, co-packers, customers, and other third parties to determine the extent to which they may be vulnerable to Year 2000 issues. The Company cannot currently predict any future effect of third parties' Year 2000 issues. However, the Company has not been made aware of any matter which would materially impact the Company's business from third parties.

European Monetary Union

Within Europe, The European Economic and Monetary Union (the "EMU") introduced a new currency, the euro, on January 1, 1999. The new currency is in response to the EMU's policy of economic convergence to harmonize trade policy, eliminate business costs associated with currency exchange and to promote the free flow of capital, goods and services.

On January 1, 1999, the participating countries adopted the euro as their local currency, initially available for currency trading on currency exchanges and noncash transactions such as banking. The existing local currencies, or legacy currencies, will remain legal tender through January 1, 2002. Beginning on January 1, 2002, euro-denominated bills and coins will be used for cash transactions. For a period of up to six months from this date, both legacy currencies and the euro will be legal tender. On or before July 1, 2002, the participating countries will withdraw all legacy currencies and exclusively use the euro.

The Company's transactions are recorded in U.S. Dollars and the Company does not currently anticipate future transactions being recorded in the euro. Based on the lack of transactions recorded in the euro, the Company does not believe that the euro will have a material effect on the financial position, results of operations or cash flows of the Company. In addition, the Company has not incurred and does not expect to incur any significant costs from the continued implementation of the euro, including any currency risk, which could materially affect the Company's business, financial condition or results of operations.

The Company has not experienced any significant operational disruptions to date and does not currently expect the continued implementation of the euro to cause any significant operational disruptions.

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. The Company and its representatives may from time to time make written or oral forward looking statements, including statements contained in this report and other filings with the Securities and Exchange Commission and in reports to shareholders and announcements. Certain statements made in this report, including certain statements made in management's discussion and analysis, 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 the Company's 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 Year 2000 information, are forward looking statements within the meaning of the Act.

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

- Company's ability to generate sufficient cash flows to support capital expansion plans and general operating activities;
- Changes in consumer preferences;
- Changes in demand that are weather related, particular in areas outside of California;
- Competitive products and pricing pressures and the Company's ability to gain or maintain share of sales in the marketplace as a result of actions by competitors;
- The introduction of new products;
- Laws and regulations, and/or any changes therein, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws as well as the Federal Food Drug and Cosmetic Act, the Dietary Supplement Health and Education Act, and regulations made thereunder or in connection therewith, especially those that may affect the way in which the Company's products are marketed as well as laws and regulations or rules made or enforced by the Food and Drug Administration;
- Changes in the cost and availability of raw materials and the ability to maintain favorable supply arrangements and relationships and procure timely and/or adequate production of all or any of the Company's products;
- The Company's ability to achieve earnings forecasts, which may be based on projected volumes and sales of many product types and/or new products, certain of which are more profitable than others. There can be no assurance that the Company will achieve projected levels or mixes of product sales;
- The Company's ability to penetrate new markets;
- The marketing efforts of distributors of the Company's products, most of which distribute products that are competitive with the products of the Company;
- Unilateral decisions by distributors, grocery chains, specialty chain stores, club stores and other customers to discontinue carrying all or any of the Company's products that they are carrying at any time;
- The terms and/or availability of the Company's credit facilities and the actions of its creditors;
- The effectiveness of the Company's advertising, marketing and promotional programs;
- Adverse weather conditions, which could reduce demand for the Company's products;
- The Company's ability to make suitable arrangements for the co-packing of its functional drinks in 8.2-ounce slim cans and Smoothies in 11.5 ounce cans;

- The Company's customers', co-packers' and suppliers' ability to replace, modify or upgrade computer programs in ways that adequately address Year 2000 issues. Given the numerous and significant uncertainties involved, there can be no assurance regarding their ability to identify and correct all relevant computer codes and imbedded chips and other unanticipated difficulties or the ability of third parties to remediate their respective systems.

The foregoing list of important factors is not exhaustive.

Inflation

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

PART II - OTHER INFORMATION

Items 1 - 5. Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - See Exhibit Index

(b) Reports on Form 8-K - None

SIGNATURES

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

HANSEN NATURAL CORPORATION
Registrant

Date: May 15, 2000

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

Date: May 15, 2000

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

EXHIBIT INDEX

Exhibit 10 (xxx)	Amended and Restated Variable Rate Installment Note by and between Comerica Bank - California and Hansen Beverage Company.
Exhibit 27	Financial Data Schedule

AMENDED AND RESTATED
VARIABLE RATE INSTALLMENT NOTE

AMOUNT $4,000,000.00
NOTE DATE OCTOBER 14, 1997
MATURITY DATE OCTOBER 1, 2002
(AS AMENDED AND RESTATED ON APRIL 20, 2000)
(U.S.) TAX IDENTIFICATION 39-1679918

For Value Received, the undersigned promise(s) to pay to the order of Comerica Bank California ("Bank"), at any office of the Bank in the State of California, Four Million Dollars and No Cents ($4,000,000.00) (U.S.) in installments in the amounts set forth in the next succeeding sentence, plus interest on the unpaid balance from the date of this Note at a per annum rate equal to the Bank's base rate from time to time in effect from time to time, plus one-half of a percentage point (0.500%) per annum until maturity, whether by acceleration or otherwise, or until Default, as later defined, and after that at a default rate equal to the rate of interest otherwise prevailing under this Note plus 3% per annum. (but in no event in excess of the maximum rate permitted by law). Payments of principal on the Note shall be made in monthly payments as follows: (i) $41,667.00 beginning on November 1, 1997 and on the first day of each calendar month thereafter until October 1, 1998; (ii) $50,000.00 beginning on November 1, 1998 and on the first day of each calendar month thereafter until October 1, 1999; (iii) $58,333.00 beginning on November 1, 1999 and on the first day of each calendar month thereafter until October 1, 2000; (iv) $66,667.00 beginning on November 1, 2000 and on the first day of each calendar month thereafter until October 1, 2001; and (v) $116,666 beginning on November 1, 2001 and on the first day of each calendar month thereafter until September 1, 2002 (each of the payment dates described in clauses (i) through (v), a "Payment Date"); and (vi) a final payment of all remaining principal on October 1, 2002, or such earlier Payment Date as all of the principal on the Note shall have been paid in full (the "Maturity Date") . Each such payment of principal on the Note shall be accompanied by a payment of accrued interest thereon, and all accrued but unpaid interest, fees and costs shall be due on the Maturity Date. Interest shall be calculated for the actual number of days the principal is outstanding on the basis of a 360 day year if this Note evidences a business or commercial loan or a 365 day year if a consumer loan. The Bank's "base rate" is that annual rate of interest so designated by the Bank and which is changed by the Bank from time to time. Interest rate changes will be effective for interest computation purposes as and when the Bank's base rate changes. If the frequency of principal and interest installments is not otherwise specified, installments of principal and interest due under this Note shall be payable monthly on the first day of each month.

In addition to the payments of principal set forth above, the undersigned agrees to make additional mandatory prepayments of principal as follows:

(a) within five business days of a full or partial repayment of the indebtedness of the undersigned to ERLY Industries, Inc., 100 percent of the amount by which the reduction of the outstanding balance of such indebtedness by virtue of such full or partial repayment exceeds the amount of the consideration paid to ERLY Industries, Inc. in connection with such full or partial repayment; and

(b) within five business days of any sale or other transfer of any assets of the undersigned, 100 percent of the proceeds thereof, net of reasonable transaction costs of such transaction provided, however, that the foregoing shall not be deemed a waiver by the Bank the requirement that the undersigned obtain the prior written consent of the Bank in connection with any such sale; and

(c) within five business days of any sale of equity securities of the undersigned, 100 percent of the proceeds of such sale net of reasonable costs of such transaction.

The additional mandatory principal prepayments described in subparagraphs (a), (b) and (c) of the preceding paragraph are referred to as Mandatory Principal Prepayments. Each Mandatory Principal Prepayment shall be applied to the payment of principal last coming due, and accordingly shall not reduce the amount of any scheduled prior payment of principal due on this Note.

If this Note or any installment under this Note shall become payable on a day other than a day on which the Bank is open for business, this payment may be extended to the next succeeding business day and interest shall be payable at the rate specified in this Note during this extension. Any payments of principal in excess of the installment payments required under this Note need not be accepted by the Bank (except as required under applicable law), but if accepted shall apply to the installments last falling due. A late installment charge equal to 5% of each late installment may be charged on any installment payment not received by the Bank within 10 calendar days after the installment due date, but acceptance of payment of this charge shall not waive any default under this Note.

This Note and any other indebtedness and liabilities of any kind of the undersigned (or any of them) to the Bank, and any and all modifications, renewals or extensions of it, whether joint or several, contingent or absolute, now existing or later arising, and however evidenced (collectively "Indebtedness") are secured by and the Bank is granted a security interest in all items deposited in any account of any of the undersigned with the Bank and by all proceeds of these items (cash or otherwise), all account balances of any of the undersigned from time to time with the Bank, by all property of any of the undersigned from time to time in the possession of the Bank and by any other collateral, rights and properties described in each and every deed of trust, mortgage, security agreement, pledge, assignment and other agreement which has been, or will at any time(s) later be, executed by any (or all) of the undersigned to or for the benefit of the Bank, specifically including that certain Revolving Credit Loan and Security Agreement (Accounts and Inventory) between the undersigned and the Bank of even date herewith (collectively "Collateral"). Notwithstanding the above, (i) to the extent that any portion of the Indebtedness is a consumer loan, that portion shall not be secured by any deed of trust or mortgage on or other security interest in any of the undersigned's principal dwelling or in any of the undersigned's real property which is not a purchase money security interest as to that portion, unless expressly provided to the contrary in another place, or (ii) if the undersigned (or any of them) has (have) given or give(s) Bank a deed of trust or mortgage covering real property, that deed of trust or mortgage shall not secure this Note or any other indebtedness of the undersigned (or any of them), unless expressly provided to the contrary in another place.

If the undersigned (or any of them) or any guarantor under a guaranty of all or part of the Indebtedness ("guarantor") (a) fail(s) to pay this Note or any of the Indebtedness when due, by maturity, acceleration or otherwise, or fail(s) to pay any Indebtedness owing on a demand basis upon demand; or (b) fail(s) to comply with any of the terms or provisions of any agreement between the undersigned (or any of them) or any guarantor and the Bank; or (c) become(s) insolvent or the subject of a voluntary or involuntary proceeding in bankruptcy, or a reorganization, arrangement or creditor composition proceeding, (if a business entity) cease(s) doing business as a going concern, (if a natural person) die(s) or become(s) incompetent, (if a partnership) dissolve(s) or any general partner of it dies, becomes incompetent or becomes the subject of a bankruptcy proceeding or (if a corporation or a limited liability company) is the subject of a dissolution, merger or consolidation: or (d) if any warranty or representation made by any of the undersigned or any guarantor in connection with this Note or any of the Indebtedness shall' be discovered to be untrue or incomplete; or (e) if there is any termination, notice of termination, or breach of any guaranty, pledge, collateral assignment or subordination agreement relating to all or any part of the Indebtedness; or (f) if there is any failure by any of the undersigned or any guarantor to pay when due any of its indebtedness (other than to the Bank) or in the observance or performance of any term, covenant or condition in any document evidencing, securing or relating to such indebtedness; or (g) if the Bank deems itself insecure, believing that the prospect of payment of this Note or any of the Indebtedness is impaired or shall fear deterioration, removal or waste of any of the Collateral; or (h) if there is filed or issued a levy or writ of attachment or garnishment or other like judicial process upon the undersigned (or any of them) or any guarantor or any of the Collateral, including without limit, any accounts of the undersigned (or any of them) or any guarantor with the

Bank, then the Bank, upon the occurrence of any of these events (each a "Default"), may at its option and without prior notice to the undersigned (or any of them), declare any or all of the Indebtedness to be immediately due and payable (notwithstanding any provisions contained in the evidence thereof to the contrary), sell or liquidate all or any portion of the Collateral, set off against the Indebtedness any amounts owing by the Bank to the undersigned (or any of them), charge interest at the default rate provided in the document evidencing the relevant Indebtedness and exercise any one or more of the rights and remedies granted to the Bank by any agreement with the undersigned (or any of them) or given to it under applicable law. In addition, if this Note is secured by a deed of trust or mortgage covering real property, then the trustor or mortgagor shall not mortgage or pledge the mortgaged premises as security for any other indebtedness or obligations. This Note, together with all other indebtedness secured by said deed of trust or mortgage, shall become due and payable immediately, without notice, at the option of the Bank, (a) if said trustor or mortgagor shall mortgage or pledge the mortgaged premises for any other indebtedness or obligations or shall convey, assign or transfer the mortgaged premises by deed, installment sale contact or other instrument, or (b) if the title to the mortgaged premises shall become vested in any other person or party in any manner whatsoever, or (c) if there is any disposition (through one or more transactions) of legal or beneficial title to a controlling interest of said trustor or mortgagor. All payments under this Note shall be in immediately available United States funds, without setoff or counterclaim.

Notwithstanding anything contained in this paragraph to the contrary, Bank shall refrain from exercising its rights and remedies and Default shall thereafter not be deemed to have occurred by reason of the occurrence of any of the events set forth in clause (c) (as it relates to a person or entity other than a natural person) or clause (h) of this paragraph if, within ten (10) days from the date thereof, the same is released, discharged dismissed, bonded against or satisfied; provided, however, if the event is the institution of insolvency, bankruptcy or similar proceedings against Borrower, Bank shall not be obligated to make advances to Borrower during such cure period.

If this Note is signed by two or more parties (whether by all as makers or by one or more as an accommodation party or otherwise), the obligations, and undertakings under this Note shall be that of all and any two or more jointly and also of each severally. This Note shall bind the undersigned, and the undersigned's respective heirs, personal representatives, successors and assigns.

The undersigned waive(s) presentment, demand, protest, notice of dishonor, notice of demand or intent to demand, notice of acceleration or intent to accelerate, and all other notices and agree(s) that no extension or indulgence to the undersigned (or any of them) or release, substitution or nonenforcement of any security, or release or substitution of any of the undersigned, any guarantor or any other party, whether with or without notice, shall affect the obligations of any of the undersigned. The undersigned waive(s) all defenses or right to discharge available under Section 3-605 of the California Uniform Commercial Code and waive(s) all other suretyship defenses or right to discharge. The undersigned agree(s) that the Bank has the right to sell, assign, or grant participations, or any interest, in any or all of the Indebtedness, and that, in connection with this right, but without limiting its ability to make other disclosures to the full extent allowable, the Bank may disclose all documents and information which the Bank now or later has relating to the undersigned or the Indebtedness. The undersigned agree(s) that the Bank may provide information relating to this Note or to the undersigned to the Bank's parent, affiliates, subsidiaries and service providers.

The undersigned agree(s) to reimburse the holder or owner of this Note for any and all costs and expenses (including without limit, court costs, legal expenses and reasonable attorney fees, whether inside or outside counsel is used, whether or not suit is instituted and, if suit is instituted, whether at the trial court level, appellate level, in a bankruptcy, probate or administrative proceeding or otherwise) incurred in collecting or attempting to collect this Note or incurred in any other matter or proceeding relating to this Note.

The undersigned acknowledge(s) and agree(s) that there are no contrary agreements, oral or written, establishing a term of this Note and agree(s) that the terms and conditions of this Note may not be amended, waived or modified except in a writing signed by an officer of the Bank expressly stating that the writing constitutes an amendment, waiver or modification of the terms of this Note. As used in this Note, the word "undersigned" means, individually and collectively, each maker, accommodation party, endorser and other party signing this Note in a similar capacity. If any provision of this Note is unenforceable in whole or part for any reason, the remaining provisions shall continue to be effective. THIS NOTE IS MADE IN THE STATE OF CALIFORNIA AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

THE MAXIMUM INTEREST RATE SHALL NOT EXCEED THE HIGHEST APPLICABLE USURY CEILING.

THE UNDERSIGNED AND THE BANK ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS NOTE OR THE INDEBTEDNESS.

For Corporations, Partnerships, Trusts, or Estates

HANSEN BEVERAGE COMPANY

OBLIGOR NAME TYPED/PRINTED
By: \s\ Rodney C. Sacks   Its: Chairman
SIGNATURE OF   TITLE

2380 Railroad St Ste 101
STREET ADDRESS
Corona,
CITY
CA   92880-5471
STATE   ZIP CODE

For Bank Use Only CCR#
Loan Officer Initials   Loan Group Name Obligor(s) Name
Loan Officer I.D. No. Loan Group No. Obligor # Note # Amount

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF OPERATIONS FOUND ON PAGES 3 AND 4 OF THE COMPANY'S FORM 10-Q FOR THE QUARTER, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS
DEC-31-2000
JAN-01-2000
MAR-31-2000
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688,103
.07
.07