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 June 30, 2000 Commission file number 0-18761

HANSEN NATURAL CORPORATION

(Exact name of Registrant as specified in its charter)

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

2380 Railroad Street, Suite 101,
Corona, California 92880-5471
(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 9,928,519 shares of common stock
outstanding as of July 31, 2000

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
June 30, 2000

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HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2000 AND DECEMBER 31, 1999 (Unaudited)

	June 30, 2000	December 31, 1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 121,609	$ 2,009,155
Accounts receivable (net of allowance for doubtful accounts, sales returns and cash discounts of $525,748 in 2000 and $415,305 in 1999 and promotional allowances of $2,021,216 in 2000 and $1,651,604 in 2000)	7,192,902	3,751,258
Inventories, net	8,998,888	9,894,414
Prepaid expenses and other current assets	975,918	553,689
Deferred income tax asset	743,364	743,364
	18,032,681	16,951,880
PROPERTY AND EQUIPMENT, net	1,119,441	504,191
INTANGIBLE AND OTHER ASSETS:		
Trademark license and trademarks (net of accumulated amortization of $3,160,337 in 2000 and $2,995,285 in 1999)	10,607,872	10,768,493
Deposits and other assets	708,116	484,388
	11,315,988	11,252,881
	$ 30,468,110	$ 28,708,952
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 524,991	$ -
Accounts payable	5,204,072	5,936,873
Accrued liabilities	794,172	345,794
Accrued compensation	131,629	462,285
Current portion of long-term debt	987,533	863,501
Income taxes payable	220,867	346,636
	7,863,264	7,955,089
LONG-TERM DEBT, less current portion	914,007	902,716
DEFERRED INCOME TAX LIABILITY	1,225,271	1,225,271
SHAREHOLDERS' EQUITY:		
Common stock - $.005 par value; 30,000,000 shares authorized; 9,926,983 and 10,010,084 shares issued and outstanding in 2000 and 1999, respectively	50,562	50,050
Additional paid-in capital	11,569,562	11,340,074
Retained earnings	9,575,942	7,235,752
Common stock in treasury, at cost - 185,375 and 0 shares in 2000 and 1999, respectively	(730,498)	
Total shareholders' equity	20,465,568	18,625,876
	$ 30,468,110	$ 28,708,952

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE-MONTHS AND SIX-MONTHS ENDED JUNE 30, 2000 AND 1999 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
NET SALES	$ 22,666,775	$ 19,142,247	$ 38,644,777	$ 34,371,351
COST OF SALES	11,974,847	10,161,707	20,748,889	17,983,133
GROSS PROFIT	10,691,928	8,980,540	17,895,888	16,388,218
OPERATING EXPENSES:				
Selling, general and administrative	7,793,226	6,481,186	13,746,638	12,252,432
Amortization of trademark license and trademarks	82,638	74,148	165,297	148,296
Other expenses		15,000		30,000
Total operating expenses	7,875,864	6,570,334	13,911,935	12,430,728
OPERATING INCOME	2,816,064	2,410,206	3,983,953	3,957,490
NONOPERATING EXPENSE (INCOME)				
Interest and financing expense	63,891	40,080	92,186	103,111
Interest Income	(1,306)	(23,864)	(8,550)	(50,023)
Net nonoperating expense	62,585	16,216	83,636	53,088
INCOME BEFORE PROVISION FOR INCOME TAXES	2,753,479	2,393,990	3,900,317	3,904,402
PROVISION FOR INCOME TAXES	1,101,392	953,800	1,560,127	1,555,300
NET INCOME	$ 1,652,087	$ 1,440,190	$ 2,340,190	$ 2,349,102
NET INCOME PER COMMON SHARE:				
Basic	$ 0.17	$ 0.14	$ 0.23	$ 0.24
Diluted	$ 0.16	$ 0.14	$ 0.22	$ 0.22
NUMBER OF COMMON SHARES USED IN PER SHARE COMPUTATIONS:				
Basic	9,941,601	9,951,147	9,970,129	9,938,112
Diluted	10,367,602	10,638,447	10,426,526	10,567,539

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTHS ENDED JUNE 30, 2000 AND 1999 (Unaudited)

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,340,190	$ 2,349,102
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of trademark license and trademarks	160,621	148,297
Depreciation and other amortization	115,656	72,761
Compensation expense related to issuance of stock options		48,684
Deferred income taxes		199,525
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable	(3,441,644)	(2,983,299)
Inventories	895,526	(1,291,444)
Prepaid expenses and other current assets	(422,229)	(171,605)
Accounts payable	(732,801)	3,193,893
Accrued liabilities	448,378	(34,737)
Accrued compensation	(330,656)	(161,102)
Income taxes payable	(125,769)	(164,225)
Net cash (used in) provided by operating activities	(1,092,728)	1,205,850
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(736,138)	(96,374)
Increase in trademark license and trademarks	5,232	
Decrease in note receivable from director		20,861
Increase in deposits and other assets	(223,728)	(312,053)
Net cash used in investing activities	(954,634)	(387,566)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term borrowings	524,991	
Principal payments on long-term debt	(353,085)	(1,753,735)
Increase in long-term debt	488,408	
Issuance of common stock	230,000	20,700
Redemption of common stock	(730,498)	
Net cash provided by (used in) financing activities	159,816	(1,733,035)
NET DECREASE IN CASH	(1,887,546)	(914,751)
CASH, beginning of period	2,009,155	3,806,089
CASH, end of period	$ 121,609	$ 2,891,338
SUPPLEMENTAL INFORMATION Cash paid during the year for:		
Interest	$ 87,286	$ 117,508
Income taxes	$ 1,335,896	$ 1,520,000

NONCASH TRANSACTIONS:

During the six-month period ended June 30, 2000, the Company issued 15,127 shares of common stock to employees in connection with a net exercise of options to purchase 21,760 shares of common stock.

During the six-month period ended June 30, 1999, the Company issued 32,238 shares of common stock to employees in connection with a net exercise of options to purchase 41,800 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 subsidiaries, Hansen Beverage Company ("HBC") and Hard e Beverage 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:

	June 30, 2000	December 31, 1999
Raw materials	$ 3,640,096	$3,615,269
Finished goods	5,527,200	6,442,193
	9,167,296	10,057,462
Less inventory reserves	(168,408)	(163,048)
	$ 8,998,888	$9,894,414

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

General

During the three months ended June 30, 2000, net sales were $22.7 million, an increase of $3.5 million or 18.4% over net sales of $19.1 million for the three months ended June 30, 1999. The increase in net sales during the three months ended June 30, 2000 was primarily attributable to increased sales of the Company's functional drinks, the Company's new line of children's multi-vitamin juice drinks in 8.45-oz. aseptic packaging, which was introduced in the third quarter of 1999, and increased sales of Natural Sodas in cans. The increase in net sales was also attributable, to a lesser extent, to increased sales of apple juice and juice blends, sales of the Company's new line of premium functional Smoothies introduced in the third quarter of 1999, and the introduction of Healthy Start in 12-oz. glass bottles in the first quarter of 2000. The increase in net sales was partially offset by decreased sales of Smoothies in glass and polyethylene terephthalale (P.E.T.) plastic bottles, Healthy Start in P.E.T. plastic bottles and Signature Sodas. Sales of Smoothies in cans and teas, lemonades and juice cocktails were marginally lower.

The Company is currently in the process of launching a line of functional fruit and grain energy bars as well as a line of gourmet genetically modified organism-free (G.M.O. free) functional cereals.

During the three months ended June 30, 2000, the gross profit margins achieved by the Company increased to 47.2% from 45.1% during the first quarter of 2000. For the six months ended June 30, 2000, the gross profit margin was 46.3%, which was lower than the gross profit margin of 47.7% achieved by the Company for the six months ended June 30, 1999.

The Company is planning to introduce a malt based energy drink, called Hard e, which contains 5% alcohol, during the third quarter of 2000. The Hard e product will not be marketed under the Hansen's name.

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

During the three months ended June 30, 2000, the Company repurchased 36,200 shares of its common stock at an average price of $3.88 per share. During the six months ended June 30, 2000, the Company repurchased an aggregate of 185,375 shares of its common stock at an average price of $3.94 per share.

Results of Operations For The Three-Months Ended June 30, 2000 Compared to the Three-Months Ended June 30, 1999

Net Sales. For the three months ended June 30, 2000, net sales were $22.7 million, an increase of $3.5 million or 18.4% over net sales of $19.1 million for the three months ended June 30, 1999. The increase in net sales during the three months ended June 30, 2000 was primarily attributable to increased sales of the Company's functional drinks, the Company's new line of children's multi-vitamin juice drinks in 8.45-oz. aseptic packaging, which was introduced in the third quarter of 1999, and increased sales of Natural Sodas in cans. The increase in net sales was also attributable, to a lesser extent, to increased sales of apple juice and juice blends, sales of the Company's new line of premium functional Smoothies introduced in the third quarter of 1999, and the introduction of Healthy Start in 12-oz. glass bottles in the first quarter of 2000. The increase in net sales was partially offset by decreased sales of Smoothies in glass and P.E.T. plastic bottles, Healthy Start in P.E.T. plastic bottles and Signature Sodas. Sales of Smoothies in cans and teas, lemonades and juice cocktails were marginally lower.

Gross Profit. Gross profit was $10.7 million for the three-months ended June 30, 2000, an increase of $1.7 million or 19.1% over the $9.0 million gross profit for the three-months ended June 30, 1999. Gross profit as a percentage of net sales increased to 47.2% for the three-months ended June 30, 2000 from 46.9% for the three-months ended June 30, 1999. The increase in gross profit and gross profit as a percentage of net sales was primarily attributable to higher margins achieved as a result of a change in the Company's product mix.

Total Operating Expenses. Total operating expenses were $7.9 million for the three-months ended June 30, 2000, an increase of $1.3 million or 19.9% over total operating expenses of $6.6 million for the three-months ended June 30, 1999. Total operating expenses as a percentage of net sales increased to 34.7% for the three-months ended June 30, 2000 from 34.3% for the three-months ended June 30, 1999. The increase in total operating expenses and total operating expenses as a percentage of net sales was primarily attributable to increased selling, general and administrative expenses.

Selling, general and administrative expenses were $7.8 million for the three-months ended June 30, 2000, an increase of $1.3 million or 20.2% over selling, general and administrative expenses of $6.5 million for the three-months ended June 30, 1999. Selling, general and administrative expenses as a percentage of net sales increased to 34.4% for the three-months ended June 30, 2000 from 33.9% for the three-months ended June 30, 1999. The increase in selling expenses and selling expenses as a percentage of net sales was primarily attributable to increases in distribution (freight) costs, expenditures for point of sale items and merchandise displays, and promotional expenditures and allowances. The increase in general and administrative expenses and general and administrative expenses as a percentage of net sales was primarily attributable to increased payroll and other costs in connection with operating activities to support increased net sales.

Amortization expense was $83,000 for the three-months ended June 30, 2000, an increase of $9,000 or 11.5% over amortization expense of $74,000 for the three-months ended June 30, 1999.

Other expenses were $15,000 for the three-months ended June 30, 1999.

Operating Income. Operating income was $2.8 million for the three-months ended June 30, 2000, an increase of $406,000 or 16.8% over operating income of $2.4 million for the three- months ended June 30, 1999. Operating income as a percentage of net sales decreased to 12.4% for the three-months ended June 30, 2000 from 12.6% in the comparable period in 1999. The increase in operating income was attributable to the $1.7 million increase in gross profit which was partially offset by the increase of $1.3 million in operating expenses. The decrease in operating income as a percentage of net sales was primarily attributable to the increase in selling, general and administrative expenses as a percentage of net sales.

Net Nonoperating Expense. Net nonoperating expense was $63,000 for the three-months ended June 30, 2000, an increase of $46,000 from net nonoperating expense of $16,000 for the three-months ended June 30, 1999. Net nonoperating expense consists of interest and financing expense and interest income. Interest and financing expense was $64,000 for the three-months ended June 30, 2000 as compared to $40,000 for the comparable period in 1999. The increase in interest and financing expense was primarily attributable to interest incurred on income taxes. Interest income was $1,000 for the three-months ended June 30, 2000, as compared to interest income of $24,000 during the comparable period in 1999. The decrease in interest income is attributable to a decrease in cash available for investing in interest bearing securities.

Provision for Income Taxes. Provision for income taxes was $1.1 million, for the three-months ended June 30, 2000, an increase of $148,000 over the provision for income taxes of $954,000 for the comparable period in 1999. The effective tax rate for the three-months ended June 30, 2000 was 40.0% as compared to 39.8% for the comparable period in 1999. The increase in provision for income taxes was attributable to the increase in income before provision for income taxes and the increase in the effective tax rate for the three-months ended June 30, 2000.

Net Income. Net income was $1,652,000 for the three-months ended June 30, 2000, compared to net income of $1,440,000 for the three-months ended June 30, 1999, an increase of $212,000 or 14.7%. The increase in net income consists of an increase in operating income of $406,000 which was partially offset by an increase in net interest and financing expense of $46,000 and a $148,000 increase in provision for income taxes.

Results of Operations For The Six-months Ended June 30, 2000 Compared to The Six-months Ended June 30, 1999

Net Sales. For the six-months ended June 30, 2000, net sales were approximately $38.6 million, an increase of $4.3 million or 12.4% over the $34.4 million net sales for the six-months ended June 30, 1999. The increase in net sales was primarily attributable to increased sales of functional drinks, the introduction of the Company's new line of children's multi-vitamin juice drinks in aseptic packaging which was introduced in the third quarter of 1999, and increased sales of Natural Sodas. The increase in net sales was also attributable, to a lesser extent, to the introduction of Super Smoothies in cans in the third quarter of 1999, increased sales of apple juice and juice blends, and the introduction of Healthy Start in 12-ounce bottles in the first quarter of 2000. The increase in net sales was partially offset by decreased sales of Healthy Start in P.E.T. bottles, Smoothies in glass bottles and P.E.T. plastic bottles, Signature Sodas, Smoothies in cans and teas, lemonades and juice cocktails.

Gross Profit. Gross profit was $17.9 million for the six-months ended June 30, 2000, an increase of $1.5 million or 9.2% over the $16.4 million gross profit for the six-months ended June 30, 1999. Gross profit as a percentage of net sales decreased to 46.3% for the six-months ended June 30, 2000 from 47.7% for the six-months ended June 30, 1999. The increase in gross profit was primarily attributable to increased net sales. The decrease in 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 $13.9 million for the six-months ended June 30, 2000, an increase of $1.5 million or 11.9% over total operating expenses of $12.4 million for the six-months ended June 30, 1999. Total operating expenses as a percentage of net sales decreased to 36.0% for the six-months ended June 30, 2000 from 36.2% for the six-months ended June 30, 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 the elimination of other expenses for the six-months ended June 30, 2000.

Selling, general and administrative expenses were $13.7 million for the six-months ended June 30, 2000, an increase of $1.4 million or 12.2% over selling, general and administrative expenses of $12.3 million for the six-months ended June 30, 1999. Selling, general and administrative expenses as a percentage of net sales remained consistent at 35.6% for the six-months ended June 30, 2000 and for the comparable period in 1999. The increase in selling expenses was primarily attributable to increases in distribution (freight) costs, fees paid for slotting, promotional allowances and expenditures, and expenditures for point of sale items and merchandise displays. The increase in selling expenses was partially offset by a decrease in expenditures for in-store demonstrations. The increase in general and administrative expenses was primarily attributable to increased payroll and other costs in connection with operating activities to support increased net sales.

Amortization expense was $165,000 for the six-months ended June 30, 2000, an increase of $17,000 or 11.5% over amortization expense of $148,000 for the six-months ended June 30, 1999.

Other expenses were $30,000 for the six-months ended June 30, 1999.

Operating Income. Operating income was $3,984,000 for the six-months ended June 30, 2000, an increase of $27,000 or 0.7% over operating income of $3,957,000 for the six-months ended June 30, 1999. Operating income as a percentage of net sales decreased to 10.3% for the six-months ended June 30, 2000 from 11.5% in the comparable period in 1999. The decrease in operating income as a percentage of net sales was primarily attributable to the reduction in gross profit as a percentage of net sales for the six-months ended June 30, 2000.

Net Nonoperating Expense. Net nonoperating expense was $84,000 for the six-months ended June 30, 2000, an increase of $31,000 from net nonoperating expense of $53,000 for the six-months ended June 30, 1999. Net non-operating expense consists of interest and financing expense and interest income. Interest and financing expense was $92,000 for the six-months ended June 30, 2000 as compared to $103,000 for the comparable period in 1999. The decrease in interest and financing expense was attributable to the fact that the principal amounts outstanding on the Company's term loan were lower in 2000 than during the comparable period in 1999. Such decrease was partially offset by interest incurred on income taxes. Interest income was $9,000 for the six-months ended June 30, 2000, as compared to interest income of $50,000 during the comparable period in 1999. The decrease in interest income is attributable to a decrease in cash available for investing in interest bearing securities.

Provision for Income Taxes. Provision for income taxes was $1,560,000 for the six months ended June 30, 2000, an increase of $5,000 over the provision for income taxes of $1,555,000 for the comparable period in 1999. The effective tax rate for the six-months ended June 30, 2000 was 40.0% as compared to 39.8% for the comparable period in 1999. The increase in provision for income taxes was attributable to the increase in income before provision for income taxes and the increase in the effective tax rate for the six-months ended June 30, 2000.

Net Income. Net income was $2,340,000 for the six-months ended June 30, 2000 compared to net income of $2,349,000 for the six-months ended June 30, 1999. The $9,000 decrease in net income consists of an increase in operating income of 27,000 which was offset by an increase of $31,000 in net interest and financing expenses and a $5,000 increase in provision for income taxes.

Liquidity and Capital Resources

As of June 30, 2000, the Company had working capital of $10,169,000 compared to working capital of $8,997,000 as of December 31, 1999. The increase in working capital was primarily attributable to net income earned after adjustments for certain noncash expenses, primarily amortization of trademark license and trademarks and depreciation and other amortization. The increase in working capital was also attributable to increases in accounts receivable, prepaid expenses and other current assets as well as a decrease in accounts payable and accrued compensation. The increase in working capital was partially offset by repayments made in reduction of HBC's term loan, decreases in inventories, increases in accrued liabilities, and acquisitions of property and equipment.

Net cash used in operating activities was $1,093,000 for the six-months ended June 30, 2000 as compared to net cash provided by operating activities of $1,206,000 for the comparable period in 1999. The increase in net cash used in operating activities was primarily attributable to increases in operating assets and decreases in operating liabilities including increases in accounts receivable and increased payments on account of accounts payable. The increase in cash used in operating activities was partially offset by a decrease in inventories.

Net cash used in investing activities was $955,000 for the six-months ended June 30, 2000 as compared to net cash used in investing activities of $388,000 for the comparable period in 1999. The increase in net cash used in investing activities was primarily attributable to the acquisition of several vans and promotional vehicles as well as increased deposits and other assets.

Net cash provided by financing activities was $160,000 for the six-months ended June 30, 2000 as compared to net cash used in financing activities of $1,733,000 for the comparable period in 1999. The increase in net cash provided by financing activities was primarily attributable to borrowings on the Company's line of credit and capital leases entered into to finance the acquisition of vans and promotional vehicles. The increase in cash provided by financing activities was partially offset by repurchases of the Company's common stock and principal payments made in reduction of HBC's term loan.

Increases in accounts receivable, acquisitions of inventory, property and equipment, increases in deposits and other assets, repayment of the Company's long-term debt, repurchases of the Company's common stock, 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. Management, from time to time, considers the acquisition of capital equipment, particularly coolers, merchandise displays, vans and promotional vehicles, trademarks, 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 for, or in connection with, such activities depending upon the cash requirements relating thereto. Any such activities will also be subject to the terms and restrictions of HBC's credit facilities.

As of June 30, 2000, $982,000 was outstanding under the term loan, as compared to $1,332,000 outstanding on December 31, 1999. The Company's current borrowing rate on the term loan is the bank's base rate ("prime") plus 1/2%.

HBC's revolving line of credit has been renewed by its bank until May 1, 2002. 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 May 1, 2002; 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 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 it's 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 it's 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: August 9, 2000

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

Date: August 9, 2000

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

EXHIBIT INDEX

Exhibit	10 (yyy) Sixth Modification to Revolving Credit Loan & Security Agreement by and between Hansen Beverage Company and Comerica Bank - California, dated May 23, 2000
Exhibit 10 (zzz)	Contract Brewing Agreement by and between Hard e Beverage Company and Rello, Inc. dated March 23, 2000
Exhibit 27	Financial Data Schedule

SIXTH MODIFICATION TO
REVOLVING CREDIT LOAN & SECURITY AGREEMENT
(ACCOUNTS AND INVENTORY)

This SIXTH MODIFICATION TO LOAN & SECURITY AGREEMENT AND INVENTORY RIDER (this "Modification") is entered into as of May 23, 2000 by and between HANSEN BEVERAGE COMPANY a Delaware corporation ("Borrower") and COMERICA BANK-CALIFORNIA, a California corporation ("Bank").

RECITALS

A. Borrower and Bank have previously entered into that certain Revolving Credit Loan & Security Agreement (Accounts and Inventory) dated as of May 15, 1997 (as modified, the "Loan Agreement"), together with those certain documents entitled Inventory Rider (Revolving Advance), Equipment Rider and Environmental Rider, all dated as of May 15, 1997 and those certain UCC-1 Financing Statements filed with various states.

B. In addition to the Collateral as defined in the Loan Agreement, the obligations of Borrower under the Loan Agreement are and were also secured by that certain Security Agreement in License Agreement and Other Agreements dated May 15, 1997 (the "License Security Agreement").

C. Hansen Natural Corporation (sometimes referred to as "Hansen Natural"), a Delaware corporation, and CVI Ventures, Inc. (sometimes referred to as "CVI"), a Delaware corporation (sometimes, collectively, "Guarantors") have each executed those certain Guaranties, each dated as of May 15, 1997 (respectively, the "Hansen Guaranty" and the "CVI Guaranty", which are sometimes hereinafter collectively referred to as the "Guaranties"). Pursuant to the Guaranties, Guarantors guaranteed the obligations that are or may be owing to Bank by Borrower, as set forth more completely in the Guaranties.

D. The Loan Agreement has been modified pursuant to that certain First Modification to Revolving Credit Loan and Security Agreement (Accounts and Inventory) dated May 11, 1998 the "First Modification").

E. The Loan Agreement has been further modified pursuant to that certain Second Modification to Revolving Credit Loan and Security Agreement dated July 27, 1998 (the "Second Modification").

F. The Loan Agreement has been further modified pursuant to that certain Third Modification to Revolving Credit Loan and Security Agreement dated December 1, 1998 (the "Third Modification").

G. In conjunction with the execution of the Third Modification, Borrower and Bank also entered into those certain documents, respectively entitled Inventory Rider (the "Inventory Rider") and addendum to Revolving Credit Loan and Security Agreement, both also dated as of December 1, 1998.

H. The Loan Agreement has been further modified pursuant to that certain Fourth Modification to Revolving Credit Loan and Security Agreement dated March 28, 2000 (the "Fourth Modification").

I. The Loan Agreement has been further modified pursuant to that certain Fifth Modification to Revolving Credit Loan and Security Agreement dated April 27, 2000 (the "Fifth Modification").

J. Pursuant to the Loan Agreement, Bank has made available to Borrower a line of credit based on a formula (the "Formula Based Line of Credit '). The amount available under the Formula Based Line of Credit was calculated by the sum of (1) ninety percent of the Eligible Accounts; plus (2) the Inventory Sublimit (as defined in Recital K below), in an aggregate principal amount not to exceed Three Million Dollars ($3,000,000) at any one time, as further provided in the terms and conditions set forth more completely in the Loan Agreement

K. Pursuant to the terms of the Inventory Rider, and as part of the Formula Based Line of Credit, Bank has provided Borrower with a loan facility based on advances against Borrower's Inventory (the "Inventory Sublimit"), which was calculated based on fifty-five percent (55%) of the lower of the cost or the value of Borrower's Inventory, but in any event not to exceed the aggregate sum of One Million Five Hundred Thousand Dollars ($1,500,000) at any time, as further provided in the terms and conditions set forth more completely in the Inventory Rider and the Loan Agreement.

L. As of May 15, 2000, the principal balance of the Formula Based Line of Credit was Five Hundred Ninety Five Thousand Dollars ($595,000).

M. All of the documents referred to above, and those executed therewith or thereafter, are sometimes hereinafter collectively referred to as the "Loan Documents".

N. Borrower is a distributor of natural soda and other non-alcoholic beverages.

0. Borrower and Bank have agreed to modify the Loan Documents in certain respects, by, among other things, converting the Formula Based Line of Credit provided for in the Loan Agreement and the Inventory Rider to a non-formula based line of credit (the "Non-Formula Based Line of Credit") on the terms and conditions set forth below.

AGREEMENT

For good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as set forth below.

I. Incorporation by Reference; Definitions. The foregoing Loan Documents and the Recitals are incorporated herein by this reference as though set forth in full herein. Any term not defined herein shall have the meaning given in the Loan Documents.

2. Modifications to the Loan Agreement. The Loan Agreement is hereby modified as set forth below.

2.1 Modification of Section 2.1 of the Loan Agreement to Provide for Conversion of the Formula Based Line of Credit to a Non-Formula Based Line of Credit. Section 2.1 of the Loan Agreement is hereby modified by deleting it in its entirety and substituting the following provision:

"Notwithstanding any prior agreement to the contrary, upon the request of Borrower, made at any time and from time to time during the term hereof, and so long as no Event of Default has occurred, and irrespective of any Borrowing Base defined herein, Bank shall lend to Borrower an amount not to exceed the principal sum of Three Million Dollars ($3,000,000) at any one time, with any amount in 'excess thereof being referred to hereinafter as an 'Overadvance')."

2.2 Modification of the First Sentence of Section 3.1 of the Loan Agreement. The first sentence of Section 3.1 of the Loan Agreement is hereby modified by deleting it in its entirety and substituting the following provision:

"This Agreement shall remain in full force and effect until May 1, 2002, unless earlier terminated by Borrower."

2.3 Modification of Section 6.15 (c) of the Loan Agreement to Eliminate Certain Reporting Requirements. Section 6.15 (c) of the Loan Agreement is hereby modified by deleting it in its entirety and replacing it with the following provision:

"Notwithstanding any prior agreement to the contrary, Borrower shall not be under any obligation to provide Bank with the following reports:
(1) Accounts receivable or payable aging reports;
(2) Inventory reports; and
(3) Borrowing Base reports."

2.4 Modification of the Loan Agreement to Add New Section 6.25 to Eliminate Required Audits Absent An Event of Default or Default. The Loan Agreement is hereby modified to add the following provision as Section 6.25 of the Loan Agreement:

"Notwithstanding any prior agreement to the contrary, the Loan Agreement and in particular Section 6.1 are hereby modified to provide that absent the occurrence of an event of default or default under the Loan Documents which is continuing, Bank shall not require that Bank be permitted to conduct audits of the Accounts or Inventory of Borrower. In the event of the occurrence of an Event of Default or Default by Borrower under the Loan Documents, Bank shall be entitled to conduct such audits of Borrower's Accounts and Inventory as Bank reasonably may require, at Borrower's expense."

3. Deletion of the Inventory Rider. In light of the conversion of the Formula Based Line of Credit to a Non-Formula Based Line of Credit pursuant to this Modification, the Inventory Rider is hereby deleted and is no longer an operative document between Bank and Borrower.

4. No Modification of Other Obligations; No Effect on Collateral. Except as is otherwise specifically set forth herein or in any document executed in connection herewith, the Loan Agreement and the Loan Documents are and shall remain unmodified and in full force and effect, and are hereby ratified and confirmed. Nothing herein shall be deemed to affect in anyway the Collateral that secures the obligations under the Loan Agreement (as modified by this Modification) or under any other agreement now or in the future.

5. Conflicts. If any conflict exists between the provisions of the Loan Documents and the provisions of this Modification, the provisions of this Modification shall control.

6. Ratification of the Guaranties and Security Therefor. By executing this Modification below where indicated, Guarantors acknowledge and agree that they have read and are familiar with, and consent to, all of the terms and conditions of this Modification. In light of the foregoing, by executing this Modification, Guarantors further confirm and agree that all of the terms and provisions of the Guaranties are ratified and reaffirmed, and that the Guaranties shall and do continue in full force and effect. Although Bank has informed Guarantors of the terms of this Modification, Guarantors understand and agree that Bank has no duty whatsoever to do so, nor to seek this or any future acknowledgment, consent, or reaffirmation, and that nothing contained herein is intended to, or shall create, such a duty on the part of Bank as to any transactions hereafter.

7: Further Assurances Borrower agrees to make and execute such other Documents and/or take such other action and/or provide such further assurances as may be requested by Bank in connection with the Obligations or as may be necessary or required to effectuate the terms and conditions of this Modification and any documents executed in connection herewith.

8. Future Modifications. Neither Us Modification nor any document executed herein entitles, or implies any consent or agreement to, any further or future modification of, amendment to, waiver of, or consent with respect to any provision of the Modification or the Loan Documents. Any modifications hereto or to the Loan Documents shall be in writing and signed by the parties.

9. Integration. This Modification and any documents executed in connection herewith are integrated agreements, and supersede all negotiations and agreements regarding the subject matter hereof and thereof, and taken together with the Loan Documents and any documents executed in connection herewith, constitute the final agreement of the parties with respect to the subject matter hereof and thereof.

IN WITNESS WHEREOF, the parties have caused this Modification to be executed as of the day and year first written above.

HANSEN BEVERAGE COMPANY
By: /s/ Rodney Sacks
Title: Chairman

COMERICA BANK-CALIFORNIA
By: /s/ James Bradley
By: James Bradley
Its: Vice President

CONSENT OF GUARANTORS:
HANSEN NATURAL CORPORATION
By: /S/ Rodney Sacks
Title: Chairman

Hard E Beverage Co. formerly
CVI Ventures, Inc.
By: /s/ Rodney Sacks
Its: Chairman

CONTRACT BREWING AGREEMENT

This Contract Agreement ("Agreement") is made this 23rd day of March 2000, by and between Rello, Inc. d/b/a Gluek Brewing Company, a Colorado corporation, with its principal place of business at 219 North Red River Avenue, Cold Spring, Minnesota 56320 ("Brewer") and Hard Energy Company, a corporation, with its principal place of business at 2380 Railroad Street, Suite 101, Corona, California 92880 ("Company").

RECITALS

WHEREAS, Brewer is engaged in the business of brewing, packaging, marketing and distributing malt beverages in the United States, including the District of Columbia.

WHEREAS, Company owns, controls or possesses certain recipes, formulae and/or specifications for beverage products as well as the right to use certain names, design, slogans, logos or logotypes as brand names in conjunction therewith; and

WHEREAS, Company desires to have certain of such beverage products brewed, packaged, marketed and distributed by Brewer under the brand names identified below and Brewer desires to do so.

NOW, THEREFORE, in consideration of the promises and covenants set forth herein, the adequacy and sufficiency of which are hereby acknowledged, the parties, in good faith, agree as follows:

1. GRANT. Company hereby grants, and Brewer hereby accepts, the right and license to brew, package, label and distribute malt beverage products under the brand name "HARD ENERGY" ("the Trademark"), such products hereinafter referred to as "the Products", for which Company owns, controls or possesses all recipes, formulae, specifications, names, designs, slogans, logos and logotypes in the fifty states of the United States and the- District of Columbia (the "Territory").

2. TERM This Agreement shall become effective and binding upon the parties on the date set forth above and shall remain in effect for a period of twenty (20) months from such date, unless earlier terminated as provided herein ("the Initial Term"). Either party shall be entitled, not less than ninety (90) days prior to the expiration of the Initial Term, to give notice to the other of the termination of this agreement upon the expiration of the Initial Term. In the absence of such written notice from either party to the other terminating this Agreement on the expiration of the Initial Term, this Agreement shall continue indefinitely thereafter subject to the right to either party to terminate this Agreement at any time, without cause, upon the giving to the other of not less than ninety (90) days notice of such termination, and, in such event, this Agreement shall be terminated on the date specified in such notice.

3. DUTIES OF COMPANY.

a. Proprietary Information. Company shall provide Brewer with recipes, formulae and specifications for the Products as well as the Product flavor profiles, packaging materials and instructions and such other information and materials as are required under the terms of this Agreement or as may be reasonable and necessary for Brewer to carry out the terms of this Agreement (the "Proprietary Information").

b. Product Orders and Shipments. Brewer shall produce the Products in quantities sufficient to meet the needs of customers in the Territory, provided that it is furnished with a written firm order for Products (the "Order") not less than thirty (30) days in advance of the requested Product packaging date (the "Requested Packaging Date") which Orders shall be in writing and addressed to Brewer at P.O. Box 476, 219 North Red River Avenue, Cold Spring, Minnesota 56320, Attention: Order Processing Department; fax number (320) 685-8313. Each Order shall state the quantity of each Product to be brewed and packaged and shall provide detailed pack aging instructions, including but not limited to, specific instructions in regard to any packaging requirements. Brewer shall not be required to brew and package less than 1500 cases (24 packs) with respect to any individual Order.

c. Packaging Materials. Company will provide packaging materials (labels, crowns, 6-pack carriers, mother cartons and cans) to Brewer no later than ten (10) days prior to the Requested Packaging Date, all of which packaging materials shall be suitable for use in Brewer's packaging equipment. Brewer and Company will cooperate in the purchasing of such Packaging Materials so as to achieve the best possible prices. If the packaging Materials are not received as required herein, Brewer shall have no obligation to have the Products ready for packaging on the Requested Packaging Date and Brewer and Company shall mutually agree on a new packaging date for the Products. Upon the termination of this Agreement, all packaging materials in Brewer's possession relating to the Products shall be shipped to Company at Company's sole expense. Alternatively, Company can prepay the cost of such packaging materials and Brewer will obtain same.

d. State Taxes and Recycling Fees. Company shall reimburse Brewer for any sales taxes aid recycling fees required by state government regulations and which have been paid by Brewer.

4. DUTIES OF BREWER.

a. Brewing and Packaging of Products. Brewer shall brew and package the Products according to Company's instructions/specifications. Brewer possesses certain proprietary recipes, formulas, procedures and processes for production of clear malt, which shall be made available to the Company as part of this contractual agreement.

b. Sample Analysis of Products. If required by the Bureau of Alcohol, Tobacco and Firearms ("BATF") and/or any state alcoholic beverage regulatory authority, Brewer shall provide an appropriate sample of the Products for analysis. All costs associated with such, federal and state Product analysis shall be borne by the Company.

c. Label Approvals. Brewer shall obtain a BATF Certificate of Label Approval as well as the appropriate state label approvals and/or registrations for each of the Products' labels. All costs incurred in obtaining such label approval and/or registration shall be borne by Company. Brewer agrees to sell the Products in those states in which the Brewer is currently licensed and in those other states which Company requests. If Brewer is not licensed to sell the Products in any state in which Company requests it to sell the Products, Brewer undertakes, at its cost, to apply for and obtain the necessary license(s) within a reasonable period of time after request therefor by the Company.

d. Delivery of Products. Brewer shall arrange for the Products to be delivered to licensed distributors in the Territory approved of by Company. Company shall reimburse Brewer for the cost of delivering the Products. Brewer shall not sell any Products to any person or entity within the Territory which Brewer knows or has reason to know intends to sell the Products outside the Territory.

e. Brewer will invoice sales of Products in all states to licensed distributors appointed by Brewer, all of whom shall be subject to approval by Company. Each of the distributors will be required to make payment for all Products purchased from Brewer by way of electronic transfer, whenever possible, or by check, within 30 days from date of invoice, or such shorter period as may be prescribed by law in the states concerned, and will be subject to such credit limits as may be set by Brewer after consultation with the Company. In respect of-all sales of Products in excess of such approved credit limits, distributors will be required to make payment therefor to Brewer prior to shipping of Products by Brewer. Brewer shall provide the necessary administrative services and assistance to manage and administer the invoicing of all sales of the Products, collection of receivables, and reconciliation of payments therefor from distributors and Brewer will provide Company with an accounting thereof not less frequently than once a month. Brewer shall open a separate bank account in its name with First National Bank of Cold Spring, Minnesota. All payments received from distributors of the Products shall be electronically transferred into such bank account and/or deposited directly into such account, immediately upon receipt thereof by Brewer. At the end of each business day, the amount standing to the credit of Brewer in such bank account shall be automatically transferred from such bank account, by way of a standing instruction, to a separate bank account that will be opened and maintained by the Company in its own name, at the same bank. The Company shall be and remain the sole owner of such bank Account and all monies deposited therein. The separate bank account opened by the Brewer in accordance with this paragraph shall not be used for any purpose, other than the receipt of payments as contemplated above and payment over of such payments to the Company as contemplated above. Bank statements reflecting deposits into and transfers between Brewer's and Company's separate bank account shall be provided to the Company not less frequently than once a week.

f. Brewer's obligation to receive and. transfer all payments from distributors of the Products pursuant to paragraph 4(e) above, shall not be subject to right of set-off, counterclaim, recoupment, defense or other right which the Brewer may have against the Company.

g. All distribution agreements and/or appointments of distributors for the sale of Products within the Territory shall be subject to the approval of the Company, notwithstanding that such agreements and appointments shall be concluded by the Brewer in its own name. Each such agreement shall include a provision that Brewer may assign its interests thereunder. Upon the termination of this Agreement, all distributor contracts and appointments shall be assigned by Brewer to the Company and/or any other party nominated by the Company, to the extent permitted by law. The Brewer undertakes to execute any instruments or documents that the Company may require in order to give effect to such assignments.

5. INSURANCE. Brewer and Company shall each, at its own expense, obtain and maintain a adequate product liability insurance during the term of the Agreement, and an) extension hereof (collectively referred to as the "Policy"), in an amount not less than One Million Dollars ($1,000,000.00) per incident and One Million Dollars ($1,000,00(.00) in the aggregate. Each party shall provide the other with a certificate of insurance evidencing the existence of the Policy no later than fifteen (15) days prior to the fir3t Requested Ship Date and the Policy shall provide that the other party shall be given notice by said insurance company at least ten (10) days prior to the cancellation of expiration of the Policy.

Brewer shall procure and maintain in full force and effect workmans compensation, public liability bodily injury and public liability property damage insurance policies wit a limits customary in the trade. Brewer shall add Company to such policies as an additional insured as applicable and Brewer shall provide company with proof of such insurance annually.

6. PRICE AND PAYMENT.

a. During the term of this agreement Brewer shall charge Company the price set forth on EXHIBIT A ("Price"). The Price is F.O.B. Brewer's warehouse dock and includes applicable Federal Excise Tax and certain packaging materials, as more fully described on EXHIBIT A. The Price does not include any state sales tax or recycling fees.

b. Brewer shall invoice Company for the Products on the date the Products shipped, or if Product has been in Brewer's warehouse for at least fifteen (15) days following the date the Products are packaged (the "Packaging Date"). All payments are due fifteen (15) days from Brewer's invoice on all shipments or nonshipped invoices per paragraph 6c. If Company has not tendered payment thirty (30) days from Brewer's invoice, Brewer may charge Company interest on the due amount from the thirty-first (31st) day from Brewer's invoice until such payment is made at a rate of 10% per annum. Brewer's right to charge such interest is not in lieu of any other right Brewer may have against Company for breach of this agreement.

c. Company is responsible for the cost of warehousing any Products that have not been shipped within sixty (60) days of the Packaging Date. In the event that any Products are, for any reason, still being warehoused by Brewer sixty (60) days after the Packaging Date, Brewer shall be entitled to levy a warehousing and handling surcharge of _________ ($___) per case per month to Company for so long as such Products are stored by Brewer (the "Warehousing Charge"). The Warehousing Charge shall accrue in full on the sixty-first (61st) day after the Production Date and on the first day of each month thereafter, and shall be prorated for partial months. If the Products are not shipped within one hundred and twenty (120) days after the Packaging Date, Brewer may, after the expiration of thirty (30) days after written notice to Company, sell or dispose of such Products at Company's sole expense. Proceeds from the sale of the Products will be applied to the Company's outstanding balance due, but Company will remain liable for any outstanding balance due after such application of sales proceeds.

7. REPRESENTATIONS AND WARRANTIES.

a. Company represents, warrants and covenants to Brewer that:

(i) it will assist Brewer in obtaining the necessary federal and state label approval, and registrations for the Products, and shall provide Brewer with copies of all federal and state label approvals, if any, held by Company for the Products prior to shipment, and

(ii) it is the legal owner or holder of all rights to the Trademark, any and all trademarks and copyrights associated with the Products, whether registered, pending or common law, including but not limited to the brand names of the Products, Company's name used in connection with the Products, and all other names, designs, slogans, logos or logotypes used to identify the' Products (collectively referred to as the "Trademarks"), an that the Trademarks do not, to the best of Company's knowledge, infringe upon any copyrights, patents, trademarks, trade dress, or other property rights of any person, firm or entity.

b. Brewer represents warrants and covenants to Company that:

(i) it currently has, and shall maintain during the term of this Agreement, a Brewer's Notice issued by the BATF as well as all other licenses, permits, registrations and certificates of approval as are necessary to brew, package and distribute the Products in the Territory. Brewer currently holds state licenses authorizing it to sell the Products in the states set forth on Exhibit B.

(ii) all Products will be brewed and packaged in accordance with Company's specifications. Company may inspect Brewer's records or processes used in production of the Products upon request.

(iii) it will follow good manufacturing practices in the production of the Products and; all Products shall be of a good and merchantable quality and fit for the purpose for which they are intended to be used.

(iv) the production, packaging, distribution and marketing by it of the Products, pursuant to the terms and conditions of this Agreement, are in accordance with all applicable laws and regulations dealing with the production, storage, distribution and sale of Products containing alcohol and/or malts.

9 TRADEMARKS Brewer recognizes the great value of the goodwill associated with the Trademarks and acknowledges that the Trademarks and all accompanying rights therein, and the goodwill attached thereto, belong exclusively to the Company. Brewer shall not, during the term of this agreement or thereafter, assert any right of ownership of the Trademarks or use the Trademarks other than in accordance with the terms of to is agreement, or disparage or diminish the image and quality of the Trademarks among the public. Brewer shall cooperate with Company in preserving and protecting Company's rights in and to the Trademarks.

10. RELATIONSHIP OF THE PARTIES. The parties shall be deemed independent contractors. Nothing herein contained shall be construed to create any partnership, joint venture, agency or employment relationship between the parties. Neither party shall have the power or right to bind the other party to any third party, and each party shall be responsible exclusively for its own taxes and expenses related to doing business.

11. INDEMNIFICATION. If any demand, claim or action is made or threatened against Brewer for (a) trademark infringement, unfair competition or interference with a contract to which Company is a party, asserted as a result of Brewer's lawful performance of its obligations under the terms of this Agreement, or (b) violation of Federal or State alcohol laws and regulations due to marketing practices of the Company in respect of the Products, Company shall defend, indemnify and hold Brewer harmless from any loss, damage, liability, or expense, including reasonable attorneys fees, for which Brewer may be liable and pay in response to any

such demand, claim or action, including but not limited to Brewer's cost for any products that must be destroyed, recalled or otherwise not saleable as a result of the resolution of any such demand and claim or action, and Brewer's cost for packaging materials and labels for any such materials that must be destroyed, recalled or are otherwise not useable as a result of any such demand, claim or action. If Company should fail or refuse, for any reason, to defend, indemnify, or seek to preserve for Brewer the right to use the Trademarks, as provided herein, Brewer shall have the right but shall not the obligation to defend against any such demand, claim in place of Company. If Brewer does undertake to defend against a trademark Infringement claim, or to otherwise preserve and protect the rights granted herein to use the Trademarks, Brewer shall have the right to collect from Company by way of separate action, any and all amounts expended by Brewer in connection with such, action including but not limited to actual, direct, out-of-pocket costs and expense of investigation, litigation, and all its reasonable outside attorneys fees directly related to such claim, provided, that Company shall, under no circumstances, be liable for any loss, damage, liability or expense resulting from the negligence or willful or reckless misconduct of Brewer, its employees, agents or representatives.

Brewer agrees to defend, indemnify and hold Company harmless against any and all claims, costs, expenses, losses, causes of action (including reasonable attorneys fees and costs), damages or liabilities on account of the death and/or injury to any person(s) or damage to any property arising out of, due to, or in any way connected with (a) Brewer's failure to produce and package the Products in accordance with the Proprietary Information and other specifications and processes provided to Brewer by Company, and/or b) any act, omission or failure to act by Brewer, its employees, agents or representatives. which act, omission or failure to act is in violation of Brewer's obligations under this Agreement and/or (c) any violation of Federal or State alcohol laws and regulations by Brewer or due to any act or omission of the Brewer in respect of the Products.

12. TERMINATION. Notwithstanding anything else herein to the contrary, either party may, at anytime, terminate this Agreement, with cause, upon thirty (30) days prior written notice to the other party. The warranties and representations set forth herein shall survive the termination of this Agreement. Cause must be a serious breach and not corrected after notification during the thirty (30) day period. If there is an inability to agree on any major issue, it must be submitted to arbitration.

13. CONFIDENTIALITY. All Proprietary Information, material, information, data or records (the "Materials") provided by one party to the other shall be the sole and exclusive property of the party providing such Materials. The parties agree that any information that may be received from the other party, including but not limited to, Proprietary Information, customer lists, product recipes, formulae, specifications and pricing information, promotional or marketing materials, or the like in connection with the Products or this Agreement or the rights and obligations provided for hereunder (the "Confidential Information"), shall not be disclosed by such party to any other person and is only to be used in the performance of the obligations under this Agreement and for no other reason. Each party shall return the original and all copies of the Materials and Confidential Information received from the other party promptly following the termination of this Agreement.

In the event of any breach of this provision by either party, the injured party may obtain an injunction against the other party's disclosure of the data and shall be entitled to any damage or loss occasioned by such disclosure. This application of confidentiality and non-disclosure shall not apply to information which (a) is in the public domain at the time of the receipt from the other party, or which comes into the public domain without breach of an obligation hereunder; (b) is known and can be shown to be known by one party at the time of receipt from the other party; or (c) becomes known to one party through a third source whose acquisition was independent of the other party and not in breach of any obligation hereunder.

14. GENERAL PROVISIONS.

a. Entire Agreement. This Agreement and the exhibits referred to herein and to be delivered pursuant hereto, constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

b. Severability. If any term or provision of this Agreement shall, to any extent, be determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each remaining term and provision of this Agreement shall be valid and enforceable to the greatest extent permitted by law.

c. Captions. The captions and paragraph numbers appearing in this Agreement are inserted as a matter of convenience only and shall not in any way limit, amplify or otherwise affect the term of provisions hereof.

d. Governing Law and Venue. This Agreement shall be construed and interpreted according to the laws of the State of California and Company agrees that it is subject to personal jurisdiction in California.

e. Arbitration. Any dispute hereunder shall be settled by arbitration in Los Angeles Court, California pursuant to the rules, then obtaining, of the American Arbitration Association.

f. Attorneys' Fees. If either party brings an action to enforce this Agreement, or to declare rights under this Agreement, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party.

g. Assignment. Either party may assign this Agreement, subject to all of the terms and provisions hereof and to the written consent of the non-assigning party, which may bc withheld by the Company in its sole discretion but may not be unreasonably withheld by the Brewer. All provisions of this Agreement shall be binding upon the respective employees, delegates, successors, heirs and permitted assignees of the parties.

h. Notices. Unless otherwise specifically provided herein, all communications or notices required or permitted by this Agreement shall be in writing and shall be deemed to have been given at the earlier of the date when actually delivered to an officer of the other or three days after deposit in the United States mail, certified or registered mail, postage prepaid, return receipt requested, and addressed as follows, unless and until either party notifies the other of a change of address:

If to Brewer: Rello, Inc. d/b/a Gluek Brewing Company

PO Box 476
219 North Red River Avenue
Cold Spring, Minnesota 56320
Attention: Order Processing Department
Fax# (320) 685-8318

If to Company:

Hansen's Beverage Company
2380 Railroad Street, Suite 101
Corona, California 92880
Telephone: (909) 739-6200
Facsimile: (909) 739-6210

I. Waiver and Modifications. Unless otherwise specifically provided herein, no waiver or modification of any of the terms of this Agreement shall be valid' unless in writing and signed by both parties. No waiver by either party of a breach hereof or default hereunder shall be deemed a waiver by such party of a prior or subsequent breach or default of like or similar nature.

j . Force Majeure. In the event that either party is prevented or delayed from performing its obligations under the terms of this Agreement by virtue of one or More events or contingencies beyond its reasonable control, whether or not presently occurring or contemplated by either party, including but not limited to, fires, labor strikes, labor disputes, accidents, sabotage, federal or state legislation or any regulations or orders thereunder, judicial action, acts of God, war, or civil commotion, such nonperformance shall be excused and shall not constitute a default under the terms of this Agreement, provided, however, that in the event that such nonperformance continues for a period in excess of three (3) consecutive months, either party shall have the option thereunder to terminate this Agreement immediately upon written notice to that effect.

k. Further Instruments. The parties shall execute and deliver any and all other instruments and shall take any and all other actions as may be reasonably necessary to carry out the intent of the Agreement into full force and effect.

l Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the day and year first above written.

RELLO, INC. d/b/a GLUEK BREWING COMPANY

By: /s/Maurice Bryan
Name: Maurice Bryan
Title: President

HARD ENERGY COMPANY

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

EXHIBIT "B",
STATES IN WHICH BREWER LICENSED

ALASKA
ARIZONA
CALIFORNIA
COLORADO
DELAWARE
FLORIDA
HAWAII
ILLINOIS
KANSAS
MARYLAND
MASSACHUSETTS
MICHIGAN
NEVADA
NEWMEXIC0
NEWYORK
NORTH CAROLINA
OHIO
OREGON
SOUTH CAROLINA
TEXAS
UTAH
VIRGINIA
WASHINGTON
WISCONSIN

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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
MAR-01-2000
JUN-30-2000
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