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

Form 10-K
(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

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

For the transition period from _____ to _____

Commission File Number 0-18761

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

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

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

Registrant's telephone number, including area code: (951) 739 - 6200

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

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

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

Title of class

Common Stock, $0.005 par value per share

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [X] No [ ]

The aggregate market value of the voting stock held by nonaffiliates of the Registrant was $317,035,186 computed by reference to the sale price for such stock on the NASDAQ Small-Cap Market on February 23, 2005.

The number of shares of the Registrant's common stock, $0.005 par value per share (being the only class of common stock of the Registrant), outstanding on February 23, 2005 was 10,935,189 shares.

HANSEN NATURAL CORPORATION

FORM 10-K

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PART I

ITEM 1. BUSINESS

Overview

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

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

Corporate History

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

Industry Overview

The alternative beverage category combines non-carbonated ready-to-drink iced teas, lemonades, juice cocktails, single serve juices, ready-to-drink iced coffees, energy drinks, sports drinks, soy drinks and single-serve still water (flavored and unflavored) with "new age" beverages, including sodas that are considered natural, sparkling juices and flavored sparkling waters. The alternative beverage category is the fastest growing segment of the beverage marketplace according to Beverage Marketing Corporation. Sales in 2004 for the alternative beverage category of the market are estimated at approximately $16.3 billion at wholesale, representing a growth rate of approximately 10.7% over the revised estimated wholesale sales in 2003 of approximately $14.8 billion. (Source: Beverage Marketing Corporation).

Products

We develop, market, sell and distribute "alternative" beverage category natural sodas, fruit juices, energy drinks and energy sports drinks, fruit juice and soy smoothies, "functional drinks", sparkling lemonades and orangeades, non-carbonated ready-to-drink iced teas, lemonades, juice cocktails, children's multi-vitamin juice drinks and non-carbonated lightly flavored energy waters under the Hansen's(r) brand name. We also market, sell and distribute energy drinks under the MonsterTM brand name. In addition, we market nutrition food bars under the Hansen's(r) brand name. We also market, sell and distribute, natural sodas, premium natural sodas with supplements, organic natural sodas, seltzer waters and energy drinks under the Blue Sky(r) brand name. Our fruit juices for toddlers are marketed under the Junior Juice(r) brand name.

Natural Sodas. Hansen's natural sodas have been a leading natural soda brand in Southern California for the past 25 years. In 2004, according to Information Resources, Inc.'s Analyzer Reports for California, our natural sodas recorded the highest sales among comparable carbonated new age category beverages measured by unit volume in the California market. Our natural sodas are available in thirteen regular flavors consisting of mandarin lime, key lime, grapefruit, raspberry, creamy root beer, vanilla cola, cherry vanilla creme, orange mango, kiwi strawberry, tropical passion, black cherry, ginger ale and tangerine. In early 2001, we introduced a new line of diet sodas using Splenda(r) sweetener as the primary sweetener. We initially introduced this line in four flavors: peach, black cherry, tangerine lime, and kiwi strawberry and have since added two additional flavors, ginger ale and creamy root beer. Our natural sodas contain no preservatives, sodium, caffeine or artificial coloring and are made with high quality natural flavors, citric acid and high fructose corn syrup or, in the case of diet sodas, with Splenda(r) and Acesulfame-K. We package our natural sodas in 12-ounce aluminum cans. In 2002, we introduced a line of natural mixers in 8-ounce aluminum cans comprising club soda, tonic water and ginger ale.

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

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

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

Hansen's Energy Drinks. In 1997, we introduced a lightly carbonated citrus flavored Hansen's(r) energy drink. Our energy drink competes in the "functional" beverage category, namely, beverages that provide a real or perceived benefit in addition to simply delivering refreshment. We offer our energy drink in three versions: original citrus, tropical and wild berry. We also offer additional functional drinks including a ginger flavored d-stress(r) drink, an orange flavored b-well(tm) drink, a guarana berry flavored stamina(r) drink, a grape flavored power drink, and a berry flavored "slim-down" drink that contains no calories. Each of our energy and functional drinks contain different combinations of vitamins, minerals, nutrients, herbs and supplements ("supplements"). Our energy drinks and functional drinks are sold in 8.3-ounce cans and bottles. In 2004 we commenced to offer our Hansen's energy drink in 16-ounce cans as well. In 2001, we introduced Energade(r), a non-carbonated energy sports drink in 23.5-ounce cans in two flavors, citrus and orange, and subsequently introduced a third flavor, red rocker. We also introduced E2O Energy Water(r), a non-carbonated lightly flavored water, in 24-ounce blue polyethylene terephthalate ("P.E.T.") plastic bottles, in four flavors, tangerine, apple, berry and lemon. In 2002, we expanded our E2O Energy Water(r) line with four additional flavors in clear P.E.T. plastic bottles, mango melon, kiwi strawberry, grapefruit and green tea. Our Energade(r) and E2O Energy Water(r) drinks also contain different combinations and levels of supplements. At the end of 2002, we introduced a lightly carbonated diet energy drink in 8.3-ounce cans under the Hansen's(r) Diet Red brand name. Our Diet Red energy drink is sweetened with Splenda and Acesulfame-K. We market our energy, and Energade drinks through our full service distributor network. We market our E2O Energy Water(r) drinks in blue bottles to our direct retail customers. In 2003 we introduced a new carbonated energy drink under the Hansen's(r) Deuce brand name, in a 16-ounce can, but with a different flavor than our existing Hansen's(r) Energy drinks in 8.3-ounce cans.

Monster EnergyTM Drinks. In 2002, we launched a new carbonated energy drink under the Monster EnergyTM brand name, in 16-ounce cans, which is almost double the size of our regular energy drinks in 8.3-ounce cans and the vast majority of competitive energy drinks currently on the market. Our Monster EnergyTM drink contains different types and levels of supplements than our Hansen's(r) energy drinks and is marketed through our full service distributor network. In 2003, we introduced a low carbohydrate ("Lo-Carb") version of our Monster EnergyTM energy drink. In 2004 we introduced 4-packs of our Monster Energy(tm) drinks including our Lo-Carb version thereof and, towards the end of 2004, we launched a new Monster Energy(tm) "Assault" (tm) energy drink in 16-ounce cans.

Lost(r) Energy Drinks. In 2004, we launched a new carbonated energy drink under the Lost(r) brand name, in 16-ounce cans. The Lost(r) brand name is owned by Lost International LLC and the drinks are produced, sold and distributed by us under exclusive license from Lost International LLC.

Rumba(tm) Energy Juice. In December 2004, we launched a new non-carbonated energy juice under the Rumba(tm) brand name in 16 ounce cans. Rumba(tm) is a 100% juice product that targets male and female morning beverage consumers and is positioned as a substitute for coffee, caffeinated sodas and 100% orange or other juices.

Juice Products and Smoothies. Our fruit juice product line includes Hansen's(r) Natural Old Fashioned Apple Juice which is packaged in 64-ounce P.E.T. plastic bottles and 128-ounce polypropylene bottles and White Grape and Concord Grape and Pomegranate juice, and Apple Strawberry, Apple Grape and Apple Cranberry juice blends, in 64-ounce P.E.T. plastic bottles. These Hansen's(r) juice products contain 100% juice (except Apple Cranberry and Pomegranate which contain 27% juice) as well as Vitamin C. Certain of these products also contain added calcium. Hansen's(r) juice products compete in the shelf-stable juice category. In 2002, we extended our fruit juice and juice blend product line by introducing certain of these products in 10-ounce P.E.T. plastic bottles and in 2003 further extended our fruit juice product line by introducing a 100% Apple Juice in aseptic pouches in a 6.75-ounce size.

In March 1995, we introduced a line of fruit juice smoothie drinks in 11.5-ounce aluminum cans. Certain flavors were subsequently offered in glass and P.E.T. plastic bottles. Hansen's fruit juice smoothies have a smooth texture that is thick but lighter than a nectar. Hansen's smoothies in 11.5-ounce aluminum cans contain approximately 35% juice while the juice levels of Hansen's smoothies in glass and P.E.T. plastic bottles is 25%. Our fruit juice smoothies provide 100% of the recommended daily intake for adults of Vitamins A, C & E and represented Hansen's entry into what is commonly referred to as the "functional" beverage category. Hansen's(r) fruit juice smoothies are available in 15 flavors: strawberry banana, peach berry, mango pineapple, guava strawberry, pineapple coconut, apricot nectar, tropical passion, whipped orange, cranberry twist, as well as the blast line comprising Island Blast, Colada Blast, Power Berry Blast, Vita Blast and Banana Blast. In 2004, we repositioned our cranberry raspberry lite smoothie as part of our new lo-carb line of smoothies. Our lo-carb smoothie line currently consists of peach, mango and cran-raspberry flavors in 12-ounce cans.

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

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

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

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

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

In 1999, we introduced a line of specialty teas in 20-ounce glass bottles, which we named our "Gold Standard" line. We subsequently introduced two additional green tea flavors as well as two diet green flavors and six juice cocktails. We are discontinuing certain of the specialty teas and all of the juice cocktails but are continuing to market three regular green tea flavors and the diet peach green tea flavor. Our Gold Standard line contains supplements, but at lower levels than in our functional drinks. We continue to package our Gold Standard Line in unique 20-ounce glass bottles. We discontinued marketing green tea and original tea with lemon in 10.14-ounce aseptic packages.

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

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

Nutrition Bars. In 2000, we introduced a line of nutrition food bars under the Hansen's(r) brand name. This line is made from grains and fruit. Sales of this product line are very limited.

Hard e. In 2000, we introduced a malt-based drink under the name Hard e, which contains up to five-percent alcohol. The Hard e product is not marketed under the Hansen's(r) name. In 2004 we discontinued this line.

Bottled Water. Our still water products were introduced in 1993 and are primarily sold in 0.5-liter plastic bottles to the food service trade.

Other Products

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

Manufacture and Distribution

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

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

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

The ingredients for our nutrition food bars are purchased by our co-packers from various suppliers for manufacturing and packaging of the finished bars.

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

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

(b) Our agreement with Nor-Cal Beverage Co., Inc. ("Nor-Cal") pursuant to which Nor-Cal packages a portion of our Hansen's(r) juices in P.E.T. plastic bottles. This contract continues until 2008 and is renewable annually thereafter from year-to-year unless terminated by Hansen's not less than 60 days before the end of the then current term.

(c) Our agreement with Seven-Up/RC Bottling Company of Southern California, Inc. ("Seven-Up") pursuant to which Seven-Up packages a portion of our MonsterTM and Lost(r) brand energy drinks and a portion of our Hansen's(r) natural sodas. This contract continues until March 2008 and is renewable annually thereafter. Upon termination prior to such time we are entitled to recover certain equipment we have purchased and installed at Seven-Up's facility.

(d) Our agreement with Southeast Atlantic Beverage Corporation ("Southeast") pursuant to which Southeast packages a portion of our Monster Energy(tm) and Lost(r) brand energy drinks. This contract continues until July 2007 and is renewable annually thereafter.

(e) Our agreement with City Brewing Company LLC ("City Brew") pursuant to which City Brew packages a portion of our Energade energy sports drinks. This contract continues until December 2006. Either party is entitled, at any time, to terminate the agreement on ninety (90) day's prior written notice to the other party.

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

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

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

Our ability to estimate demand for our products is imprecise, particularly with new products, and may be less precise during periods of rapid growth, particularly in new markets. If we materially underestimate demand for our products or are unable to secure sufficient ingredients or raw materials including, but not limited to, glass, P.E.T./plastic bottles, cans, labels, flavors or supplement ingredients or certain sweeteners, or packing arrangements, we might not be able to satisfy demand on a short-term basis. The supplier of sucralose has notified the Company that our purchases of sucralose during 2005 will be subject to volume limitations due to the demand for sucralose exceeding their production capacity. While we believe that we will be able to secure sufficient quantities of sucralose during 2005 to meet the demand for our products that contain sucralose, we are taking steps to reformulate those products that contain sucralose with alternative sweetener systems to avoid an interruption in supply of those products.

Although our production arrangements are generally of short duration or are terminable upon request, we believe a short disruption or delay would not significantly affect our revenues since alternative packing facilities in the United States with adequate capacity can usually be obtained for many of our products at commercially reasonable rates and/or, within a reasonably short time period. However, there are limited packing facilities in the United States with adequate capacity and/or suitable equipment for many of our newer products, including Hansen's(r) brand energy drinks and functional drinks in 8.3-ounce and

16-ounce cans, Gold Standard line, aseptic juice products, Energade(r), sparkling apple cider in 1.5-liter magnum glass bottles, soy smoothies, MonsterTM and Lost(r) energy drinks in 16-ounce cans and sparkling lemonades and orangeade lines. There are also limited shrink sleeve labeling facilities available to us in the United States with adequate capacity for our E2O Energy Water(r). A disruption or delay in production of any of such products could significantly affect our revenues from such products as alternative co-packing facilities in the United States with adequate capacity may not be available for such products either at commercially reasonable rates, and/or within a reasonably short time period, if at all. Consequently, a disruption in production of such products could affect our revenues. We continue to seek alternative and/or additional co-packing facilities in the United States or Canada with adequate capacity for the production of our various products to minimize the risk of any disruption in production.

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

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

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

During 2004, we continued to expand distribution of our natural sodas and smoothies outside of California. We expanded our national sales force to support and grow sales, primarily of Hansen's(r) energy drinks, Monster EnergyTM drinks, Lost(r) energy drinks, and Energade(r) energy sports drinks and we intend to continue to build such sales force in 2005.

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

We concluded exclusive contracts with the State of California ("State") Department of Health Services, Women, Infant and Children ("WIC") Supplemental Nutrition Branch ("DHS") to supply 100% apple juice and 100% blended juice, in 64-ounce P.E.T. plastic bottles. The contracts are each for a period of three years with a further one-year extension option to be mutually agreed between Hansen's and the State of California. We bid the lowest net cost per unit in terms of the wholesale price, less a rebate to the State. Formal written agreements were signed with the State in accordance with the bid process. The contracts commenced on July 12, 2004.

Under the contracts Hansen's is the exclusive supplier for both Apple Juice and the blended juice category, a new WIC category, initially with our 100% Apple Grape Juice. The WIC contracts are expected to expand the distribution of Hansen's juices, resulting in increased exposure for the Hansen's brand. WIC-approved items are stocked by the grocery trade and by WIC-only stores. Products are purchased by WIC consumers with vouchers given by the DHS to qualified participants. The DHS estimates that Hansen's will be supplying 24.5 million units per year of 64 oz. apple juice and 5.4 million units per year of 64 oz. apple grape juice pursuant to these contracts. These estimates from the State, which we cannot independently verify or confirm, could result in an increase in net sales for the company of more than $20 million per annum. However, juices sold pursuant to these contracts will be at lower margins than those of the Company's traditional juice business. Initial volumes suggest that annual volumes are likely to be slightly lower than the DHS' estimates. However, during 2005, Apple Strawberry juice will become eligible for redemption under the WIC contracts.

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

Raw Materials and Suppliers

The principal raw materials used by us comprise aluminum cans, glass bottles and P.E.T. plastic bottles as well as juices, high fructose corn syrup, sucrose and sucralose, the costs of which are subject to fluctuations. Due to the consolidations that have taken place in the glass industry over the past few years, the prices of glass bottles continue to increase. The price of P.E.T. plastic bottles and aluminum cans has increased over the past year. This will continue to exert pressure on our gross margins. We are uncertain whether the prices of those products will continue to rise in the future.

Generally, raw materials utilized by us in our business are readily available from numerous sources. However, certain raw materials are manufactured by only one company. Sucralose, which is used alone or in combination with Acesulfame-K in the Company's low-calorie products, is purchased by us from a single manufacturer. Cans for our energy and functional drinks (8.3 ounces) are only manufactured by one company in the United States.

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

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

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

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

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

Competition

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

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

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

We compete not only for consumer acceptance, but also for maximum marketing efforts by multi-brand licensed bottlers, brokers and distributors, many of which have a principal affiliation with competing companies and brands. Our products compete with all liquid refreshments and with products of much larger and substantially better financed competitors, including the products of numerous nationally and internationally known producers such as The Coca Cola Company, PepsiCo, Inc., Cadbury Schwepps, which includes Dr. Pepper/Seven-up, RC Cola, Snapple, Mistic and Stewart's brands, Nestle Beverage Company, Anheuser Busch and Ocean Spray. More specifically, our products compete with other alternative beverages, including new age beverages, such as Snapple, Elements, Mistic, Arizona, Clearly Canadian, Sobe, Stewart's, Everfresh, Nantucket Nectars, Vitamin Water, Fuse, VeryFine, V8 Splash and Smoothies, Calistoga, Propel Fitness Water, AquaFina, Dasani, Reebok, and Crystal Geyser brands. Due to the rapid growth of the alternative beverage segment of the beverage marketplace, certain large companies such as The Coca-Cola Company and PepsiCo, Inc. have introduced products in that market segment which compete directly with our products such as Nestea, Fruitopia, Lipton, Propel, AquaFina, Dasani, Adrenaline Rush, Amp, KMX and Dole. Our products also compete with private label brands such as those carried by grocery store chains and club stores.

Our fruit juice smoothies compete directly with Kern's, Jumex, Jugos del Valle and Libby's nectars, V8 Smoothies, as well as with single serve juice products produced by many competitors. Such competitive products are packaged in glass and P.E.T. bottles ranging from 8- to 48-ounces in size and in 11.5-ounce aluminum cans. The juice content of such competitive products ranges from 1% to 100%.

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

Our energy drinks, including Hansen's(r) energy, Diet Red, Hansens(r) energy Deuce, Monster EnergyTM, Lost(r) Energy and Rumba(tm) Energy Juice in 8.3- and 16-ounce cans, compete directly with Red Bull, Adrenaline Rush, Amp, 180, KMX, Venom, Extreme Energy Shot, Rockstar, No Fear, Full Throttle, US energy, Red Devil, Lipovitan, MET-Rx, Hype, XTC, and many other brands and our other functional drinks compete directly with Elix, Lipovitan, MET-Rx, Think, and other brands.

Our E2O Energy Water(r) and still water products compete directly with Vitamin Water, Reebok, Propel, Dasani, Aquafina, Fruit2O, Evian, Crystal Geyser, Naya, Palomar Mountain, Sahara, Arrowhead, Dannon, and other brands of still water especially store brands.

The nutrition food bar category is also highly competitive. Principal areas of competition are pricing, packaging, development of new products and flavors and marketing campaigns. Our nutrition food bars compete with products of other independent bar companies such as Power Bar, Balance Bar, Gatorade, Kashi, Cliff Bar, MET-Rx, and numerous other bars.

Sales and Marketing

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

Our sales and marketing strategy is to focus our efforts on developing brand awareness and trial through sampling both in stores and at events in respect of all our beverage and food products. We use our branded vehicles and other promotional vehicles at events at which we distribute our products to consumers for sampling. We utilize "push-pull" methods to achieve maximum shelf and display space exposure in sales outlets and maximum demand from consumers for our products including advertising, in store promotions and in store placement of point of sale materials and racks, prize promotions, price promotions, competitions, endorsements from selected public and extreme sports figures, coupons, sampling and sponsorship of selected causes such as breast cancer research and SPCA's as well as extreme sports teams such as the Pro Circuit - Kawasaki Motocross team, extreme sports figures and sporting events such as the Energy Pro Pipeline Surfing competition, marathons, 10k runs, bicycle races, volleyball tournaments and other health and sports related activities, including extreme sports, particularly supercross, freestyle motor cross, surfing, skateboarding, wakeboarding, skiing, snowboarding, BMX, mountain biking, snowmobile racing, etc. and also participate in product demonstrations, food tasting and other related events. Posters, print, radio and television advertising together with price promotions and coupons are also used to promote the Hansen's(r) brand.

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

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

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

We increased expenditures for our sales and marketing programs by approximately 75% in 2004 compared to 2003. As of December 31, 2004, we employed 217 employees in sales and marketing activities.

Customers

Our customers are typically retail and specialty chains, club stores, mass merchandisers, convenience chains, food service and full service beverage distributors and health food distributors. In 2004, sales to retailers represented 35% of our revenues, sales to full service distributors represented 52% of our revenues, and sales to health food distributors represented 6% of our revenues.

Our major customers include Costco, Trader Joe's, Sam's Club, Vons, Ralph's, Wal-Mart, Safeway and Albertson's. A decision by any major customer to decrease amounts purchased from the Company or to cease carrying our products could have a material negative effect on our financial condition and consolidated results of operations.

Seasonality

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

Intellectual Property

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

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

We have applied to register a number of trademarks in the United States and elsewhere including, but not limited to, Monster EnergyTM, M (stylized) MonsterTM, M (stylized) Monster EnergyTM, M (stylized) TM, Assault(tm), Energy Pro(tm) and Rumba(tm).

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

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

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

Government Regulation

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

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

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

Employees

As of December 31, 2004, we employed a total of 293 employees of which 205 were employed on a full-time basis. Of our 293 employees, we employ 76 in administrative and operational capacities and 217 persons in sales and marketing capacities. We have not experienced any work stoppages, and we consider relations with our employees to be good.

Compliance with Environmental Laws

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

Available Information

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

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

ITEM 2. PROPERTIES

Our corporate offices and main warehouse are located at 1010 Railroad Street, Corona, California 92882. Our lease for this facility expires in October 2010. The area of the facility is approximately 113,600 square feet. Additionally, in January 2004 we entered into a lease for additional warehouse space in Corona, California. The area of this facility is approximately 80,000 square feet. This lease will expire at the end of March 2008 with an option to extend the lease until October 2010. We also rent additional warehouse space on a short-term basis from time to time in public warehouses situated throughout the United States and Canada.

ITEM 3. LEGAL PROCEEDINGS

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

Furthermore, we are subject to litigation from time to time in the normal course of business. Although it is not possible to predict the outcome of such litigation, based on the facts known to us and after consultation with counsel, we believe that such litigation will not have a material adverse effect on our financial position or results of operations.

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

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

The annual meeting of stockholders of the Company was held on November 5, 2004. At the meeting, the following individuals were elected as directors of the Company and received the number of votes set opposite their respective names:

Director	Votes For
Rodney C. Sacks	9,196,568
Hilton H. Schlosberg	9,183,521
Benjamin M. Polk	9,128,394
Norman C. Epstein	9,952,134
Harold C. Taber, Jr.	9,117,996
Mark S. Vidergauz	10,008,409
Sydney Selati	10,006,957

In addition, at the meeting our stockholders ratified the appointment of Deloitte & Touche LLP as independent auditors of the Company for the year ended December 31, 2004, by a vote of 10,054,675 for, 22,954 against and 3,937 abstaining.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Principal Market

The Company's Common Stock began trading in the over-the-counter market on November 8, 1990 and is quoted on the NASDAQ Small-Cap Market under the symbol "HANS". As of February 24, 2005, there were 10,935,189 shares of the Company's Common Stock outstanding held by approximately 587 holders of record.

Stock Price and Dividend Information

The following table sets forth high and low bid closing quotations of our Common Stock for the periods indicated:

	High	Low
Year Ended December 31, 2003		
First Quarter	$ 4.50	$ 3.17
Second Quarter	$ 4.50	$ 3.89
Third Quarter	$ 6.24	$ 4.20
Fourth Quarter	$ 9.40	$ 5.79
Year Ended December 31, 2004		
First Quarter	$ 14.43	$ 7.92
Second Quarter	$ 27.25	$ 13.51
Third Quarter	$ 28.48	$ 18.14
Fourth Quarter	$ 36.41	$ 23.09

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

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

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2004 with respect to shares of our common stock that may be issued under our equity compensation plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders	1,298,400	$ 6.09	824,900
Equity compensation plans not approved by stockholders	-	-	-
Total	1,298,400	$ 6.09	824,900

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The consolidated statements of operations data set forth below with respect to each of the years ended December 31, 2000 through 2004 and the balance sheet data as of December 31, for the years indicated, are derived from our consolidated financial statements audited by Deloitte & Touche LLP, independent auditors, and should be read in conjunction with those financial statements and notes thereto, and with the Management's Discussion and Analysis of Financial Condition and Results of Operations included as Item 7 of this Annual Report on Form 10-K.

(in thousands, except per share information)	2004	2003	2002	2001	2000
Gross Sales	$226,984	$138,454	$115,490	$99,693	$86,072
Net sales	$180,341	$110,352	$ 92,046	$80,658	$71,706
Net income	$ 20,387	$ 5,930	$ 3,029	$ 3,019	$ 3,915
Net income per common share					
Basic	$ 1.91	$ 0.58	$ 0.30	$ 0.30	$ 0.39
Diluted	$ 1.73	$ 0.55	$ 0.29	$ 0.29	$ 0.38
Total assets	$ 82,022	$ 47,997	$ 40,464	$38,561	$38,958
Long-term debt	$ 146	$ 358	$ 3,606	$ 5,851	$ 9,732

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

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

* Our Business - a general description of our business; the value drivers of our business; and opportunities and risks;

* Results of Operations - an analysis of our consolidated results of operations for the three years presented in our financial statements;

* Liquidity and Capital Resources - an analysis of our cash flows, sources and uses of cash and contractual obligations;

* Application of Critical Accounting Policies and Pronouncements - a discussion of accounting policies that require critical judgments and estimates including newly issued accounting pronouncements;

* Sales - details of our sales measured on a quarterly basis in both dollars and cases;

* Inflation - information about the impact that inflation may or may not have on our results;

* Forward Looking Statements - cautionary information about forward looking statements and a description of certain risks and uncertainties that could cause our actual results to differ materially from the company's historical results or our current expectations or projections; and

* Market Risks - Information about market risks and risk management. See "Forward Looking Statements" and "ITEM 7A. - QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISKS."

Our Business

Overview

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

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

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

During 2004, we continued to expand our existing product lines and further develop our markets. In particular, we continue to focus on developing and marketing beverages that fall within the category generally described as the "alternative" beverage category, with particular emphasis on energy type drinks.

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

We again achieved record sales in 2004. The increase in gross and net sales in 2004 was primarily attributable to increased sales of our Monster Energy(r) drink, which was introduced in April 2002, including our low carbohydrate ("lo-carb") Monster Energy(r) drink which was introduced in 2003 and sales of Lost(r) energy drinks which were introduced at the beginning of 2004, as well as increased sales of apple juice and apple grape juice, private label beverages and our Energade(r) energy sports drinks. The increase in gross and net sales was partially offset by decreased sales primarily of energy drinks in 8.3-ounce cans, children's multi-vitamin juice drinks, and teas, lemonades and cocktails.

During 2004, sales outside of California represented 56 % of our aggregate sales, as compared to approximately 47 % of our aggregate sales in 2003. Sales to distributors outside the United States during 2004 amounted to $2,282,000 compared to $1,612,000 in 2003.

Our customers are typically retail and specialty chains, club stores, mass merchandisers, convenience chains, full service beverage distributors and health food distributors. In 2004, sales to retailers represented 35% of our revenues, sales to full service distributors represented 52% of our revenues and sales to health food distributors represented 6 % of our revenues.

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

Sales of our dual-branded 100% juice line named "Juice Blast(r)", which was launched in conjunction with Costco and is sold through Costco stores, were $2.0 million in 2004 as compared to $6.0 million in 2003, primarily due to lost distribution in certain regions. We have since managed to resecure distribution of such juice line in certain of those regions. We have, in conjunction with Costco, introduced new flavors in place of certain existing flavors and will continue to introduce new flavors in an effort to ensure that the variety pack remains fresh and different for consumers and retain and if possible increase current distribution levels.

In September 2000, HBC, through its wholly owned subsidiary Blue Sky, acquired the Blue Sky(r) Natural Soda business. The Blue Sky(r) Natural Soda brand is the leading natural soda in the health food trade. Blue Sky offers natural sodas, premium natural sodas with added ingredients such as Ginseng and anti-oxidant vitamins, organic sodas and seltzer waters in 12-ounce cans and a Blue Energy drink in 8.3-ounce cans and in 2004 introduced a new line of Blue Sky natural tea sodas in 12-ounce cans. We plan to introduce a new line of Blue Sky Lite natural sodas in 2005.

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

During 2004, we entered into several new distribution agreements for the sale of our products both within and outside the United States and substantially expanded our national sales force and marketing and support staff. As discussed under "ITEM 1 BUSINESS - MANUFACTURE and DISTRIBUTION", we anticipate that we will continue building our national sales force in 2005 as well as our marketing and support staff to support and grow the sales of our products.

A chain grocery store strike in Southern California, which commenced during the last quarter of 2003 and terminated in the first quarter of 2004, adversely affected sales of those of our products that were carried by the stores concerned. However, the drop in sales of such products was partially offset by increased sales of certain of those products that are carried by other retailers in Southern California.

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

During 2004, we concluded exclusive contracts with the State of California, Department of Health Services Women, Infant and Children Supplemental Nutrition Branch, to supply 100% Apple juice and 100% blended juice in 64-ounce PET plastic bottles. The contracts commenced on July 12, 2004. See "ITEM 1 BUSINESS - - MANUFACTURE and DISTRIBUTION."

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

Value Drivers of our Business

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

* Profitable Growth - We believe natural, better for you brands properly supported by marketing and innovation, targeted to a broad consumer base-drive profitable growth. We continue to broaden our family of brands. In particular, we are expanding and growing our specialty beverages and energy drinks to provide more alternatives to consumers. We are focused on maintaining or increasing profit margins. We believe that tailored brand, package, price and channel strategies help achieve profitable growth. We are implementing these strategies with a view to accelerating profitable growth.

* Cost Management - The principal focus of cost management will continue to be on supplies and cost reduction. One key area of focus, for example, is to decrease raw material costs, co-packing fees and general and administrative costs as a percentage of net operating revenues. Another key area of focus is the reduction in inventory levels. However, due to the expansion in the number of our products as well as increased sales levels in 2004, overall inventory levels increased. Additionally, the costs of aluminum cans and PET plastic bottles which represent a large portion of our ingredient costs, increased in 2004 and could continue to rise during 2005.

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

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

Gross and net operating revenues, gross profits, operating income, and net income and net income per share represent key measurements of the above value drivers. In 2004, gross operating revenues totaled $227.0 million, a 63.9% increase over 2003. Net operating revenues totaled $180.3 million, an increase of 63.4% over 2003. Gross profit totaled $83.5 million in 2004, a 90.7% increase from 2003. Operating income was $33.9 million compared to $9.8 million for 2003. Net income was $20.4 million as compared to $5.9 million for 2003. Net income per share (diluted) was $1.73 from $0.55 per diluted share in 2003. These measurements will continue to be a key management focus in 2005 and beyond. See also "Results of Operations for the Year Ended December 31, 2004 Compared to the Year Ended December 31, 2003."

In 2004, the Company had working capital of $41.6 million compared to $17.2 million as of December 31, 2003. In 2004, our net cash provided by operating activities was approximately $20.1 million, a 265.6% increase from 2003. Principal uses of cash flows are purchases of inventory, increases in accounts receivable and other assets, acquisition of property and equipment and trademark licenses and trademarks. Repayment of our debt and accounts payable are expected to be and remain our principal recurring use of cash and working capital funds. See also "--LIQUIDITY AND CAPITAL RESOURCES. "

Opportunities, Challenges and Risks

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

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

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

* maintenance of our brand images and product quality;

* profitable expansion and growth of our family of brands in the competitive market place (See also Item 1 "BUSINESS - COMPETITION and "SALES AND MARKETING");

* restrictions on imports and sources of supply; duties or tariffs; changes in government regulations;

* protection of our existing intellectual property portfolio of trademark licenses and trademarks and the continuous pursuit of new and innovative trademarks for our expanding product lines; and

* limitations on available quantities of sucralose, a non-caloric sweetener that is used in many of our beverage products, during 2005, due to demand for such sweetener exceeding the supplier's production capacity

* the imposition of additional restrictions.

We believe that the following opportunities exist for us:

* growth potential for non-alcoholic beverage categories including energy drinks, carbonated soft drinks, juices and juice drinks, sports drinks and water;

* new product introductions intended to contribute to higher gross profits;

* premium packages intended to generate strong revenue growth;

* significant package, pricing and channel opportunities to maximize profitable growth; and

* proper positioning to capture industry growth.

				Percentage Change	
	2004	2003	2002	04 vs. 03	03 vs. 02
Gross sales	$226,984,231	$138,454,345	$115,490,019	63.9%	19.9%
Less: Discounts, allowances and promotional payments	46,643,096	28,102,149	23,443,657	66.0%	19.9%
Net sales	180,341,135	110,352,196	92,046,362	63.4%	19.9%
Cost of sales	96,874,750	66,577,168	58,802,669	45.5%	13.2%
Gross profit	83,466,385	43,775,028	33,243,693	90.7%	31.7%
Gross profit margin	46.3%	39.7%	36.1%		
Selling, general and administrative expenses	49,507,137	33,887,045	27,896,202	46.1%	21.5%
Amortization of trademark license and trademarks	73,046	61,888	54,558	18.0%	13.4%
Operating income	33,886,202	9,826,095	5,292,933	244.9%	85.6%
Operating income as a percent of net sales	18.8%	8.9%	5.8%		
Net nonoperating (income) expense	(51,995)	67,013	227,758	(177.6%)	(70.6%)
Income before provision for income taxes	33,938,197	9,759,082	5,065,175	247.8%	92.7%
Provision for income taxes	13,551,393	3,828,678	2,035,980	253.9%	88.1%
Effective tax rate	39.9%	39.2%	40.2%		
Net income	$ 20,386,804	$ 5,930,404	$ 3,029,195	243.8%	95.8%
Net income as a percent of net sales	11.3%	5.4%	3.3%		
Net income per common share:					
Basic	$ 1.91	$ 0.58	$ 0.30	229.3%	93.3%
Diluted	$ 1.73	$ 0.55	$ 0.29	214.5%	89.7%

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

Gross Sales. For the year ended December 31, 2004, gross sales were $227.0 million, an increase of $88.5 million or 63.9% higher than gross sales of $138.5 million for the year ended December 31, 2003. The increase in gross sales is primarily attributable to increased sales of certain of our existing products and the introduction of new products as discussed below in "Net Sales."

Net Sales. For the year ended December 31, 2004, net sales were $180.3 million, an increase of $70.0 million or 63.4% higher than net sales of $110.4 million for the year ended December 31, 2003. We again achieved record sales in 2004. The increase in gross and net sales in 2004 was primarily attributable to increased sales by volume of our Monster Energy(r) drink, which was introduced in April 2002, including our low carbohydrate ("lo-carb") Monster Energy(r) drink which was introduced in 2003 and sales by volume of Lost(r) energy drinks which were introduced at the beginning of 2004, as well as increased sales by volume of apple juice and apple grape juice, private label beverages and our Energade(r) energy sports drinks. Additionally, the increase in gross and net sales was attributable to the increased sales prices and reduced allowances of smoothies in cans and natural sodas. The increase in gross and net sales was partially offset by decreased sales by volume primarily of Hansens energy drinks in 8.3-ounce cans, children's multi-vitamin juice drinks, and teas, lemonades and cocktails.

Gross Profit. Gross profit was $83.5 million for the year ended December 31, 2004, an increase of $39.7 million or 90.7% over the $43.8 million gross profit for the year ended December 31, 2003. Gross profit as a percentage of net sales was 46.3% for the year ended December 31, 2004 which was higher than gross profit as a percentage of net sales of 39.7 % for the year ended December 31, 2003, due primarily to higher gross profit margins achieved on the increased sales of Monster Energy(r) and Lost(r) energy drinks. Although a greater percentage of our sales comprised products having higher gross margins than the prior year, the increase in profit margins was partially reduced by higher promotional payments and allowances to promote our products.

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

Selling, General and Administrative. Selling, general and administrative expenses were $49.5 million for the year ended December 31, 2004, an increase of $15.6 million or 46.1% over selling, general and administrative expenses of $33.9 million for the year ended December 31, 2003. Selling, general and administrative expenses as a percentage of net sales decreased to 27.5% for the year ended December 31, 2004 from 30.7% for the year ended December 31, 2003. Selling expenses were $29.2 million for the year ended December 31, 2004, an increase of $9.1 million or 45.5% over selling expenses of $20.1 million for the year ended December 31, 2003. Selling expenses as a percentage of net sales decreased to 16.2% for the year ended December 31, 2004 from 18.2% for the year ended December 31, 2003. The increase in selling expenses was primarily attributable to increased distribution (freight) and storage expenses which increased by $4.1 million, increased expenditures for trade development activities and cooperative arrangements with our customers and distributors, and royalties which increased by $2.4 million, and increased expenditures for merchandise displays, point-of-sale materials, and premiums, which increased by $2.0 million. General and administrative expenses were $20.3 million for the year ended December 31, 2004, an increase of $6.5 million or 47.0% over general and administrative expenses of $13.8 million for the year ended December 31, 2003. General and administrative expenses as a percentage of net sales decreased to 11.2% for the year ended December 31, 2004 from 12.5% for the year ended December 31, 2003. The increase in general and administrative expenses was primarily attributable to payroll expenses which increased by $3.3 million, professional services, consisting of legal, consulting and accounting services primarily related to the implementation and testing required by the Sarbanes-Oxley Act of 2002, and legal services related to protecting trademarks which increased by $1.5 million, and travel and entertainment expenses which increased by $622,000.

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

Operating Income. Operating income was $33.9 million for the year ended December 31, 2004, compared to $9.8 million for the year ended December 31, 2003. The $24.1 million increase in operating income was primarily attributable to increased gross profits, which was partially offset by increased operating expenses.

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

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

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

Results of Operations for the Year Ended December 31, 2003 Compared to the Year Ended December 31, 2002

Gross Sales. For the year ended December 31, 2003, gross sales were $138.5 million, an increase of $23.0 million or 19.9% higher than gross sales of $115.5 million for the year ended December 31, 2002. The increase in gross sales is primarily attributable to the introduction of new products and increased sales of certain of our existing products as discussed below in "Net Sales."

Net Sales. For the year ended December 31, 2003, net sales were $110.4 million, an increase of $18.3 million or 19.9% higher than net sales of $92.0 million for the year ended December 31, 2002. The increase in net sales was primarily attributable to sales of our Monster EnergyTM drink, which was introduced in April 2002, as well as increased sales of Natural Sodas, Junior Juice and, to a lesser extent, sparkling beverages. The increase in net sales was partially offset by decreased sales of functional drinks, smoothies, E2O Energy Water, Energade(r) energy sports drinks, and children's multi-vitamin juice drinks as well as an increase in discounts, allowances and promotional payments.

Gross Profit. Gross profit was $43.8 million for the year ended December 31, 2003, an increase of $10.5 million or 31.7% over the $33.2 million gross profit for the year ended December 31, 2002. Gross profit as a percentage of net sales was 39.7% for the year ended December 31, 2003 which was slightly higher than gross profit as a percentage of net sales of 36.1% for the year ended December 31, 2002. The increase in gross profit was primarily attributable to increased net sales. Although a greater percentage of our sales comprised products having higher gross margins than the prior year, the increase in profit margins was partially reduced by higher promotional payments and allowances to promote our products.

Total Operating Expenses. Total operating expenses were $33.9 million for the year ended December 31, 2003, an increase of $6.0 million or 21.5% over total operating expenses of $28.0 million for the year ended December 31, 2002. Total operating expenses as a percentage of net sales slightly increased to 30.8% for the year ended December 31, 2003, from 30.4% for the year ended December 31, 2002. The increase in total operating expenses was primarily attributable to increased selling, general and administrative expenses. The increase in total operating expenses as a percentage of net sales was primarily attributable to the comparatively larger increase in selling, general and administrative expenses than the increase in net sales.

Selling, General and Administrative. Selling, general and administrative expenses were $33.9 million for the year ended December 31, 2003, an increase of $6.0 million or 21.5% over selling, general and administrative expenses of $27.9 million for the year ended December 31, 2002. Selling, general and administrative expenses as a percentage of net sales increased to 30.7% for the year ended December 31, 2003, from 30.3% for the year ended December 31, 2002. Selling expenses were $20.1 million for the year ended December 31, 2003, an increase of $4.0 million or 25.1% over selling expenses of $16.1 million for the year ended December 31, 2002. Selling expenses as a percentage of net sales increased to 18.2% for the year ended December 31, 2003, from 17.4% for the year ended December 31, 2002. The increase in selling expenses was primarily attributable to increased distribution (freight) and storage expenses, trade development activities including cooperative arrangements with our distributors, sponsorships and promotions, in-store demonstrations and merchandise displays which was partially offset by decreased expenditures for graphic design. In addition, we incurred expenses of approximately $267,000 during 2003 in connection with our sponsorship of the Las Vegas Monorail as part of our efforts to promote our Monster product line. General and administrative expenses were $13.8 million for the year ended December 31, 2003, an increase of $2.0 million or 16.6% over general and administrative expenses of $11.8 million for the year ended December 31, 2002. General and administrative expenses as a percentage of net sales were 12.5% for the year ended December 31, 2003 which was slightly lower than general and administrative expenses as a percentage of net sales of 12.9% for the year ended December 31, 2002. The increase in general and administrative expenses was primarily attributable to an increase in payroll costs as we expanded our headcount, as well as fees paid for legal and accounting services and increased travel and insurance expenses. The decrease in general and administrative expenses as a percentage of net sales was primarily attributable to the increase in net sales and the comparatively lower increase in payroll costs.

Amortization of Trademark License and Trademarks. Amortization of trademark license and trademarks was $62,000 for the year ended December 31, 2003, an increase of $7,000 from amortization of trademark license and trademarks of $55,000 for the year ended December 31, 2002. The increase in amortization of trademark license and trademarks was due to the acquisition of trademarks during the year ended December 31, 2003.

Operating Income. Operating income was $9.8 million for the year ended December 31, 2003, compared to $5.3 million for the year ended December 31, 2002. The $4.5 million increase in operating income was primarily attributable to increased gross profits, which was partially offset by increased operating expenses.

Net Nonoperating Expense. Net nonoperating expense was $67,000 for the year ended December 31, 2003, which was $161,000 lower than net nonoperating expense of $228,000 for the year ended December 31, 2002. Net nonoperating expense consists of interest and financing expense and interest income. Interest and financing expense for the year ended December 31, 2003 was $73,000, as compared to $231,000 for the year ended December 31, 2002. The decrease in interest and financing expense was primarily attributable to decreased interest expense incurred on our borrowings which was primarily attributable to the decrease in outstanding loan balances and lower interest rates. Interest and royalty income for the year ended December 31, 2003 was $6,000, as compared to interest income of $3,000 for the year ended December 31, 2002. The increase in interest income was primarily attributable to an increase in the cash available for investment during the year ended December 31, 2003.

Provision for Income Taxes. Provision for income taxes for the year ended December 31, 2003 was $3.8 million which was an increase of $1.8 million as compared to the provision for income taxes of $2.0 million for the year ended December 31, 2002. The increase in provision for income taxes was primarily attributable to the increase in operating income. The effective combined federal and state tax rate for 2003 was 39.2%, which was lower than the effective tax rate of 40.2% for 2002 due to the increase in the apportionment of sales and related state taxes to various states outside of California.

Net Income. Net income was $5.9 million for the year ended December 31, 2003, which was an increase of $2.9 million as compared to net income of $3.0 million for the year ended December 31, 2002. The increase in net income was primarily attributable to the $10.5 million increase in gross profit and decrease in nonoperating expense of $161,000 for the year ended December 31, 2003 which was partially offset by increased operating expenses of $6.0 million and an increase in the provision of income taxes of $1.8 million.

Liquidity and Capital Resources

As of December 31, 2004, the Company had working capital of $41,639,000, compared to working capital of $17,196,000 as of December 31, 2003.

Net cash provided by operating activities for the year ended December 31, 2004 was $20,051,000, compared to net cash provided by operating activities of $5,484,000 during 2003. The increase in cash provided by operating activities was primarily attributable to an increase in net income as well as, accounts payable, income taxes payable, accrued compensation and accrued liabilities which was partially offset by increases in accounts receivable and inventories as well as prepaid expenses. Purchases of inventories, increases in accounts receivable and other assets, acquisition of property and equipment, acquisition of trademark licenses and trademarks, and repayment of our line of credit and accounts payable are expected to remain our principal recurring use of cash and working capital funds.

Net cash used in investing activities for the year ended December 31, 2004 was $1,471,000 as compared to net cash used in investment activities of $2,438,000 in 2003. The decrease in net cash used in investing activities was primarily attributable to decreased purchases of property and equipment and a decrease in expenditures for trademarks which was partially offset by an increase in deposits and other assets as well as decreased proceeds from the sale of property and equipment. Management, from time to time, considers the acquisition of capital equipment, particularly, specific items of production equipment required to produce certain of our products, merchandise display racks, vans and promotional vehicles, coolers and other promotional equipment and businesses compatible with the image of the Hansen's(r) brand, as well as the introduction of new product lines.

Net cash provided by financing activities was $1,298,000 for the year ending December 31, 2004, as compared to net cash used in financing activities of $2,486,000 in 2003. The increase in net cash provided by financing activities as compared to the prior year was primarily attributable to increased proceeds from the issuance of common stock during 2004, which was partially offset by principal payments of long-term debt.

HBC has a credit facility from Comerica Bank-California ("Comerica"), consisting of a revolving line of credit and a term loan. The utilization of the revolving line of credit by HBC is dependent upon certain levels of eligible accounts receivable and inventory from time to time. Such revolving line of credit and term loan are secured by substantially all of HBC's assets, including accounts receivable, inventory, trademarks, trademark licenses and certain equipment. In accordance with the provisions of the credit facility, HBC can borrow up to 6.0 million under its line of credit. The revolving line of credit remains in full force and effect through September 2005. Interest on borrowings under the line of credit is based on bank's base (prime) rate, plus an additional percentage of up to 0.5% or the LIBOR rate, plus an additional percentage of up to 2.5%, depending upon certain financial ratios of HBC from time to time. At December 31, 2004, HBC had no balances outstanding under the credit facility.

On March 1, 2005, the Company entered into an amendment of its credit facility with Comerica in terms of which HBC can borrow up to $7.8 million under its revolving line of credit. Under the amendment, the revolving line of credit remains in full force and effect through June 1, 2006. Interest on borrowings under the line of credit varies depending on a predetermined ratio of the Company's funded senior debt to Earnings Before Interest Taxes Depreciation and Amortization. The current rate of interest is prime minus 1.5% or the 30 day LIBOR rate plus 1.25%.

The terms of the Company's line of credit contain certain financial covenants including certain financial ratios. The Company was in compliance with its covenants at December 31, 2004

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

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

Other commitments represent our obligations under our agreement with the Las Vegas Monorail Company. See also "ITEM 1 - SALES AND MARKETING."

The following represents a summary of the Company's contractual obligations and related scheduled maturities as of December 31, 2004:

	Long-Term Debt & Capital Lease Obligations	Operating Leases	Purchase Obligations	Other Commitments	Total
Year ending December 31:					
2005	$ 437,366	$ 980,473	$ 8,332,590	$ 1,042,000	$ 10,792,429
2006	146,486	1,027,242	5,022,648		6,196,376
2007		1,040,332	4,380,000		5,420,332
2008		775,683			775,683
2009		685,560			685,560
Thereafter		514,170			514,170
	$ 583,852	$ 5,023,460	$ 17,735,238	$ 1,042,000	$ 24,384,550

Management believes that cash available from operations, including cash resources and the revolving line of credit, will be sufficient for our working capital needs, including purchase commitments for raw materials and inventory, increases in accounts receivable, payments of tax liabilities, debt servicing, expansion and development needs, purchases of shares of our common stock, as well as any purchases of capital assets or equipment through December 31, 2005.

Accounting Policies and Pronouncements

Critical Accounting Policies

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

Trademark License and Trademarks - Trademark license and trademarks primarily represent the Company's exclusive ownership of the Hansen's(r) trademark in connection with the manufacture, sale and distribution of beverages and water and non-beverage products. The Company also owns in its own right, a number of other trademarks in the United States as well as in a number of countries around the world. The Company also owns the Blue Sky(r) trademark, which was acquired in September 2000, and the Junior Juice(r) trademark, which was acquired in May 2001. During 2002, the Company adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under the provisions on SFAS No. 142, the Company discontinued amortization on indefinite-lived trademark licenses and trademarks while continuing to amortize remaining trademark licenses and trademarks over one to 25 years.

In accordance with SFAS No. 142, we evaluate our trademark license and trademarks annually for impairment or earlier if there is an indication of impairment. If there is an indication of impairment of identified intangible assets not subject to amortization, management compares the estimated fair value with the carrying amount of the asset. An impairment loss is recognized to write down the intangible asset to its fair value if it is less than the carrying amount. The fair value is calculated using the income approach. However, preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions. Based on management's annual impairment analysis performed for the fourth quarter of 2004, the estimated fair values of trademark license and trademarks exceeded the carrying value.

Long-Lived Assets - Management regularly reviews property and equipment and other long-lived assets, including certain identifiable intangibles, for possible impairment. This review occurs annually, or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If there is indication of impairment of property and equipment or amortizable intangible assets, then management prepares an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. The fair value is estimated at the present value of the future cash flows discounted at a rate commensurate with management's estimates of the business risks. During 2004, management recognized an impairment to property and equipment as discussed in Note 3 of the attached financial statements.

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

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

Revenue Recognition - The Company records revenue at the time the related products are shipped and the risk of ownership and title has passed. Management believes an adequate provision against net sales has been made for estimated returns, allowances and cash discounts based on the Company's historical experience.

Advertising and Promotional Allowances - The Company accounts for advertising production costs by expensing such production costs the first time the related advertising takes place. In addition, the Company supports its customers with promotional allowances, a portion of which is utilized for marketing and indirect advertising by them. In certain instances, a portion of the promotional allowances payable to customers based on the levels of sales to such customers, promotion requirements or expected use of the allowances, are estimated by the Company. If the level of sales, promotion requirements or use of the allowances are different from such estimates, the promotional allowances could, to the extent based on estimates, require adjustments. During 2002, the Company adopted Emerging Issues Task Force ("EITF") No. 01-9 which requires certain sales promotions and customer allowances previously classified as selling, general and administrative expenses to be classified as a reduction of sales or as cost of goods sold. The Company presents advertising and promotional allowances in accordance with the provisions of EITF No. 01-9.

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

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

Income Taxes - Current income tax expense is the amount of income taxes expected to be payable for the current year. A deferred income tax asset or liability is established for the expected future consequences of temporary differences in the financial reporting and tax bases of assets and liabilities. The Company considers future taxable income and ongoing, prudent and feasible tax planning strategies in assessing the value of its deferred tax assets. If the Company determines that it is more likely than not that these assets will not be realized, the Company will reduce the value of these assets to their expected realizable value, thereby decreasing net income. Evaluating the value of these assets is necessarily based on the Company's judgment. If the Company subsequently determined that the deferred tax assets, which had been written down, would be realized in the future, the value of the deferred tax assets would be increased, thereby increasing net income in the period when that determination was made. See Note 7 in Notes to Consolidated Financial Statements.

Newly Issued Accounting Pronouncements

Information regarding newly issued accounting pronouncements is contained in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2004, which note is incorporated herein by this reference.

Sales

The table set forth below discloses selected quarterly data regarding sales for the past five years. Data from any one or more quarters is not necessarily indicative of annual results or continuing trends.

Sales of beverages are expressed in unit case volume. A "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings) or concentrate sold that will yield 192 U.S. fluid ounces of finished beverage. Unit case volume of the Company means number of unit cases (or unit case equivalents) of beverages directly or indirectly sold by the Company. Sales of food bars and cereals are expressed in actual cases. A case of food bars and cereals is defined as follows:

* A fruit and grain bar and functional nutrition bar case equals ninety 1.76-ounce bars.
* A natural cereal case equals ten 13-ounce boxes measured by volume.
* An active nutrition bar case equals thirty-two 1.4-ounce bars.

The Company's quarterly results of operations reflect seasonal trends that are primarily the result of increased demand in the warmer months of the year. It has been our experience that beverage sales tend to be lower during the first and fourth quarters of each fiscal year. Because the primary historical market for Hansen's products is California, which has a year-long temperate climate, the effect of seasonal fluctuations on quarterly results may have been mitigated; however, such fluctuations may be more pronounced as the distribution of Hansen's products expands outside of California. The Company has not had sufficient experience with many of its newer product introductions and consequently has no knowledge of the trends which may occur with such products. Quarterly fluctuations may also be affected by other factors including the introduction of new products, the opening of new markets where temperature fluctuations are more pronounced, the addition of new bottlers and distributors, changes in the mix of the sales of its finished products and soda concentrates and increased advertising and promotional expenses. See also "ITEM 1. BUSINESS - SEASONALITY."

Unit Case Volume / Case Sales (in Thousands)

	2004	2003	2002	2001	2000
Quarter 1	5,368	4,219	3,597	3,091	2,451
Quarter 2	7,605	5,356	4,977	4,171	3,323
Quarter 3	8,916	6,221	5,146	4,271	3,157
Quarter 4	7,871	4,625	3,885	3,583	2,859
Total	29,760	20,421	17,605	15,116	11,790

Net Revenues (in Thousands)

	2004	2003	2002	2001	2000
Quarter 1	$ 31,299	$ 22,086	$ 18,592	$ 16,908	$ 14,236
Quarter 2	46,064	28,409	26,265	22,337	20,702
Quarter 3	52,641	33,291	26,985	23,011	20,434
Quarter 4	50,337	26,566	20,204	18,402	16,334
Total	$180,341	$110,352	$ 92,046	$ 80,658	$ 71,706

Inflation

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

Forward Looking Statements

The Private Security Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward looking statements made by or on behalf of the Company. 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 may constitute forward looking statements (within the meaning of Section 27.A of the Securities Act 1933, as amended, and Section 21.E of the Securities Exchange Act of 1934, as amended) regarding the expectations of management with respect to revenues, profitability, adequacy of funds from operations and our existing credit facility, among other things. All statements which address operating performance, events or developments that management expects or anticipates will or may occur in the future including statements related to new products, volume growth, revenues, profitability, adequacy of funds from operations, and/or the Company's existing credit facility, earnings per share growth, statements expressing general optimism about future operating results and non historical information, are forward looking statements within the meaning of the Act.

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

Company's ability to generate sufficient cash flows to support capital expansion plans and general operating activities;

* Decreased demand for our products resulting from changes in consumer preferences;
* Changes in demand that are weather related, particularly in areas outside of California;
* Competitive products and pricing pressures and the Company's ability to gain or maintain its share of sales in the marketplace as a result of actions by competitors;
* The introduction of new products;
* An inability to achieve volume growth through product and packaging initiatives;
* Laws and regulations, and/or any changes therein, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws as well as the Federal Food Drug and Cosmetic Act, the Dietary Supplement Health and Education Act, and regulations made thereunder or in connection therewith, as well as changes in any other food and drug laws, especially those that may affect the way in which the Company's products are marketed and/or labeled and/or sold, including the contents thereof, as well as laws and regulations or rules made or enforced by the Food and Drug Administration and/or the Bureau of Alcohol, Tobacco and Firearms, and/or Federal Trade Commission, and/or certain state regulatory agencies;
* 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 facility and the actions of its creditors;
* The effectiveness of the Company's advertising, marketing and promotional programs;
* Changes in product category consumption;
* Unforeseen economic and political changes;
* Possible recalls of the Company's products; and
* The Company's ability to make suitable arrangements for the co-packing of any of its products including, but not limited to, its energy and functional drinks in 8.3-ounce slim cans and 16-ounce cans, smoothies in 11.5-ounce cans, E2O Energy Water(r), Energade(r), Monster EnergyTM and Lost(r) energy drinks, RumbaTM energy juice, juices in 64-ounce PET plastic bottles and aseptic packaging, soy smoothies, sparkling orangeades and lemonades and apple cider in glass bottles and other products.

The foregoing list of important factors is not exhaustive.

Our actual results could be materially different from the results described or anticipated by our forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections and may be better or worse than anticipated. Given these uncertainties, you should not rely on forward-looking statements. Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, after the date of this report, in order to reflect changes in circumstances or expectations or the occurrence of unanticipated events except to the extent required by applicable securities laws.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISKS

In the normal course of business, our financial position is routinely subject to a variety of risks. The principal market risks (i.e., the risk of loss arising from adverse changes in market rates and prices) which the Company is exposed to are fluctuations in commodity prices affecting the cost of raw materials and changes in interest rates of the Company's long term debt and the limited availability of certain raw materials such as sucralose. We are also subject to market risks with respect to the cost of commodities because our ability to recover increased costs through higher pricing is limited by the competitive environment in which we operate. We are also subject to other risks associated with the business environment in which we operate, including the collectability of accounts receivable.

At December 31, 2004, the majority of the Company's debt consisted of fixed rather than variable rate debt. The amount of variable rate debt fluctuates during the year based on the Company's cash requirements. If average interest rates were to increase one percent for the year ended December 31, 2003, the net impact on the Company's pre-tax earnings would have been insignificant.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required to be furnished in response to this Item 8 follows the signature page hereto at pages 51 through 69.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures - Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are adequate and effective to ensure that material information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

There have been no significant changes in internal control over financial reporting that occurred during the fiscal period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting - Company management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of company management, including the principal executive officer and principal financial officer, the company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission as of December 31, 2004. Based on the company's evaluation under the framework in Internal Control - Integrated Framework, management concluded that the company's internal control over financial reporting was effective as of December 31, 2004.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report, which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited management's assessment, included in the accompanying Management Report on Internal Control over Financial Reporting, that Hansen Natural Corporation and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule listed in Item 15(b) as of and for the years ended December 31, 2004 and 2003 of the Company and our report dated March 14, 2005 expressed an unqualified opinion on those financial statements and financial statement schedule.

DELOITTE & TOUCHE LLP
Costa Mesa, California
March 14, 2005

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors of the Company are elected annually by the holders of the common stock and executive officers are elected annually by the Board of Directors, to serve until the next annual meeting of stockholders or the Board of Directors, as the case may be, or until their successors are elected and qualified. It is anticipated that the next annual meeting of stockholders will be held in October or November, 2005.

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

Name	Age	Position
Rodney C. Sacks(1)	55	Chairman of the Board of Directors and Chief Executive Officer
Hilton H. Schlosberg(1)	52	Vice Chairman of the Board of Directors, Chief Financial Officer, Chief Operating Officer and Secretary
Benjamin M. Polk	53	Director
Norman C. Epstein(2),(3),(4)	64	Director
Sydney Selati(2)	66	Director
Harold C. Taber, Jr.(2),(4)	65	Director
Mark S. Vidergauz(3)	51	Director
Mark Hall	49	Senior Vice President, Single-Serve Products, HBC
Michael B. Schott	56	Vice President, National Sales, Single-Serve Products, HBC
Kirk Blower	54	Senior Vice President, Juice and Non-Carbonated Products, HBC
Thomas J. Kelly	50	Vice President - Finance and Secretary, HBC

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

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

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

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

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

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

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

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

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

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

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

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

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

Audit Committee and Audit Committee Financial Expert

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

Nominating Committee

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

Code of Ethics

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

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

Section 16(a) Beneficial Ownership Reporting Compliance

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

To the Company's knowledge, based solely on review of copies of such reports furnished to the Company during the year ended December 31, 2004, all Section 16(a) filing requirements applicable to the Company's executive officers, directors and greater than ten percent stockholders were complied with, except for several Section 16(a) filings that were inadvertently filed late by various officers and directors during the year and, as reported in the annual report on Form 10-K for the year ended December 31, 2003, Form 5's in respect of option grants required to be filed by each of Rodney C. Sacks and Hilton H. Schlosberg were inadvertently filed late.

ITEM 11. EXECUTIVE COMPENSATION

The following tables set forth certain information regarding the total remuneration earned and grants of options/ made to the chief executive officer and each of the four most highly compensated executive officers of the Company and its subsidiaries who earned total cash compensation in excess of $100,000 during the year ended December 31, 2004. These amounts reflect total cash compensation paid by the Company and its subsidiaries to these individuals during the years December 31, 2002 through 2004.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION			Long Term Compensation
Name and Principal Positions	Year	Salary(1) ($)	Bonus (2)($)	Other Annual Compensation	Securities underlying Options (#)
Rodney C. Sacks	2004	245,000	100,000	27,948(3)	-
Chairman, CEO	2003	225,833	35,000	19,333(3)	150,000
and Director	2002	225,504	-	10,331(3)	150,000
Hilton H. Schlosberg	2004	245,000	100,000	9,671(3)	-
Vice-Chairman, CFO,	2003	225,833	35,000	7,753(3)	150,000
COO, President,	2002	225,504	-	7,753(3)	150,000
Secretary and Director					
Mark J. Hall	2004	200,000	150,000	8,356(3)	60,000
Senior Vice President	2003	175,000	70,000	9,554(3)	-
Single Serve Products	2002	160,000	10,000	7,733(3)	20,000
Michael Schott	2004	160,000	20,000	29,027(6)	32,000
Vice President	2003	140,000	50,000	24,572(4)	-
National Sales	2002	57,256	20,000	7,311(5)	72,000
Single Serve Products					
Thomas J. Kelly	2004	125,000	40,000	9,319(3)	25,000
Vice President	2003	115,000	15,000	6,937(3)	-
Finance	2002	110,000	7,000	7,847(3)	10,000

1 SALARY - Pursuant to employment agreements, Messrs. Sacks and Schlosberg were entitled to an annual base salary of $245,000, $225,833, and $226,748 for 2004, 2003 and 2002 respectively.

2 BONUS - Payments made in 2005, 2004 and 2003 are for bonuses accrued in 2004, 2003 and 2002 respectively.

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

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

5 Includes $2,945 for auto reimbursement expenses, $4,090 for housing expenses and $276 for other miscellaneous perquisites.

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

OPTION GRANTS FOR THE YEAR ENDED DECEMBER 31, 2004

	Individual Grants				Potential realizable value at assumed annual rates of stock price appreciation for option term(3)	
Name	Number of Securities underlying Options granted (#)	Percent of total Options granted to employees in 2004	Exercise or base price ($/Share)	Expiration Date	5% ($)	10% ($)
Rodney C. Sacks	-	-	-	-	-	-
Hilton H. Schlosberg	-	-	-	-	-	-
Mark J. Hall	60,000(1)	16.2%	$8.15	1/15/14	$307,530	$779,340
Michael Schott	32,000(2)	8.6%	$8.15	1/15/14	$164,016	$415,648
Thomas J. Kelly	25,000(1)	6.7%	$8.15	1/15/14	$128,137	$324,725

1 Options to purchase the Company's common stock become exercisable in equal annual increments over 5 years beginning January 15, 2005.

2 Options to purchase the Company's common stock become exercisable in equal annual increments over 4 years beginning January 15, 2005.

3 The 5% and 10% assumed annual rates of appreciation are provided in accordance with the rules and regulations of the SEC and do not represent our estimates or projections of our future Common Stock price growth.

AGGREGATED OPTION EXERCISES DURING THE YEAR ENDED DECEMBER 31, 2004 AND OPTION VALUES AT DECEMBER 31, 2004

			Number of underlying unexercised Options at December 31, 2004 (#)	Value of unexercised in-the-money options at December 31, 2004 ($)
Name	Shares acquired on exercise (#)	Value Realized ($)	Exercisable/ Unexercisable	Exercisable/ Unexercisable
Rodney C. Sacks	107,500	1,901,750	130,000/200,000(1)	4,182,300/6,492,400
Hilton H. Schlosberg	107,500	1,901,750	130,000/200,000(1)	4,182,300/6,492,400
Mark J. Hall	8,000	147,200	0/72,000(2)	0/2,089,680
Michael Schott	24,000	565,320	0/80,000(3)	0/2,467,200
Thomas J. Kelly	14,000	263,200	0/31,000(4)	0/ 903,540

1 Includes options to purchase 100,000 shares of common stock at $4.25 per share which are exercisable at December 31, 2004, granted pursuant to Stock Option Agreements dated February 2, 1999 between the Company and Messrs. Sacks and Schlosberg, respectively; options to purchase 80,000 shares of common stock at $3.57 per share of which none are exercisable at December 31, 2004, granted pursuant to Stock Option Agreements dated July 12, 2002 between the Company and Messrs. Sacks and Schlosberg, respectively; and options to purchase 150,000 shares of common stock at $4.20 per share of which 30,000 are exercisable at December 31, 2004 granted pursuant to Stock Option Agreements dated May 28, 2003 between the Company and Messrs. Sacks and Schlosberg, respectively.

2 Includes options to purchase 12,000 shares of common stock at $3.57 per share of which none are exercisable at December 31, 2004, granted pursuant to a Stock Option Agreement dated July 12, 2002 between the Company and Mr. Hall; and options to purchase 60,000 shares of common stock at $8.15 per share of which none are exercisable at December 31, 2004, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company ant Mr. Hall.

3 Includes options to purchase 48,000 shares of common stock at $3.85 per share of which none are exercisable at December 31, 2004, granted pursuant to a Stock Option Agreement dated August 9, 2002 between the Company and Mr. Schott; and options to purchase 32,000 shares of common stock at $8.15 per share of which none are exercisable at December 31, 2004, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company and Mr. Schott.

4 Includes options to purchase 6,000 shares of common stock at $3.57 per share of which none are exercisable at December 31, 2004, granted pursuant to a stock Option Agreement dated July 12, 2002 between the Company and Mr. Kelly; and options to purchase 25,000 shares of common stock at $8.15 per share of which none are exercisable at December 31, 2004, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company and Mr. Kelly.

Performance Graph

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

Total Shareholder Returns

ANNUAL RETURN PERCENTAGE

For the years ended December 31,

Company Name/Index	2000	2001	2002	2003	2004
HANSEN NATURAL CORP	(10.14)	8.39	0.50	99.48	332.42
S&P SMALLCAP 600 INDEX	11.80	6.54	(14.63)	38.79	22.65
PEER GROUP	8.06	82.83	17.06	41.59	(1.94)

INDEX RETURNS

For the years ended December 31,

Company Name/Index	Base Period 1999	2000	2001	2002	2003	2004
HANSEN NATURAL CORP	100	89.86	97.39	97.88	195.25	844.29
S&P SMALLCAP 600 INDEX	100	111.80	119.11	101.68	141.13	173.09
PEER GROUP	100	108.06	197.56	231.26	327.44	321.08

1 Annual return assumes reinvestment of dividends. Cumulative total return assumes an initial investment of $100 on December 31, 1999. The Company's self-selected peer group is comprised of National Beverage Corporation, Clearly Canadian Beverage Company, Triarc Companies, Inc., Leading Brands, Inc., Cott Corporation, Northland Cranberries and Jones Soda Co. All of the companies in the peer group traded during the entire five-year period with the exception of Triarc Companies, Inc., which sold their beverage business in October 2000, Jones Soda Co., which started trading in August 2000, and Northland Cranberries, which began trading November 2001.

Employment Agreements

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

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

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

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

Directors' Compensation

In 2004, outside directors were entitled to an annual fee of $10,000 plus $1,000 for each meeting of the Board of Directors attended. Outside directors were also entitled to $500 for each committee meeting attended in person and $250 for each committee meeting attended by telephone.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

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

Employee Stock Option Plans

The Company has a stock option plan (the "Plan") that provided for the grant of options to purchase up to 3,000,000 shares of the common stock of the Company to certain key employees of the Company and its subsidiaries. Options granted under the Plan may either be incentive stock options qualified under Section 422 of the Internal Revenue Code of 1986, as amended, or non-qualified options. Such options are exercisable at fair market value on the date of grant for a period of up to ten years. Under the Plan, shares subject to options may be purchased for cash, or for shares of common stock valued at fair market value on the date of purchase. Under the Plan, no additional options may be granted after July 1, 2001.

During 2001, the Company adopted the Hansen Natural Corporation 2001 Stock Option Plan ("2001 Option Plan"). The 2001 Option Plan provides for the grant of options to purchase up to 2,000,000 shares of the common stock of the Company to certain key employees of the Company and its subsidiaries. Options granted under the 2001 Stock Option Plan may be incentive stock options under Section 422 of the Internal Revenue Code, as amended (the "Code"), nonqualified stock options, or stock appreciation rights.

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

Outside Directors Stock Option Plan

The Company has an option plan for its outside directors (the "Directors Plan") that provides for the grant of options to purchase up to an aggregate of 100,000 shares of common stock of the Company to directors of the Company who are not and have not been employed by or acted as consultants to the Company and

its subsidiaries or affiliates and who are not and have not been nominated to the Board of Directors of the Company pursuant to a contractual arrangement. On the date of the annual meeting of stockholders at which an eligible director is initially elected, each eligible director is entitled to receive a one-time grant of an option to purchase 6,000 shares (12,000 shares if the director is serving on a committee of the Board) of the Company's Common Stock exercisable at the closing price for a share of common stock on the date of grant. Options become exercisable one-third each on the first, second and third anniversary of the date of grant; provided that all options held by an eligible director become fully and immediately exercisable upon a change in control of the Company. Options granted under the Directors Plan that are not exercised generally expire ten years after the date of grant. Option grants may be made under the Directors Plan for ten years from the effective date of the Directors Plan. The Directors Plan is a "formula plan" so that a non-employee director's participation in the Directors Plan does not affect his status as a "disinterested person" (as defined in Rule 16b-3 under the Securities Exchange Act of 1934).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

(a) The following table sets forth information, as of February 23, 2005, in respect of the only persons known to the Company who beneficially own more than 5% of the outstanding common stock of the Company:

Title Of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	Brandon Limited Partnership No. 1(1)	297,822	2.6%
	Brandon Limited Partnership No. 2(2)	1,591,667	14.1%
	Rodney C. Sacks (3)	2,514,489(4)	22.3%
	Hilton H. Schlosberg (5)	2,475,586(6)	21.9%
	Kevin Douglas, Douglas Family Trust and James Douglas and Jean Douglas Irrevocable Descendants' Trust(7)	1,078,561(8)	9.5%
	Fidelity Low Priced Stock Fund (9)	1,008,875	8.9%

1 The mailing address of Brandon No. 1 is P.O. Box 30749, Seven Mile Beach, Grand Cayman, British West Indies. The general partners of Brandon No. 1 are Rodney C. Sacks and Hilton H. Schlosberg.

2 The mailing address of Brandon No. 2 is P.O. Box 30749, Seven Mile Beach, Grand Cayman, British West Indies. The general partners of Brandon No. 2 are Rodney C. Sacks and Hilton H. Schlosberg.

3 The mailing address of Mr. Sacks is 1010 Railroad Street, Corona, California 92882.

4 Includes 495,000 shares of common stock owned by Mr. Sacks; 297,822 shares beneficially held by Brandon No. 1 because Mr. Sacks is one of Brandon No. 1's general partners; and 1,591,667 shares beneficially held by Brandon No. 2 because Mr. Sacks is one of Brandon No. 2's general partners. Also includes options to purchase 100,000 shares of common stock exercisable at $4.25 per share, granted pursuant to a Stock Option Agreement dated February 2, 1999 between the Company and Mr. Sacks; and options presently exercisable to purchase 30,000 shares of common stock, out of options to purchase a total of 150,000 shares, exercisable at $4.20 per share, granted pursuant to a Stock Option Agreement dated May 28, 2003 between the Company and Mr. Sacks.

Mr. Sacks disclaims beneficial ownership of all shares deemed beneficially owned by him hereunder except: (i) 495,000 shares of common stock; (ii) the 130,000 shares presently exercisable under Stock Option Agreements; and (iii) 65,046 shares held by Brandon No. 1 allocable to the limited partnership interests in Brandon No. 1 held by Mr. Sacks, his children, a limited partnership of which Mr. Sacks is the general partner and his children and he are the limited partners, and a trust for the benefit of his children.

5 The mailing address of Mr. Schlosberg is 1010 Railroad Street, Corona, California 92882.

6 Includes 456,097 shares of common stock owned by Mr. Schlosberg, of which 2,000 shares are jointly owned by Mr. Schlosberg and his wife, 297,822 shares beneficially held by Brandon No. 1 because Mr. Schlosberg is one of Brandon No. 1's general partners; and 1,591,667 shares beneficially held by Brandon No. 2 because Mr. Schlosberg is one of Brandon No. 2's general partners. Also includes options to purchase 100,000 shares of common stock exercisable at $4.25 per share, granted pursuant to a Stock Option Agreement dated February 2, 1999 between the Company and Mr. Schlosberg; and options presently exercisable to purchase 30,000 shares of common stock, out of options to purchase a total of 150,000 shares, exercisable at $4.20 per share, granted pursuant to a Stock Option Agreement dated May 28, 2003 between the Company and Mr. Schlosberg.

Mr. Schlosberg disclaims beneficial ownership of all shares deemed beneficially owned by him hereunder except: (i) 456,097 shares of common stock, (ii) the 130,000 shares presently exercisable under Stock Option Agreements; and (iii) 69,411 shares held by Brandon No. 1 allocable to the limited partnership interests in Brandon No. 1 held by Mr. Schlosberg and his children.

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

8 Includes 414,786 shares of common stock owned by Kevin and Michelle Douglas; 311,499 shares of common stock owned by James Douglas and Jean Douglas Irrevocable Descendants' Trust; 329,056 shares of common stock owned by Douglas Family Trust; and 23,220 shares of common stock owned by James E. Douglas III. Kevin Douglas, James E. Douglas, Douglas Family Trust and James Douglas and Jean Douglas Irrevocable Descendants' Trust are deemed members of a group that shares voting and dispositive power over the shares.

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

(b) The following table sets forth information as to the beneficial ownership of shares of common stock, as of February 23, 2005, held by persons who are directors of the Company and certain executive officers, naming them, and as to directors and all executive officers of the Company as a group, without naming them:

Title of Class	Name	Amount Owned	Percent of Class
Common Stock	Rodney C. Sacks	2,514,489(1)	22.3%
	Hilton H. Schlosberg	2,475,586(2)	21.9%
	Mark J. Hall	42,000(3)	*%
	Michael Schott	26,384(4)	*%
	Thomas J. Kelly	5,000(5)	*%
	Harold C. Taber, Jr.	-	
	Mark S. Vidergauz	-	
	Sydney Selati	-	
	Benjamin M. Polk	-	
	Norman C. Epstein	-	

Executive Officers and Directors as a group: 11 members; 3,188,271 shares or 28.2% in aggregate(6).

*Less than 1%

1 Includes 495,000 shares of common stock owned by Mr. Sacks; 297,822 shares beneficially held by Brandon No. 1 because Mr. Sacks is one of Brandon No. 1's general partners; and 1,591,667 shares beneficially held by Brandon No. 2 because Mr. Sacks is one of Brandon No. 2's general partners. Also includes options to purchase 100,000 shares of common stock exercisable at $4.25 per share, granted pursuant to a Stock Option Agreement dated February 2, 1999 between the Company and Mr. Sacks; and options presently exercisable to purchase 30,000 shares of common stock, out of options to purchase a total of 150,000 shares, exercisable at $4.20 per share, granted pursuant to a Stock Option Agreement dated May 28, 2003 between the Company and Mr. Sacks.

Mr. Sacks disclaims beneficial ownership of all shares deemed beneficially owned by him hereunder except: (i) 495,000 shares of common stock; (ii) the 130,000 shares presently exercisable under Stock Option Agreements; and (iii) 65,046 shares held by Brandon No. 1 allocable to the limited partnership interests in Brandon No. 1 held by Mr. Sacks, his children, a limited partnership of which Mr. Sacks is the general partner and his children and he are the limited partners, and a trust for the benefit of his children;

2 Includes 456,097 shares of common stock owned by Mr. Schlosberg, of which 2,000 shares are owned jointly by Mr. Schlosberg and his wife; 297,822 shares beneficially held by Brandon No. 1 because Mr. Schlosberg is one of Brandon No. 1's general partners; and 1,591,667 shares beneficially held by Brandon No. 2 because Mr. Schlosberg is one of Brandon No. 2's general partners. Also includes options to purchase 100,000 shares of common stock exercisable at $4.25 per share, granted pursuant to a Stock Option Agreement dated February 2, 1999 between the Company and Mr. Schlosberg; options presently exercisable to purchase 30,000 shares of common stock, out of and options presently exercisable to purchase 30,000 shares of common stock, out of options to purchase a total of 150,000 shares, exercisable at $4.20 per share, granted pursuant to a Stock Option Agreement dated May 28, 2003 between the Company and Mr. Schlosberg.

Mr. Schlosberg disclaims beneficial ownership of all shares deemed beneficially owned by him hereunder except: (i) 456,097 shares of common stock, (ii) the 130,000 shares presently exercisable under Stock Option Agreements; and (iii) 69,411 shares held by Brandon No. 1 allocable to the limited partnership interests in Brandon No. 1 held by Mr. Schlosberg and his children.

3 Includes 27,000 shares of common stock owned by Mr. Hall and options presently exercisable to purchase 12,000 shares of common stock, out of options to purchase a total of 60,000 shares, exercisable at $8.15 per share, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company and Mr. Hall; and options presently exercisable to purchase 3,000 shares of common stock out of options to purchase a total of 15,000 shares of common stock exercisable at $8.15 per share, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company and Mrs. Hall.

4 Includes 22,384 shares of common stock owned by Mr. Schott and options presently exercisable to purchase 4,000 shares of common stock, out of options to purchase a total of 32,000 shares, exercisable at $8.15 per share, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company and Mr. Schott.

5 Includes options presently exercisable to purchase 5,000 shares of common stock and out of options to purchase a total of 25,000 shares, exercisable at $8.15 per share, granted pursuant to a Stock Option Agreement dated January 15, 2004 between the Company and Mr. Kelly.

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

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

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

During 2004, the Company purchased promotional items from IFM Group, Inc. ("IFM"). Rodney C. Sacks, together with members of his family, own approximately 27% of the issued shares in IFM. Hilton H. Schlosberg, together with members of his family, own approximately 43% of the issued shares in IFM. Purchases from IFM of promotional items in 2004, 2003 and 2002 were $638,590, $331,478 and $164,199, respectively. The Company continues to purchase promotional items from IFM Group, Inc. in 2005.

The preceding descriptions of agreements are qualified in their entirety by reference to such agreements, which have been filed as exhibits to this Report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Accounting Fees

Aggregate fees billed and unbilled to the company for service provided for the years ended December 31, 2004, and 2003 by the Company's principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte & Touche"):

	Year ended December 31, 2004	2003
Audit Fees	$ 153,750	$ 132,500
Audit-Related Fees(1)	310,825	5,000
Total audit and audit-related fees	464,575	137,500
Tax Fees(2)		
All other Fees	8,360	
Total Fees(3)	$ 472,935	$ 137,500

1 Audit related fees consist of consultation services related to Sarbanes-Oxley Section 404 Implementation.

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

3 For years ended December 31, 2004 and 2003, all of the services performed by Deloitte & Touche have been pre-approved by the Audit Committee.

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

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

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

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Exhibits
See the Index to Exhibits included hereinafter.

2. Index to Financial Statements filed as part of this Report

(c) Reports on From 8-K
None

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HANSEN NATURAL CORPORATION

/s/ RODNEY C. SACKS	Rodney C. Sacks Chairman of the Board	Date: March 15, 2005

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

Signature	Title	Date
/s/ RODNEY C. SACKS Rodney C. Sacks	Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)	March 15, 2005
/s/ HILTON H. SCHLOSBERG Hilton H. Schlosberg	Vice Chairman of the Board of Directors, President, Chief Operating Officer, Chief Financial Officer and Secretary (principal financial officer, controller and principal accounting officer)	March 15, 2005
/s/ NORMAN C. EPSTEIN Norman C. Epstein	Director	March 15, 2005
/s/ BENJAMIN M. POLK Benjamin M. Polk	Director	March 15, 2005
/s/ SYDNEY SELATI Sydney Selati	Director	March 15, 2005
/s/ HAROLD C. TABER, JR. Harold C. Taber, Jr.	Director	March 15, 2005
/s/ MARK S. VIDERGAUZ Mark S. Vidergauz	Director	March 15, 2005

INDEX TO EXHIBITS

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

Exhibit No.	Document Description
10.23	Stock option Agreement dated as of January 15, 2004 by and between Hansen Natural Corporation and Mark Hall.
10.24	Stock option Agreement dated as of January 15, 2004 by and between Hansen Natural Corporation and Michael Schott.
10.25	Stock option Agreement dated as of January 15, 2004 by and between Hansen Natural Corporation and Kirk Blower.
10.26	Stock option Agreement dated as of January 15, 2004 by and between Hansen Natural Corporation and Thomas J. Kelly.
10.27	Contract Packing Agreement by and between Southwest Canning & Packaging and Hansen Beverage Company dated April 5, 1996.
10.28	Contract Manufacturing and Packaging Agreement by and between Nor-Cal Beverage Co., Inc. and Hansen Beverage Company dated March 1, 2004; First Amendment to the Contract Manufacturing and Packaging Agreement dated March 4, 2004.
10.29	Product Manufacture and Supply Agreement by and between Seven-Up/RC Bottling Company of Southern California dated April 15, 2003.
10.30	Contract Packer Agreement by and between Southeast Atlantic Beverage Corporation and Hansen Beverage Company dated July 24, 2004.
10.31	Beverage Production and Packaging Agreement by and between City Brewing Company, LLC and Hansen Beverage Company dated February 23, 2005.
10.32	Manufacturing Contract by and between Pri-Pak, Inc. and Hansen Beverage Company dated October 16, 2003.
10.33	Amended and Restated Loan and Security Agreement by and between Comerica Bank - California and Hansen Beverage Company dated December 1, 2004.
21	Subsidiaries(1)
23	Independent Auditors' Consent
31.1	Certification by CEO pursuant to Rule 13A-14(a) or 15D-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by CFO pursuant to Rule 13A-14(a) or 15D-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification by CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Filed previously as an exhibit to Form 10-KSB for the year ended December 31, 1992.

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Hansen Natural Corporation and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in Item 15(b). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Hansen Natural Corporation and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 14, 2005 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

DELOITTE & TOUCHE LLP
Costa Mesa, California
March 14, 2005

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2004 AND 2003

	2004	2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 20,976,119	$ 1,098,785
Accounts receivable, net	12,650,055	5,372,983
Inventories, net (Note 2)	22,406,054	17,643,786
Prepaid expenses and other current assets	638,967	481,777
Deferred income tax asset (Note 7)	3,708,942	2,080,609
Total current assets	60,380,137	26,677,940
PROPERTY AND EQUIPMENT, net (Note 3)	2,964,064	2,803,282
INTANGIBLE AND OTHER ASSETS:		
Trademark license and trademarks (net of accumulated amortization of $219,264 in 2004 and $146,218 in 2003) (Note 1)	18,351,804	18,293,704
Deposits and other assets	326,312	222,102
	18,678,116	18,515,806
	$ 82,022,317	$ 47,997,028
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 14,542,753	$ 6,521,402
Accrued liabilities	1,582,968	1,185,342
Accrued compensation	1,831,627	883,459
Current portion of long-term debt (Note 4)	437,366	244,271
Income taxes payable	346,449	647,263
Total current liabilities	18,741,163	9,481,737
LONG-TERM DEBT, less current portion (Note 4)	146,486	358,064
DEFERRED INCOME TAX LIABILITY (Note 7)	4,563,439	3,107,649
COMMITMENTS AND CONTINGENCIES (Note 6)	-	-
STOCKHOLDERS' EQUITY (Note 8):		
Common stock - $0.005 par value; 30,000,000 shares authorized; 11,119,864 shares issued, 10,913,013 outstanding in 2004; 10,624,864 shares issued, 10,418,103 outstanding in 2003	55,599	53,124
Additional paid-in capital	15,813,541	12,681,169
Retained earnings	43,516,634	23,129,830
Common stock in treasury, at cost; 206,761 in 2004 and 2003	(814,545)	(814,545)
Total shareholders' equity	58,571,229	35,049,578
	$ 82,022,317	$ 47,997,028

See accompanying notes to consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

	2004	2003	2002
GROSS SALES	$ 226,984,231	$ 138,454,345	$ 115,490,019
LESS: Discounts, allowances and promotional payments	46,643,096	28,102,149	23,443,657
NET SALES	180,341,135	110,352,196	92,046,362
COST OF SALES	96,874,750	66,577,168	58,802,669
GROSS PROFIT	83,466,385	43,775,028	33,243,693
OPERATING EXPENSES:			
Selling, general and administrative	49,507,137	33,887,045	27,896,202
Amortization of trademark license and trademarks	73,046	61,888	54,558
Total operating expenses	49,580,183	33,948,933	27,950,760
OPERATING INCOME	33,886,202	9,826,095	5,292,933
NONOPERATING (INCOME) EXPENSE:			
Interest and financing expense	41,988	72,592	230,732
Interest and royalty income	(93,983)	(5,579)	(2,974)
Net nonoperating (income) expense	(51,995)	67,013	227,758
INCOME BEFORE PROVISION FOR INCOME TAXES	33,938,197	9,759,082	5,065,175
PROVISION FOR INCOME TAXES (Note 7)	13,551,393	3,828,678	2,035,980
NET INCOME	$ 20,386,804	$ 5,930,404	$ 3,029,195
NET INCOME PER COMMON SHARE:			
Basic	$ 1.91	$ 0.58	$ 0.30
Diluted	$ 1.73	$ 0.55	$ 0.29
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	10,666,892	10,278,710	10,052,499
Diluted	11,809,940	10,762,157	10,339,604

See accompanying notes to consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

	Common stock		Additional paid-in	Retained	Treasury stock		Total shareholders'
	Shares	Amount	capital	earnings	Shares	Amount	equity
Balance, January 1, 2002	10,251,764	$ 51,259	$ 11,926,604	$ 14,170,231	(206,761)	$ (814,545)	$ 25,333,549
Exercise of stock options	8,000	40	7,960				8,000
Net income				3,029,195			3,029,195
Balance, December 31, 2002	10,259,764	51,299	11,934,564	17,199,426	(206,761)	(814,545)	28,370,744
Exercise of stock options	365,100	1,825	746,605				748,430
Net income				5,930,404			5,930,404
Balance, December 31, 2003	10,624,864	53,124	12,681,169	23,129,830	(206,761)	(814,545)	35,049,578
Exercise of stock options	495,000	2,475	1,717,453				1,719,928
Reduction of tax liability in connection with the exercise of certain stock options			1,414,919				1,414,919
Net income				20,386,804			20,386,804
Balance, December 31, 2004	11,119,864	$ 55,599	$ 15,813,541	$ 43,516,634	(206,761)	$ (814,545)	$ 58,571,229

See accompanying notes to consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

	2004	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 20,386,804	$ 5,930,404	$ 3,029,195
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of trademark license and trademarks	73,046	61,888	54,558
Depreciation and other amortization	770,413	584,197	493,894
Impairment of operating equipment	587,877	-	-
Loss on disposal of plant and equipment	120,200	31,992	5,318
Deferred income taxes	(172,543)	(360,524)	522,462
Provision for allowance for doubtful accounts	(116,311)	16,996	52,122
Effect on cash of changes in operating assets and liabilities:			
Accounts receivable	(7,160,761)	559,423	(1,589,102)
Inventories	(4,762,268)	(6,000,052)	312,946
Prepaid expenses and other current assets	(157,190)	500,713	(35,704)
Accounts payable	8,021,351	1,789,141	812,520
Accrued liabilities	397,626	504,383	(190,882)
Accrued compensation	948,168	573,395	(122,832)
Income taxes payable/receivable	1,114,105	1,292,458	(617,826)
Net cash provided by operating activities	20,050,517	5,484,414	2,726,669
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(1,260,068)	(1,627,490)	(416,873)
Proceeds from sale of property and equipment	24,698	70,826	
Additions to trademark license and trademarks	(131,146)	(995,137)	(64,792)
(Increase) decrease in deposits and other assets	(104,210)	114,267	389,456
Net cash used in investing activities	(1,470,726)	(2,437,534)	(92,209)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on long-term debt	(422,385)	(3,234,445)	(2,352,197)
Proceeds from issuance of common stock	1,719,928	748,430	8,000
Net cash provided by (used in) financing activities	1,297,543	(2,486,015)	(2,344,197)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,877,334	560,865	290,263
CASH AND CASH EQUIVALENTS, beginning of year	1,098,785	537,920	247,657
CASH AND CASH EQUIVALENTS, end of year	$ 20,976,119	$ 1,098,785	$ 537,920
SUPPLEMENTAL INFORMATION:			
Cash paid during the year for:			
Interest	$ 35,510	$ 76,306	$ 235,779
Income taxes	$ 12,538,355	$ 2,896,743	$ 2,131,344

See accompanying notes to consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

NONCASH TRANSACTIONS:

During 2004, the Company entered into capital leases of $403,902, for the acquisition of promotional vehicles.

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

See accompanying notes to consolidated financial statements.

HANSEN NATURAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Nature of Operations -Hansen markets and distributes Hansen's(r) Natural Sodas, Signature Sodas, fruit juice and soy Smoothies, Energy drinks, Energade(r) energy sports drinks, E20 Energy Water(r), functional drinks, Sparkling Lemonades and Orangeades, multi-vitamin juice drinks in aseptic packaging, Junior Juice(r) juice, iced teas, lemonades and juice cocktails, apple juice, cider and juice blends, as well as nutrition bars, Blue Sky(r) brand carbonated beverages, Monster EnergyTM brand energy drinks and Lost(r) Energy brand energy drinks and RumbaTM brand Energy Juice.

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

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

Reclassifications - Certain reclassifications have been made in the consolidated financial statements to conform to the 2004 presentation.

Cash and Cash Equivalents - The Company considers certificates of deposit with original maturities of three months or less to be cash and cash equivalents. The Company maintains cash deposits with major banks which from time to time may exceed federally insured limits. The Company periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

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

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

Trademark License and Trademarks - Trademark license and trademarks represents the Company's exclusive ownership of the Hansen's(r) trademark in connection with the manufacture, sale and distribution of beverages and water and non-beverage products. The Company also owns a number of other trademarks in the United States as well as in a number of countries around the world. The Company also owns the Blue Sky(r) trademark, which was acquired in September 2000, and the Junior Juice(r) trademark, which was acquired in May 2001. The Company amortizes its trademark license and trademarks over 1 to 25 years. Upon the adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, the Company ceased the amortization of indefinite life assets.

Long-Lived Assets - Management regularly reviews property and equipment and other long-lived assets, including certain identifiable intangibles, for possible impairment. This review occurs annually, or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If there is indication of impairment of property and equipment or amortizable intangible assets, then management prepares an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. The fair value is estimated at the present value of the future cash flows discounted at a rate commensurate with management's estimates of the business risks. Annually, or earlier, if there is indication of impairment of identified intangible assets not subject to amortization, management compares the estimated fair value with the carrying amount of the asset. An impairment loss is recognized to write down the intangible asset to its fair value if it is less than the carrying amount. Preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions. During 2004, management recognized an impairment to property and equipment as discussed in Note 3.

Revenue Recognition - The Company records revenue at the time the related products are shipped and the risk of ownership and title has passed. Management believes an adequate provision against net sales has been made for estimated returns, allowances and cash discounts based on the Company's historical experience.

Freight Costs and Reimbursement of Freight Costs - In accordance with Emerging Issues Task Force ("EITF") No. 00-10, Accounting for Shipping and Handling Fees and Costs, reimbursements of freight charges are recorded in net sales in the accompanying consolidated statements of income. For the years ended December 31, 2004, 2003 and 2002, freight-out costs amounted to $10.7 million, $7.0 million and $5.8 million, respectively, and have been recorded in selling, general and administrative expenses in the accompanying consolidated statements of income.

Advertising and Promotional Allowances - The Company accounts for advertising production costs by expensing such production costs the first time the related advertising takes place. Advertising expenses amounted to $11.5 million, $8.8 million and $7.3 million for the years ended December 31, 2004, 2003 and 2002, respectively. Advertising expenses were included in selling, general and administrative expenses with the exception of coupon expenses which were included as a reduction of net sales. In addition, the Company supports its customers, including distributors, with promotional allowances, a portion of which is utilized for marketing and indirect advertising by them. In certain instances, a portion of the promotional allowances payable to customers is based on the levels of sales to such customers. Promotion requirements or expected use of the allowances, are estimated by the Company. If the level of sales, promotion requirements or use of the allowances are different from such estimates, the promotional allowances could, to the extent based on estimates, require adjustments. Such promotional allowances amounted to $35.5 million, $17.2 million and $13.5 million for the years ended December 31, 2004, 2003 and 2002, respectively and were included in discounts, allowances and promotional payments.

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

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

	2004	2003	2002
Net income, as reported	$20,386,804	$5,930,404	$3,029,195
Less: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	356,156	216,250	212,363
Net income, pro forma	$20,030,648	$5,714,154	$2,816,832
Net income per common share, as reported:			
Basic	$ 1.91	$ 0.58	$ 0.30
Diluted	$ 1.73	$ 0.55	$ 0.29
Net income per common share, pro forma:			
Basic	$ 1.88	$ 0.56	$ 0.28
Diluted	$ 1.70	$ 0.53	$ 0.27

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

	Dividend Yield	Expected Volatility	Risk-Free Interest Rate	Expected Lives
2004	0%	46%	4.0%	8 years
2003	0%	12%	3.5%	8 years
2002	0%	8%	4.6%	6 years

Net Income Per Common Share - In accordance with SFAS No. 128, Earnings per Share, net income per common share, on a basic and diluted basis, is presented for all periods. Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share is computed by dividing net income by the weighted average number of common and dilutive common equivalent shares outstanding, if dilutive. Weighted average common equivalent shares include stock options and purchases of the Company's common stock, held in treasury, using the treasury stock method.

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

One customer accounted for approximately 8%, 15% and 18% of the Company's sales for the years ended December 31, 2004, 2003 and 2002, respectively. A decision by that, or any other major customer, to decrease the amount purchased from the Company or to cease carrying the Company's products could have a material adverse effect on the Company's financial condition and consolidated results of operations.

During 2004, 2003 and 2002, sales outside of California represented 56%, 47% and 42% of the aggregate sales of the Company, respectively.

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

Fair Value of Financial Instruments - At December 31, 2004 and 2003, the carrying values of cash, accounts receivable and accounts payable approximate fair value because of the short maturity of these financial instruments. Long-term debt bears interest at a rate comparable to the prime rate; therefore, management believes the carrying amount for the outstanding borrowings at December 31, 2004 approximates fair value.

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

Segment Information - The Company's operating segments have been aggregated into one reportable segment due to similarities of the economic characteristics and nature of operations among the operations represented by the Company's various product lines.

Change in Accounting for Goodwill and Other Intangible Assets - Effective January 1, 2002, the Company adopted the provisions of SFAS No. 142, Goodwill and Other Intangible Assets. This statement discontinued the amortization of goodwill and indefinite-lived intangible assets, subject to periodic impairment testing. Upon adoption of SFAS No. 142, the Company evaluated the useful lives of its various trademark licenses and trademarks and concluded that certain of the trademark licenses and trademarks have indefinite lives. Unamortized trademark licenses and trademarks deemed to have indefinite lives ceased to be amortized effective January 1, 2002 and are subject to annual impairment analysis.

As of December 31, 2003 and 2004, the trademark licenses and trademarks were tested for impairment in accordance with the provisions of SFAS No. 142. Fair values were estimated based on the Company's best estimate of the expected present value of future cash flows. No amounts were impaired at those times. The following provides additional information concerning the Company's trademark licenses and trademarks as of December 31:

	2004	2003
Amortizing trademark licenses and trademarks	$ 1,169,248	$ 1,155,803
Accumulated amortization	(219,264)	(146,218)
	949,984	1,009,585
Nonamortizing trademark licenses and trademarks	17,401,820	17,284,119
	$18,351,804	$18,293,704

All amortizing trademark licenses and trademarks have been assigned an estimated finite useful life, and are amortized on a straight-line basis over the number of years that approximate their respective useful lives ranging from 1 to 25 years (weighted-average life of 23 years). The straight-line method of amortization allocates the cost of the trademark licenses and trademarks to earnings over the period of expected benefit. Total amortization expense during the year ended December 31, 2004 was $73,046. As of December 31, 2004, future estimated amortization expense related to amortizing trademark licenses and trademarks through the year ended December 31, 2009 is:

2005	$55,214
2006	55,214
2007	55,214
2008	55,066
2009	55,066

Newly Issued Accounting Pronouncements - In November 2004, FASB issued statement of Financial Accounting Standard No. 151, "Inventory Costs". The new Statement amends Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material. This Statement requires that those items be recognized as current-period charges and requires that allocation of fixed production overheads to the cost of conversion be based on the normal capacity of the production facilities. This statement is effective for fiscal years beginning after June 15, 2005. The Company does not expect adoption of this statement to have a material impact on our financial condition or results of operations.

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

In December 2004, FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment. This Statement replaces FASB Statement No. 123 and supersedes APB Opinion No. 25. Statement No. 123(R) will require the fair value of all stock option awards issued to employees to be recorded as an expense over the related vesting period. The Statement also requires the recognition of compensation expense for the fair value of any unvested stock option awards outstanding at the date of adoption. This standard is effective for the company as of July 1, 2005. Management has not completed their evaluation of the effect of these new rules on future statements.

2. INVENTORIES

Inventories consist of the following at December 31:

	2004	2003
Raw materials	$ 7,204,741	$ 6,979,701
Finished goods	16,157,000	11,900,304
	23,361,741	18,880,005
Less inventory reserves	(955,687)	(1,236,219)
	$22,406,054	$17,643,786

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2004	2003
Leasehold improvements	$ 268,068	$ 230,027
Furniture and office equipment	1,193,741	881,741
Equipment	1,488,571	2,481,917
Vehicles	2,359,264	1,636,878
	5,309,644	5,230,563
Less accumulated depreciation and amortization	(2,345,580)	(2,427,281)
	$ 2,964,064	$ 2,803,282

A portion of the equipment owned by the Company is comprised of equipment and machinery that was utilized on a can line operated by a third party to manufacture certain products, who subsequently ceased operations. At December 31, 2004, such equipment and machinery was idle and management had not finalized its review of alternatives regarding the use thereof in prospective periods. Accordingly, such equipment and machinery is included in Property and Equipment as idle. Based on management's assessment of the marketplace for this equipment and machinery with advice from an independent equipment broker, management recorded an impairment charge in cost of sales of $587,876 to reduce the carrying cost of this asset to its fair value of $232,308. If the equipment and machinery is reinstated or refurbished, management will amortize the reduced carrying value over an estimate of its productive life when placed in service.

4. DEBT

HBC has a credit facility from Comerica Bank-California ("Comerica"), consisting of a revolving line of credit and a term loan. Such revolving line of credit and term loan were secured by substantially all of HBC's assets, including accounts receivable, inventory, trademarks, trademark licenses and certain equipment. In accordance with the provisions of the credit facility, HBC can borrow up to $6.0 million under its revolving line of credit. The revolving line of credit remains in full force and effect through September 2005. Interest on borrowings under the line of credit is based on the bank's base (prime) rate, plus an additional percentage of up to 0.5% or the LIBOR rate, plus an additional percentage of up to 2.5%, depending upon certain financial ratios of the Company. The Company had no outstanding borrowings on the line of credit at December 31, 2004.

On March 1, 2005, the Company entered into an amendment of its credit facility with Comerica in terms of which HBC can borrow up to $7.8 million under its revolving line of credit. Under the amendment, the revolving line of credit remains in full force and effect through June 1, 2006. Interest on borrowings under the line of credit varies depending on a predetermined ratio of the Company's funded senior debt to Earnings Before Interest Taxes Depreciation and Amortization. The current rate of interest is prime minus 1.5% or the 30 day LIBOR rate plus 1.25%.

The terms of the Company's line of credit contain certain financial covenants including certain financial ratios. The Company was in compliance with its covenants at December 31, 2004.

During 2000, the Company entered into capital leases for acquisition of certain vehicles, payable over a five-year period and having an effective interest rate of 8.8%. During 2004, the Company entered into capital leases for acquisition of certain vehicles, payable over a 12 month period and having an average effective interest rate of 5.4%.

Long-term debt consists of the following at December 31:

	2004	2003
Note payable to Pasco Juices, Inc., collateralized by the Junior Juice trademark, payable in quarterly installments of varying amounts through May 2006, net of unamortized discount (based on imputed interest rate of 4.5%) of $13,329 and $29,547 at December 31, 2004 and 2003, respectively	$ 267,390	$ 392,263
Capital leases, collateralized by vehicles acquired, payable over 60 months in monthly installments at an effective interest rate of 8.8%, with final payments ending in 2005	86,828	210,072
Capital leases, collateralized by vehicles acquired, payable over 12 months in monthly installments at an average effective interest rate of 5.4%, with final payments ending in 2005	229,634	-
	583,852	602,335
Less: current portion of long-term debt	(437,366)	(244,271)
	$ 146,486	$ 358,064

Long-term debt is payable as follows:

Year ending December 31:	
2005	$ 437,366
2006	146,486
	$ 583,852

At December 31, 2004 and 2003, the assets acquired under capital leases had a net book value of $379,775 and $121,178, net of accumulated depreciation of $518,988 and $418,465, respectively.

Interest expense amounted to $35,988, $66,592 and $224,748 for the years ended December 31, 2004, 2003 and 2002, respectively.

5. EARNINGS PER SHARE

A reconciliation of the weighted average shares used in the basic and diluted earnings per common share computations for the three and years ended December 31, 2004 and 2003 is presented below:

	2004	2003
Weighted-average shares outstanding:		
Weighted-average shares outstanding - Basic	10,666,892	10,278,710
Dilutive securities	1,143,048	483,447
Weighted-average shares outstanding - Diluted	11,809,940	10,762,157

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

6. COMMITMENTS AND CONTINGENCIES

Operating Leases - The Company leases its warehouse facility and corporate offices under a 10 year lease beginning October 2000, when the Company first occupied the facility. The facility lease and certain equipment and other noncancelable operating leases expire through 2010. The facility lease has scheduled rent increases which are accounted for on a straight-line basis. Rent expense under such leases amounted to $965,730, $660,616, and $643,827 for the years ended December 31, 2004, 2003 and 2002, respectively. In January 2004, the Company entered into a lease for additional warehouse space. This lease expires in March 2008 with an option to renew through 2010.

Future minimum rental payments at December 31, 2004 under the leases referred to above are as follows:

Year ending December 31:	
2005	$ 980,473
2006	1,027,242
2007	1,040,332
2008	775,683
2009	685,560
Thereafter	514,170
	$ 5,023,460

Purchase Commitments - The Company has purchase commitments aggregating approximately $17,735,238, which represent commitments made by the Company and its subsidiaries to various suppliers of raw materials for the manufacturing and packaging of its products. These obligations vary in terms.

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

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

Licensing Agreements - The Company produces, sells and distributes Lost(r) Energy drinks under an exclusive license with Lost International LLC. The license agreement requires certain royalty payments to be made related to the sale of Lost(r) brand products.

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

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

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

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

The terms of such obligations vary. Generally, a maximum obligation is not explicitly stated. Because the obligated amounts of these types of agreements often are not explicitly stated, the overall maximum amount of the obligations cannot be reasonably estimated. Further, the Company believes that its insurance coverage is adequate to cover any liabilities or claims arising out of such instances referred to above. Historically, the Company has not been obligated to make significant payments for these obligations and accordingly, the Company has valued these obligations at $0 on its consolidated balance sheets as of December 31, 2004 and 2003.

7. INCOME TAXES

Components of the income tax provision are as follows:

	Year Ended December 31,		
	2004	2003	2002
Current income taxes:			
Federal	$11,305,019	$ 3,386,946	$ 1,173,693
State	2,418,917	802,256	339,825
	13,723,936	4,189,202	1,513,518
Deferred income taxes:			
Federal	(218,967)	(290,357)	448,239
State	46,424	(70,167)	74,223
	(172,543)	(360,524)	522,462
	$13,551,393	$ 3,828,678	$ 2,035,980

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

	Year Ended December 31,		
	2004	2003	2002
Income tax provision using the statutory rate	$11,878,369	$ 3,318,088	$ 1,722,160
State taxes, net of federal tax benefit	1,602,471	521,475	267,440
Permanent differences	74,374	39,895	46,380
Rate change	23,735	-	-
Other	(27,556)	(50,780)	
	$13,551,393	$ 3,828,678	$ 2,035,980

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

	2004	2003
Reserves for returns	$ 385,371	$ 98,556
Reserves for doubtful accounts	45,838	93,623
Reserves for obsolescence	410,945	519,212
Reserves for marketing development fund	1,542,576	754,517
Capitalization of inventory costs	199,462	169,317
State franchise tax	1,014,799	348,351
Accrued compensation	109,951	47,433
Amortization of graphic design	-	297,760
Other accrued expenses	-	54,602
Total deferred tax asset	3,708,942	2,378,371
Amortization of trademark license	(3,857,784)	(3,160,401)
Depreciation	(583,708)	(245,010)
Amortization of graphic design	(121,947)	-
Total deferred tax liability	(4,563,439)	(3,405,411)
Net deferred tax liability	$ (854,497)	$ (1,027,040)

The Company believes it has adequately provided for income tax issues not yet resolved with state tax authorities. At December 31, 2004, $394,597, was accrued for such matters. Although not probable, the most adverse resolution of these issues could result in additional charges to earnings in future periods. Upon consideration of all relevant facts and circumstances, the Company does not believe the ultimate resolution of these tax issues for all open tax periods will have a material adverse effect upon its results of operations or financial condition.

8. STOCK OPTIONS

The Company has three stock option plans, the Hansen Natural Corporation 2001 Stock Option Plan ("2001 Option Plan"), the Employee Stock Option Plan (the "Plan") and the Outside Directors Stock Option Plan ("Directors Plan").

During 2001, the Company adopted the 2001 Option Plan which provides for the grant of options to purchase up to 2,000,000 shares of the common stock of the Company to certain key employees of the Company and its subsidiaries. Options granted under the 2001 Option Plan may be incentive stock options under Section 422 of the Internal Revenue Code, as amended (the "Code"), nonqualified stock options, or stock appreciation rights. Stock options are exercisable at such time and in such amounts as determined by the Compensation Committee of the Board of Directors of the Company up to a ten-year period after their date of grant. As of December 31, 2004, options to purchase 1,227,100 shares of Hansen common stock had been granted under the 2001 Option Plan and options to purchase 772,900 shares of Hansen common stock remain available for grant under the 2001 Option Plan.

The Plan, as amended, provided for the granting of options to purchase not more than 3,000,000 shares of Hansen common stock to key employees of the Company and its subsidiaries through July 1, 2001. Stock options are exercisable at such time and in such amounts as determined by the Compensation Committee of the Board of Directors of the Company up to a ten-year period after their date of grant, and no options may be granted after July 1, 2001. The option price will not be less than the fair market value at the date of grant. As of December 31, 2004, options to purchase 2,095,700 shares of Hansen common stock had been granted under the Plan, net of options that have expired.

The Directors Plan provides for the grant of options to purchase up to 100,000 shares of common stock of the Company to directors of the Company who are not and have not been employed by or acted as consultants to the Company and its subsidiaries or affiliates and who are not and have not been nominated to the Board of Directors of the Company (the "Board") pursuant to a contractual arrangement. On the date of the annual meeting of shareholders, at which an eligible director is initially elected, each eligible director is entitled to receive a one-time grant of an option to purchase 6,000 shares (12,000 shares if the director is serving on a committee of the Board) of the Company's common stock, exercisable one-third each on the first, second and third anniversary of the date of grant; provided, however, that options granted as of February 14, 1995, are exercisable 66 2/3% on the date of grant and 100% on July 8, 1995; provided, further, that all options held by an eligible director become fully and immediately exercisable upon a change in control of the Company. Options granted under the Directors Plan that are not exercised generally expire ten years after the date of grant. Option grants may be made under the Directors Plan for ten years from the effective date of the Directors Plan. The Directors Plan is a "formula" plan so that a nonemployee director's participation in the Directors Plan does not affect his status as a "disinterested person" (as defined in Rule 16b-3 under the Securities Exchange Act of 1934). As of December 31, 2004, options to purchase 48,000 shares of Hansen common stock had been granted under the Directors Plan and options to purchase 52,000 shares of Hansen common stock remained available for grant.

During the years ended December 31, 2004, 2003 and 2002, the Company granted 371,000, 355,000 and 529,500 options to purchase shares under the 2001 Option Plan and the Directors Plan at a weighted-average grant date fair value of $6.68, $1.27 and $1.12, respectively. Additional information regarding the plans is as follows:

	2004		2003		2002	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Options outstanding, beginning of year	1,469,800	$ 3.87	1,501,900	$3.29	1,053,400	$3.04
Options granted	371,000	$11.39	355,000	$4.43	529,500	$3.64
Options exercised	(495,000)	$ 3.47	(365,100)	$2.05	(8,000)	$1.00
Options canceled or expired	(47,400)	$ 6.02	(22,000)	$3.53	(73,000)	$2.54
Options outstanding, end of year	1,298,400	$ 6.09	1,469,800	$3.87	1,501,900	$3.29
Option price range end of year		$ 3.02 to $32.50		$1.13 to $8.23		$1.00 to $5.25

The following table summarizes information about fixed-price stock options outstanding at December 31, 2004:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at December 31, 2004	Weighted-average remaining contractual life (in years)	Weighted-average exercise price	Number exercisable at December 31, 2004	Weighted-average exercise price
$ 3.02 to $ 3.95	379,900	7	$ 3.60	30,600	$3.57
$ 4.05 to $ 5.25	549,500	7	4.24	277,500	4.26
$ 8.11 to $ 8.23	272,500	9	8.15	2,000	8.23
$10.32 to $18.17	62,000	9	16.77	-	-
$25.01 to $32.50	34,500	8	27.33	-	-
	1,298,400			310,100	

9. EMPLOYEE BENEFIT PLAN

Employees of Hansen Natural Corporation may participate in the Hansen Natural Corporation 401(k) Plan, a defined contribution plan, which qualifies under Section 401(k) of the Internal Revenue Code. Participating employees may contribute up to 15% of their pretax salary up to statutory limits. The Company contributes 25% of the employee contribution, up to 8% of each employee's earnings. Matching contributions were $98,494, $70,518 and $64,949 for the years ended December 31, 2004, 2003 and 2002, respectively.

10. RELATED-PARTY TRANSACTIONS

A director of the Company is a partner in a law firm that serves as counsel to the Company and was a partner in another law firm that previously served as counsel to the Company. Expenses incurred in connection with services rendered by such firms to the Company during the years ended December 31, 2004, 2003 and 2002 were $173,878, $59,146 and $79,843, respectively.

Two directors and officers of the Company are principal owners of a company that provides promotional materials to the Company. Expenses incurred to such company in connection with promotional materials purchased during the years ended December 31, 2004, 2003 and 2002 were $638,590, $331,478 and $164,199, respectively.

11. QUARTERLY FINANCIAL DATA (Unaudited)

	Net Sales	Gross Profit	Net Income	Net Income per Common Share	
				Basic	Diluted
Quarter ended:					
March 31, 2004	$ 31,298,783	$ 13,907,821	$ 2,183,281	$ 0.21	$ 0.19
June 30, 2004	46,063,543	20,758,929	5,078,149	0.48	0.43
September 30, 2004	52,641,477	23,809,208	5,798,648	0.54	0.49
December 31, 2004	50,337,332	24,990,427	7,326,726	0.68	0.62
	$180,341,135	$ 83,466,385	$20,386,804	$ 1.91	$ 1.73
Quarter ended:					
March 31, 2003	$ 22,086,348	$ 8,299,821	$ 633,071	$ 0.06	$ 0.06
June 30, 2003	28,409,138	11,448,565	1,977,184	0.19	0.19
September 30, 2003	33,291,088	13,286,852	2,093,835	0.21	0.19
December 31, 2003	26,565,622	10,739,790	1,226,314	0.12	0.11
	$110,352,196	$ 43,775,028	$ 5,930,404	$ 0.58	$ 0.55

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

HANSEN NATURAL CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

Description	Balance at beginning of period	Charged to cost and expenses	Deductions	Balance at end of period
Allowance for doubtful accounts, sales returns and cash discounts:				
2004	$ 875,351	3,585,153	(3,208,403)	$1,252,101
2003	$1,098,645	2,936,429	(3,159,723)	$ 875,351
2002	$ 625,270	3,108,031	(2,634,656)	$1,098,645
Promotional allowances:				
2004	$4,666,770	29,939,960	(28,336,986)	$6,269,744
2003	$3,170,171	15,139,959	(13,643,360)	$4,666,770
2002	$2,981,556	12,660,386	(12,471,771)	$3,170,171
Inventory reserves:				
2004	$1,236,219	184,472	(465,004)	$ 955,687
2003	$ 646,439	589,780	-	$1,236,219
2002	$ 400,767	269,530	(23,858)	$ 646,439

CONSENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 33-92526, No. 333-41333, No. 333-89123 and No. 333-112482 of Hansen Natural Corporation on Form S-8 of our report dated March 14, 2005, relating to the consolidated financial statements and financial statement schedule of Hansen Natural Corporation and subsidiaries and management's report on internal control over financial reporting appearing in the Annual Report on Form 10-K of Hansen Natural Corporation for the year ended December 31, 2004.

/s/ DELOITTE & TOUCHE LLP

Costa Mesa, California
March 14, 2005

CONTRACT MANUFACTURING AND PACKAGING AGREEMENT

This Contract Manufacturing and Packaging Agreement ("Agreement") is entered into effective March 1, 2004, by and between Hansen Beverage Company ("Customer"), a corporation organized and existing under the laws of the State of Delaware with its principle place of business at 1010 Railroad Street, Corona, CA 92882, on the one hand, and Nor-Cal Beverage Co., Inc. ("Contractor"), a corporation organized and existing under the laws of the State of California with its principal place of business at 2286 Stone Boulevard, West Sacramento, California 95691.

Recitals

WHEREAS, Customer desires that Contractor pack apple juice and apple grape juice products in 64 ounce PET plastic packaging for the WIC program on an exclusive basis as well as such juice products and additional juice products in 64 ounce PET plastic packing for general sale by Customer as well as other juice products in different size containers as Customer and Contractor may from time to time agree on Said Products are set forth in Exhibit I attached hereto and made a part hereof. The aforesaid products are hereinafter collectively referred to as "Product";

WHEREAS, Contractor desires to pack Product for Customer at Contractor's facility at Anaheim, California ("Contractor's Facility" or "Anaheim Facility");

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, Customer and Contractor mutually agree as follows:

1. SPECIFICATIONS; FORMULAS, MANUFACTURING PROCESS; QUALITY CONTROL STANDARDS AND CODING SYSTEMS

1.1. Contractor shall produce, package, store and ship Product in accordance with Good Manufacturing Practices prevailing in the industry and in strict compliance with the specifications, manufacturing process and quality control standards and coding systems set forth in Exhibit II attached hereto and made a part hereof. Contractor shall implement such changes in such specifications, manufacturing process and quality control standards and coding systems as Customer may from time to time request in writing provided that such changes do not alter Contractor's costs. Such changes shall not be effective unless in writing and signed by a duly authorized officer of Customer. Changes which would increase Contractor's cost must be mutually agreed to in writing by a duly authorized officer of Customer and Contractor.

1.2 Contractor agrees to pack Customer's requirements for Product up to _____ cases per year. Customer may increase production volumes if additional line time is available and such additional line time does not conflict with Contractor's commitments to other customers. All such packing shall be performed in accordance with good manufacturing practices prevailing in the industry and in strict compliance with all HACCP regulations and procedures and with the specifications, manufacturing process and quality control standards and coding systems set forth in Exhibit 2 attached hereto and made a part hereof.

1.3 Contractor warrants that its Anaheim Facility currently has and at all times during the term of this Agreement shall have a fully documented HACCP program which details all required principals and which has identified all critical control points. Contractor further warrants that all critical control points will be monitored at regularly scheduled intervals and such monitoring will be appropriately documented. Contractor further warrants that all employees involved in its HACCP plan have been trained and are aware of all HACCP related activities in their immediate work areas and that the training and activities of such persons have been and will continue to be duly documented and that all necessary sanitation SOP's will be established, documented and implemented from time to time throughout the term of this Agreement.

1.4 Contractor shall prepare and submit to Customer the quality control records and reports set forth in Exhibit II and shall also furnish to Customer without charge a reasonable number of samples from each production run of Product as set forth in Exhibit II for quality control purposes.

1.5 Prior to commencement of, and at any time during, production, packaging, storage and shipping operations, Customer shall have the right upon reasonable notice to send one or more of its authorized employees or representatives to observe and inspect, during regular business hours, manufacturing, warehousing and other facilities used to produce, package, store and ship Product and to inspect all documentation and records pertaining to the operation of the Anaheim Facility and production of the Products.

1.6 If any of Contractor's Facility, process, inventories or equipment are in an unsanitary condition or do not otherwise comply with applicable laws, rules and regulations or with the terms and conditions of this Agreement or the Contractor's HACCP Plan, Contractor shall promptly take such action to correct the deficiencies and bring such Contractor's Facility, process, inventories and equipment into compliance with applicable laws, rules and regulations and in particular, but without limitation, the Contractor's HACCP plan, all within the terms and conditions of this Agreement

1.7 Contractor agrees to produce and package Product in compliance with the specifications, formulas and standards set forth or referenced in Exhibit II.

1.8 If Customer has previously paid Contractor for Product which is later rejected by Customer and which (Subject to paragraph 2.3 below) was (i) not rejected because of inferior materials supplied by Customer; or (ii) Customer handling and storage of Product then Customer shall invoice Contractor for the Pack Fee amounts of such rejected Product and for any freight; handling or other disposition costs or expenses incurred by Customer in connection with such rejected Product. Customer shall receive credit from Contractor within thirty (30) days of such invoice. In addition, the costs for raw materials, ingredients and packaging materials of rejected Product shall be applied towards the annual loss allowance for the year in question and any amount in excess of the annual loss allowance for the year in question shall be credited to Customer.

1.9 Contractor shall make available, at Customer's request, the results of all federal, state and local inspection reports and sanitation audits, conducted from thirty (30) days before to thirty (30) days after the term of this Agreement, and relating to or affecting (i) Contractor's Facility; or (ii) equipment, raw produce, raw materials, ingredients, packaging materials, work-in-process or Product located therein.

2. PROCUREMENT

2.1. Customer shall have full responsibility for payment for all raw materials, ingredients, and packaging materials (collectively "Product Supplies"), provided by Customer, except miscellaneous ingredients and materials ("collectively Miscellaneous Supplies") which shall be supplied by Contractor and which are necessary to produce and package Product for Customer under this Agreement, the costs of which are included in the Contractor's pack fee. Miscellaneous Supplies are described in Exhibit I. Customer shall provide to Contractor blanket purchase order numbers for Contractor's use in ordering Product Supplies. Contractor shall store all Product Supplies in accordance with Good Manufacturing Practices prevailing in the industry and in strict compliance with the terms and conditions set forth in Exhibit II. Such Product Supplies shall be ordered in quantities mutually agreed to by Customer and Contractor.

2.2. Contractor shall examine all Product Supplies and shall have final responsibility for accepting or rejecting Product Supplies which do not conform with: (i) the specifications, formulas and standards set forth or referenced in Exhibit II; (ii) the other terms and conditions of this Agreement; and (iii) federal, state and local laws, rules, regulations and guidelines.

2.3. Customer will pay for all shipper damage and shortage claims relating to Product Supplies furnished by Customer. Contractor agrees to provide whatever assistance Customer may need to prosecute such claims.

3. PRODUCTION SCHEDULING; PALLETS; STORAGE AND HANDLING; SHIPMENT; DOCUMENTS

3.1. Contractor's obligations with respect to scheduling of production, use of pallets, storage, handling and shipment of Product are as set forth below and in Exhibit I attached hereto and made a part hereof.

3.2. Unless Customer and Contractor mutually agree in writing on a different system, Customer agrees to provide Contractor with a weekly schedule of production requirements for an eight (8) week rolling forecast. These schedules shall include a firm commitment for the first two (2) weeks and a non-binding estimate for the remaining six (6) weeks of the schedule.

3.3. Unless Customer and Contractor mutually agree in writing upon a different system, Contractor shall ship Product unitized in a pallet pattern supplied by Customer. Contractor will provide pallets to Customer's specifications as part of the fee set forth in Exhibit I.

3.4. Contractor shall store and handle Product in the Anaheim Production Facility. Charges and maximum storage obligations are described in Exhibit I

3.5. Contractor shall prepare and submit to Customer the shipping documents and production and inventory control reports set forth herein, as well as such other reports and records as Customer may reasonably require to determine Contractor's compliance with the terms and conditions of this Agreement.

4. INVOICING OF PRODUCT AND PAYMENTS

4.1. Contractor's total price for all services rendered hereunder is set forth in Exhibit I.

4.2. Contractor shall invoice Customer on a weekly basis for Product produced at the Contractor's Facility. All invoices shall accurately reflect Customer's item number for all Product produced as invoiced.

4.3. Storage, handling, and modular pallet charges will be billed on a monthly basis.

4.4. Invoices are due and payable in full within fifteen (15) days from the date of the invoice. Late payments will be subject to a finance charge of 1% per month.

5. RISK OF LOSS

5.1. Risk of damage or loss to Product shall remain with Contractor until Product is shipped F.O.B. Contractor's Facility to Customer or a Customer consignee in accordance with the terms and conditions of this Agreement. Contractor shall insure all Product Supplies and Product in its care, custody or control against loss or damage from perils covered by an "all risk" property insurance policy in the amount of the replacement cost of such Product Supplies and Product less the maximum yield loss allowance. Such insurance shall be written by an insurance carrier as specified under Part 13. Its terms and conditions shall not be altered, canceled or changed without Customer's prior consent until ten (10) days after termination or cancellation of this Agreement. A certificate of such insurance coverage shall be furnished to Customer upon request. Contractor shall further assume full responsibility for, and indemnify and hold Customer harmless from and against, any and all liability, loss, damage, cost or expense (including court costs and attorney fees but not any indirect, special or consequential damages or lost profits) with respect to Product Supplies and Product in the care, custody or control of Contractor to the extent such loss or damage is not covered by the insurance described in this paragraph.

6. TERM

6.1. This Agreement shall take effect on March 1, 2004 (the "Effective Date") and shall continue in effect until August 31, 2007 (the "Initial Term"). Subject to paragraph 6.2, this Agreement shall be renewed for consecutive one-year terms beginning September 1, 2007 and each year thereafter (the "Renewal Term(s)"). Notwithstanding the foregoing, this Agreement may be canceled or terminated as provided in paragraph 6.2 or paragraph 16 at any time during the Initial Term or any Renewal Term.

6.2. Either party may cancel this Agreement at the end of the Initial Term or any Renewal Term provided written notice to that effect is given to the other party at least (ninety) 90 days prior to the end of the Initial Term or any Renewal Term. Either party may terminate this Agreement immediately provided cause exists pursuant to paragraph 16 and the procedure set forth in paragraph 16 of this Agreement is followed.

6.3. The representations, warranties and guarantees of Contractor and Customer contained in this Agreement shall survive the termination or cancellation of this Agreement.

7. RECORDS AND AUDITS

7.1. Contractor shall maintain and retain complete and accurate books and records relating to the production, packaging, storage and shipment of Product Supplies and Product, rejected Product Supplies and rejected Product.

7.2. All books and records maintained or retained pursuant to this Agreement shall be made available to Customer for inspection upon reasonable notice at any time during Contractor's regular business hours. All such records shall be retained by Contractor for a period of at least three (3) years or longer if so required by federal, state or local laws, rules or regulations.

8. CONFIDENTIAL AND PROPRIETARY INFORMATION

8.1. All business and technical information, whether in written or oral form and including, but not limited to, technical know-how, specifications, formulas, manufacturing process and quality control standards, coding systems, instructions and procedures, which Customer may disclose to Contractor or to any employee, agent or representative of Contractor, shall be received and retained by Contractor and its employees, agents and representatives as strictly confidential and, except as provided for herein, may not be disclosed to any third party. Contractor shall not disclose any such information to any person within its organization not having a need to know and shall only use such information in connection with the production and packaging of Product.

8.2. Notwithstanding paragraph 8.1, Contractor shall not have an obligation of confidentiality with respect to information which:

8.2.a. was in the public domain at the time of receipt from Customer, or which comes into the public domain without breach of an obligation assumed hereunder; or

8.2.b. was known and can be shown to have been known by Contractor at the time of receipt from Customer and was not acquired directly or indirectly from Customer on a confidential basis; or

8.2.c. becomes known to Contractor on a non-confidential basis through a third source whose own acquisition and disclosure were entirely independent of Contractor, not in breach of any obligation hereunder and not on a confidential basis; or

8.2.d. approved for disclosure by Customer in writing.

8.3. All originals and copies of documented business and technical information identified or reasonably identifiable as confidential or proprietary to Customer shall be and remain the exclusive property of Customer at all times and shall be returned to Customer upon the cancellation or termination of this Agreement.

8.4. The terms and conditions of this Agreement may be disclosed by either party to their respective attorneys, accountants and tax preparers, or as may be required by legal process or contract.

9. PURE FOOD GUARANTEE

9.1. Contractor warrants and guarantees that its obligations hereunder shall be performed in full compliance with the United States Federal Food, Drug and Cosmetic Act (as amended the "Act") and all applicable federal state and local laws, rules, regulations and guidelines. Specifically, but not by way of limitation, Contractor warrants that all Product which is produced or packaged for Customer, and all packaging and other materials which come in contact with such Product, will not at the time of shipment to Customer or Customer's consignee be adulterated, contaminated or misbranded within the meaning of the Act or any other federal, provincial, state or local law, rule or regulation, and that such Product, packaging and other materials will not constitute articles prohibited from introduction into interstate commerce under the provisions of Sections 301 (d), 404, 405 or 505 of the Act.

9.2. Customer warrants that, as of the date of delivery to Contractor, the Product Supplies provided by Customer to Contractor shall meet Customer's standards of quality and manufacturing specifications and shall not be adulterated or misbranded with in the meaning of the Federal Fair Packaging and Labeling Act and the Food Drug and Cosmetic Act, their attendant regulations, and similar state and local food and drug laws, rules and regulations, as the same may be amended (collectively, the "Applicable Laws"). Customer further warrants that any labels provided by Customer to Contractor shall properly describe the Products to be packed in accordance with Customer's manufacturing specifications and that such labels will comply in all material respects with the applicable laws. Contractor shall promptly notify Customer when it knows or believes any Product Supplies do not comply with the standards and Applicable Laws set forth in this Section 9.

10. COMPLIANCE

10.1 All Products shall be produced and packaged and all Product and Product Supplies shall be stored under sanitary conditions and in strict compliance with all federal state and local laws, rules, regulations and guidelines. All Product shall be produced and packaged, and all Product and Product Supplies shall be stored, in strict compliance with any applicable Good Manufacturing Practices, including but not limited to those set forth in 21 C.F.R. Section 110 et. seq., and any applicable Food and Drug Administration, United States Department of Agriculture and Food Safety and Quality Services guidelines and regulations, as well as the specifications, formulas, manufacturing process and quality control standards and coding systems set forth in the Customer's Quality Assurance Manual which has been provided to Contractor under separate cover.

11. TRADEMARKS; TRADE NAMES; PRINTED MATTER; ETC.

11.1 All Products shall be packaged under Customer-owned trademarks, trademarks licensed to Customer or such private trademarks as Customer may from time to time designate.

11.2 Contractor agrees that, as between Contractor and Customer, all trademarks identified by Customer as being Customer-owned or licensed to Customer are valid and existing trademarks of Customer and the sole and exclusive property of Customer. Nothing in this Agreement shall give Contractor any right, title or interest in (i) any Customer-owned trademark, any trademark licensed to Customer or any private trademark designated by Customer; (ii) any Customer or other trade name; or (iii) the goodwill connected with any such trademark or trade name, except the right to use the same in strict accordance with the terms and conditions of this Agreement. Contractor shall not contest the validity or ownership of a trademark described in paragraph 11.1 or assist others in contesting the validity or ownership of any such trademark.

11.3 Contractor shall promptly notify Customer, in writing, of any infringement or potential infringement of a trademark described in paragraph 11.1 of which Contractor becomes aware. Without the express written permission of Customer, Contractor shall have no right to bring any action or proceeding relating to such infringement or potential infringement or which involves, directly or indirectly, any issue the litigation of which may affect the interest of Customer. Nothing in this Agreement shall obligate Customer to take any action relating to any such infringement or potential infringement.

11.4 Customer agrees to indemnify, defend and hold harmless Contractor from and against any and all liability resulting from any claim of infringement of trademarks arising out of or relating to the use of a trademark in a manner authorized by this Agreement. Customer's total obligation to Contractor for such infringement or claim of infringement expressed or implied as a matter of law or otherwise, shall be conditioned on Contractor giving Customer reasonably prompt notice of any such claim of infringement. Customer shall have the sole authority to conduct the defense of and settle any action, proceeding or claim relating to such infringement or claim of infringement with the understanding, however, that Contractor may retain additional counsel at its expense and participate in any such action or proceeding.

11.5 Contractor agrees that Customer shall determine and first approve in writing the printed matter to be carried on packaging materials and labeling utilized pursuant to this Agreement.

12 ENFORCEMENT COSTS, JURY TRIAL WAIVER, REFERENCE

12.1 In the event of any action or proceeding that involves the rights or obligations of the Parties under this Agreement, the Prevailing Party or Parties shall be entitled to reimbursement from the other Party or Parties of all costs and expenses associated with said action or proceeding, including reasonable attorney fees, litigation expenses and expert witness fees.

12.2 In any controversy, claim or judicial action arising from or relating to this Agreement or any of the transactions contemplated hereby: (i) each of the Parties waive any rights to trial by jury it may have, whether the action is before a court of any judicial district in the State of California, the United States of America or otherwise; and, (ii) all decisions of fact and law shall at the request of any Party be determined by reference in accordance with Code of Civil Procedure Section 638, et seq., if the action is before a court of any judicial district of the State of California. The Parties shall designate to the Court a referee of their mutual selection. In the event that they are unable to mutually select a referee, the presiding judge of the Superior Court shall make such selection. The referee shall prepare written findings of fact and conclusions of law. Judgment upon award shall be entered in the court in which the proceeding was commended. No provision of this section shall limit the right of any party to exercise self-help remedies or obtain provisional or ancillary remedies such as injunctive relief from a court of competent jurisdiction before, after, or during the pendency of any referenced proceeding.

13 WARRANTY AND INDEMNITY

13.1 To the extent the Liabilities (defined below) are not paid from insurance required to be maintained under this Agreement, each party does hereby agree to indemnify, protect, defend, and hold harmless (such indemnifying party being referred to as the "indemnitor") the other party (the "indemnitee") and the indemnitee's officers, agents, attorneys, customers, directors, subsidiaries, affiliates, parents, employees, licensees (collectively, the "Indemnified Parties") for, from and against all claims, demands, liabilities, damages, costs, suits, losses, liens, expenses, causes of action, judgments and fees (including court costs, reasonable attorneys' fees, costs of investigation, penalties, interest, and amounts paid in settlement) of any nature, kind or description or of any person or entity whomsoever, arising out of, or alleged to have arisen out of (in whole or in part) the performance of this Agreement and arising from the breach or warranties and guarantees set forth in Part 9; the negligence or misconduct of the indemnitor or any act outside the scope of the indemnitor's authority under this Agreement (collectively, the "Liabilities"). When the Liabilities are caused by the joint negligence or misconduct of both parties, or by the indemnitor and a third party (except the indemnitor's agents, employees, customers, licensees or invitees), the indemintor's duty to defend, indemnify and hold the indemnitee harmless shall be in proportion to the indemnitor's allocable share of the joint negligence or misconduct. Upon either party's receipt of written notice of any action, administrative or legal proceeding or investigation to which this indemnification may apply, such party shall promptly advise the other party in writing of the same, and the indemnitor shall assume on behalf of the indemnitee (and the other Indemnified Parties) and conduct with due diligence and in good faith the defense thereof with counsel satisfactory to the indemnitee; provided, however, that the indemnitee shall have the right, at its option, to be represented by advisory counsel of its own selection and at its own expense. In the event of failure by the indemnitor to fully perform in accordance with this paragraph, the indemnitee, at its option, and without relieving the indemnitor of its obligations, subject to the notice requirements of Paragraph 18, may so perform, but all costs and expenses so incurred by the indemnitee in that event shall be reimbursed by the indemnitor to the indemnitee, together with interest on the same from the date of the indemnitee's payment of such expense to the date of payment by the indemnitor at the rate of interest provided to be paid on judgments signed and entered in the State Superior Courts of California. Payment of any amount payable under this Paragraph 13 shall be made within five (5) days after receipt of written demand therefore. Such demand shall contain sufficient facts to apprise the indemnitor of the basis for such demand for indemnity. The indemnitee shall be entitled to any and all remedies available at law or in equity, including without limitation, damages and all equitable remedies, as a means of collecting the indemnification to which entitled. All remedies for which the indemnitee shall be entitled shall be deemed independent and cumulative of one another. The obligations and indemnity provided for in this Paragraph 13 and Paragraph 9, shall survive the termination of this Agreement.

13.2 Contractor shall maintain, at its cost, throughout the term of this Agreement and for at least one year following the termination, expiration or non-renewal of this Agreement for any reason the following insurance of the type specified below:

13.2.a Commercial General Liability: $5,000,000 per occurrence; including Product Liability of not less then $5,000,000 per occurrence; and

13.2.b Worker's Compensation coverage in accordance with all applicable laws including Employer's Liability: $1,000,000 per occurrence.

13.3 Contractor shall furnish Customer with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. All certificates shall provide for thirty (30) days written notice to Customer prior to the cancellation or material change of any insurance referred to therein.

13.4 Such insurance shall be carried with an insurance carrier with an A.M. Best rating of A- or in the absence of an AM Best rating, a full BBB rating from S&P.

13.5 Failure of Customer to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Customer to identify a deficiency from evidence that is provided shall not be construed as a waiver of Contractor's obligation to maintain such insurance. By requiring insurance herein, Customer does not represent that coverage and limits will necessarily be adequate to protect Contractor and such coverage and limits shall not be deemed as a limitation on Contractor's liability under the indemnities granted to Customer in this contract.

14 FORCE MAJEURE

14.1 Either party shall be excused from performance and liability under this Agreement while and to the extent that such performance is prevented by an Act of God, strike or other labor dispute, labor stoppage, acts of terrorism, war or war condition, riot, civil disorder, government regulation, embargo, fire, flood, accident or any other casualty beyond the reasonable control of such party.

15 RELATIONSHIP

15.1 The relationship which Contractor holds as to Customer is that of an independent contractor. This Agreement is not intended to create and shall not be construed as creating between Customer and Contractor the relationship of principal and agent, joint venturers, co-partners or any other similar relationship, the existence of which is hereby expressly denied, nor shall Contractor be considered in any sense an affiliate or subsidiary of Customer other than as provided for in paragraph 0. Contractor shall not have any authority to create or assume in Customer's name or on its behalf any obligation, expressed or implied, or to act or purport to act as Customer's agent or legally empowered representative for any purpose whatsoever. Neither party shall be liable to any third party in any way for any engagement, obligation, commitment, contract, representation, transaction or act or omission to act of the other, except as expressly provided herein.

15.2 Contractor shall have exclusive control over production, packaging and storage operations at Contractor's Facility and shall direct and be responsible for the performance of all operations at Contractor's Facility.

16 TERMINATION

16.1 Customer reserves the right to immediately terminate this Agreement (subject to paragraph 16.3) in the following circumstances:

16.1.a Where Contractor has failed to perform or meet any term or condition hereof and has failed to correct the same within thirty (30) days after written notice of such failure by Customer;

161.b Where (i) Contractor fails to vacate an involuntary bankruptcy, insolvency or reorganization petition or petition for an arrangement or composition with creditors filed against Contractor within sixty (60) days after the date of such filing, or files such a petition on a voluntary basis; or (ii) Contractor makes an assignment for the benefit of creditors; or (iii) Contractor fails to vacate the appointment of a receiver or trustee for Contractor or for any interest in Contractor's business within sixty (60) days after such appointment; or ; or (iv) Contractor's interest or rights under this Agreement, or any part thereof, pass to another by operation of law; or (v) Contractor ceases to do business as a going concern or ceases to conduct its operations in the normal course of business.

16.1.c Where Contractor or its agents or representatives has adulterated any Product or has substituted or added, with respect to any instruction, specification, formula, manufacturing process or quality control standard or any procedure set forth in this Agreement or any exhibit hereto, an ingredient, component, process or procedure not called for thereby, or has altered or omitted an ingredient, component, process or procedure called for thereby.

16.2 The termination rights granted under this paragraph are cumulative with and in addition to any other rights or remedies to which Customer may be entitled arising from any violation, default or breach of this Agreement.

16.3 Contractor agrees that, in the event that any of the events set forth in paragraph 0 (v) or 0 (vii) should occur, Customer may, at its sole option, elect to terminate this Agreement (i) immediately or (ii) sixty (60) days from the date of Customer's notice of termination; during such sixty (60) day period Contractor shall continue to produce, package, store, ship and sell Product to Customer in accordance with the terms and conditions of this Agreement.

16.4 Contractor reserves the right to immediately terminate this Agreement in the following circumstances:

16.4.a Where Customer has failed to perform or meet any material term or condition hereof, including the nonpayment of any uncontested amount owed under this Agreement, and has failed to correct the same within thirty (30) days after written notice of such failure by Contractor. In the event such default, other than for nonpayment of an uncontested amount due hereunder, cannot be reasonably cured within such thirty (30) day period, this Agreement shall not be terminated as long as Customer commences such cure within said thirty (30) day period and diligently pursues such cure to completion;

16.4.b Where (i) Customer fails to vacate an involuntary bankruptcy, insolvency or reorganization petition or petition for an arrangement or composition with creditors filed against Customer within sixty (60) days after such filing, or files such a petition on a voluntary basis; or (ii) Customer makes an assignment for the benefit of creditors; or (iii) Customer fails to vacate the appointment of a receiver or trustee for Customer or for any interest in Customer's business within sixty (60) days after such appointment , (iv) Customer ceases to do business as a going concern or ceases to conduct its operation in the normal course of business or (v) Customer's interest or rights under this Agreement, or to any part thereof, pass to PepsiCo Inc., including any of its subsidiaries or affiliates.

16.5 The termination rights granted under this paragraph are cumulative with and in addition to any other rights or remedies to which Contractor may be entitled arising from any violation, default or breach of this Agreement.

16.6 In the event this Agreement is terminated by Contractor pursuant to paragraph 0, or payment default under 0, and this Agreement is not otherwise in dispute between the parties, Customer shall reimburse Contractor for all amounts owed to Contractor that are outstanding under this Agreement and which are not subject of a dispute between the parties. All such amounts shall be paid by Customer to Contractor within thirty (30) days of Contractor's termination of this Agreement.

16.7 Any failure by either party to notify the other party of a violation, default or breach of this Agreement, or to terminate this Agreement on account thereof, shall not constitute a waiver of such violation, default or breach or a consent, acquiescence or waiver of any later violation, default or breach, whether of the same of a different character.

16.8 Upon termination or cancellation of this Agreement the rights granted hereunder shall immediately become null and void, and Contractor shall discontinue all use of the trademarks referred to in Part 11 hereof and shall return to Customer all originals and copies of the information subject to Part 8 hereof, but such termination or cancellation shall not affect any obligation or liability incurred by Contractor prior to termination or cancellation.

16.9 Upon termination or cancellation of this Agreement for any reason, Customer shall pick up from Contractor, within a reasonable period of time (but not to exceed thirty (30) days), all Product owned by Customer or for which Customer has paid, in useable condition, as well as all other inventory of Customer in the possession, custody or control of Contractor provided Customer will reimburse Contractor as set forth herein at Contractor's cost.

16.10 Except as provided in paragraph 14.1 of this Agreement, in the event of Contractor failing or being unable for whatsoever reason to produce all or any portion of the Customer's requirements of Product as contemplated herein, Customer shall be entitled to have all or any portion of Customer's Product produced at another facility and in such event shall be entitled to enforce all of its rights under this Agreement.

17 SEVERABILITY; GOVERNING LAW; JURISDICTION; VENUE

17.1 In the event that any provision of this Agreement is declared invalid or contrary to any law, rule, regulation or public policy of the United States or any state or province, all of the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law. Moreover, if a court of competent jurisdiction deems any provision shall be reformed to the minimum degree that would render it enforceable.

17.2 This Agreement shall in all respects be governed by, construed and enforced in accordance with the laws of the State of California, applicable to contracts executed and to be wholly performed therein. The parties further specifically agree that any action or proceeding arising out of or in connection with this Agreement shall be venued in the State of California, Sacramento County.

18 NOTICES

18.1 Any notice or other communication required or permitted to be given pursuant to this Agreement shall be deemed to have been sufficiently given if in writing and either delivered against receipt or sent by registered or certified mail addressed as indicated below; such notice if mailed shall be deemed completed on the third day following the deposit thereof in the United States mail:

If to Customer:
Hansen Beverage Company
1010 Railroad Street, Corona, CA 92882
Attn: Chairman and President (Rodney Sacks/Hilton Schlosberg)

If to Contractor:
Nor-Cal Beverage Co., Inc.
2286 Stone Boulevard
West Sacramento, CA 95691
Attn: President

18.2 Either party may, by notice as aforesaid, designate a different address or addresses for notices or other communications intended for it.

19 MISCELLANEOUS

Contractor shall not assign, convey or transfer this Agreement or any part of its rights under this Agreement without the express written consent of Customer. Customer shall not unreasonably withhold written consent. In the event such written consent is obtained, the holder or holders through assignment, transfer or conveyance of this Agreement or the rights granted hereunder shall be bound by all of the terms and conditions thereof. Customer shall not assign, convey or transfer this Agreement or any part of its rights under this Agreement without the express written consent of Contractor. Contractor shall not unreasonably withhold written consent. In the event such written consent is obtained, the holder or holders through assignment, transfer or conveyance of this Agreement or the rights granted hereunder shall be bound by all of the terms and conditions thereof.

19.1 This Agreement constitutes the entire understanding between the parties relating to Product and, as of the Effective Date, supersedes and cancels any and all previous contracts or agreements between the parties with respect to any Product. This Agreement may not be altered, amended or modified except by a written instrument executed by duly authorized officers of Customer and Contractor.

19.2 The headings contained herein are inserted for convenience only and shall not be deemed to have any substantive meaning.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officials on the day and year first above written.

HANSEN BEVERAGE COMPANY

By: /s/ Rodney C. Sacks

Rodney C. Sacks

Chairman
- -------------------------
(Title)

NOR-CAL BEVERAGE CO., INC.

By: /s/ Donald R. Deary

Donald R.Deary

President
- -------------------------
(Title)

PRODUCT MANUFACTURE AND SUPPLY AGREEMENT
(The "Agreement")

This Agreement made this 15th day of April 2003 by and between Hansen Beverage Company, a Delaware corporation, having a principal place of business at 1010 Railroad Street, Corona, CA 92882, ("Purchaser") and Seven-Up/RC Bottling Company of Southern California, Inc., a Delaware corporation, having a principal place of business at 3220 East 26th St., Los Angeles, CA 90023 ("7UP/RC").

WHEREAS, the Purchaser desires 7UP/RC to manufacture and supply Purchaser with Monster Energy Drink in 16 oz. packages and 7UP/RC agrees to manufacture and supply such products under the terms and conditions contained herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter expressed, the parties agree as follows:

I - DEFINITIONS

1.1 "FDA" means the United States Food and Drug Administration.

1.2 "Product(s)" means an energy drink, more fully described in Exhibit A, meeting Purchaser's specifications and manufactured for Purchaser by 7UP/RC in finished form suitable for use by the consumer, packaged and labeled under the Purchaser's trademark for marketing by Purchaser or its subsidiaries in the United States, its territories and possessions.

1.3 "Specifications" mean the written specifications for Product including, but not limited to, written formulations, specifications, process instructions, bottle quantity, packaging and labeling instructions, which are attached as Exhibit A.

1.4 "Branded Materials" means all finished Product and raw materials which are unique to Product and may only be used by 7UP/RC to produce Product.

II - PURCHASE AND SALE OF PRODUCTS

2.1 Obligations of Parties. Purchaser shall purchase Products from 7UP/RC from time to time on the terms and conditions set out in this Agreement, during the Term of this Agreement. 7UP/RC shall process, test, label, store, and sell Products to Purchaser in accordance with the terms and conditions set out in this Agreement, during the term of this Agreement.

7UP/RC agrees that it shall not use the Equipment referred to in 2.8 below for the production, at its Buena Park, California facility, of any competitive energy drinks without Purchaser's prior written approval; provided however that if Purchaser fails to purchase _____ cases of Products with a tolerance of 20% i.e., a minimum of _____ cases, per year from 7UP/RC during the term of this Agreement, 7UP/RC shall thereafter be entitled to use the Equipment for the production of other energy drinks provided that in such event 7UP/RC shall be obliged to make payment to the Purchaser of an agreed royalty fee in respect of such other energy drinks on a per case basis until the Purchaser is reimbursed for the costs incurred by it to purchase the Equipment concerned.

2.2 Forecasts. Prior to the beginning of each calendar quarter, Purchaser shall provide to 7UP/RC a written forecast of the number of cases of Product by flavor and package size expected to be ordered in the following three (3) month period. Based on the forecast, 7UP/RC shall purchase raw materials (sodium citrate, citric acid), in amounts, in 7UP/RC's reasonable opinion, are required to fill orders during such period. All other raw materials shall be supplied by Purchaser at its expense including the expense of delivering raw materials to 7UP/RC's facility for production of Product. Purchaser shall be financially responsible for all out-of-date Product and raw materials.

2.3 Orders. Purchaser shall fax a purchase order for Product to 7UP/RC at least ten (10) business days prior to the expected delivery date. Product will be scheduled for production by 7UP/RC at the earliest possible date. All orders shall be for full truckload quantities of Product. The terms and conditions contained in any order form issued by Purchaser under this Agreement shall be null and void and entirely surpassed by the terms and conditions of this Agreement except for those terms proposed by Purchaser and specifically accepted by 7UP/RC.

2.4 Rejected Products/Shortages. Purchaser shall notify 7UP/RC in writing of any claim relating to damaged, defective or nonconforming Product or any shortage in quantity of any shipment of Product. In the event such rejection or shortage is due to 7UP/RC fault, error or neglect, 7UP/RC shall replace the rejected Product or make up the shortage in the next production run following receipt of such notice at no cost to Purchaser and shall make arrangements with Purchaser for the disposition of any rejected Product.

2.5 Title and Risk of Loss. Purchaser shall assume title and risk of loss for Product ordered upon delivery of Product to transport.

2.6 Price and Payment. 7UP/RC shall charge Purchaser and Purchaser shall pay for Product as specified in Exhibit A, unless 7UP/RC and Purchaser agree in writing to a different price. Such prices shall be fixed during the term of this Agreement except as provided by Paragraph 2.7 below. 7UP/RC shall invoice Purchaser for each shipment of Product and Purchaser shall receive a 2% discount to the extent such invoice is paid within ten (10) days from the invoice date with all amounts due within thirty (30) days of the invoice date.

2.7 Pass Through Costs. At any time during the term of this Agreement, 7UP/RC may pass through and otherwise charge Purchaser for any cost increases for raw materials, labor or as a result of changes in specifications. Further, if any law or regulation is enacted or imposed anywhere, the effect of which is to impose upon or to cause 7UP/RC to incur any cost or expense (which did not exist on the date of this Agreement) with respect to container deposits, used or empty container collection, container recycling or disposal, beverage or package labeling requirements, any tax or duty in the nature of an excise tax or otherwise, upon or with respect to Product or the performance of 7UP/RC services, 7UP/RC shall be entitled to increase the price of Product by an amount sufficient and in such manner and to such extent that none of the burden of such costs or expenses is borne by 7UP/RC. If requested by Purchaser, 7UP/RC shall provide Purchaser with suitable evidence establishing that a cost increase did occur.

2.8 Equipment. Purchaser shall purchase the equipment specified in Exhibit B (the "Equipment') at its sole cost and expense. All payments for the Equipment shall be made by Purchaser directly to the Equipment supplier. Exhibit B is only an estimate of the Equipment costs. Purchaser shall be responsible for the actual cost of the Equipment. Purchaser shall also be responsible for all property taxes on the equipment. 7UP/RC agrees to supervise and direct the procurement and installation of the Equipment. 7UP/RC shall perform routine maintenance on the Equipment and shall be financially responsible for minor repairs. 7UP/RC agrees not to use the Equipment for the production, at its Buena Park, California facility, of any other energy drink reasonably similar to Product without Purchaser's prior written approval. At the end of the term of this Agreement, 7UP/RC may use the Equipment to produce Products as well as other energy drinks. Should this Agreement terminate early, 7UP/RC shall have the right but not the obligation to purchase the Equipment at the fair value thereof at that time.

III - TERM AND TERMINATION

3.1 Term. This Agreement will commence on April 1, 2003 and shall continue until March 31, 2008 unless sooner terminated pursuant to paragraph 3.2 herein.

3.2 Termination. This Agreement may be terminated prior to the end of its term (i) upon written notice by either party to the other party in the event that the other party breaches any material provision of this Agreement and fails to remedy the breach prior to expiration of the thirty (30) day period or (ii) following notice by either party to the other upon the insolvency or bankruptcy of the other party.

IV - RAW MATERIALS

4.1 Purchase of Raw Materials. 7UP/RC shall acquire and store, at its sole cost and expense, the raw materials identified in Section 2.2 herein to meet the quarterly forecast.

4.2 Branded Materials. Purchaser shall reimburse 7UP/RC for any finished Product and Branded Materials which remain in 7UP/RC possession following the termination of this Agreement or a change in Specifications or other decisions of Purchaser which render such Branded Materials obsolete or not useable by 7UP/RC.

4.3 Pallets. 7UP/RC shall ship Product using pallets and a pallet pattern reflected in Exhibit A. Pallets shall be exchanged upon delivery of Product or purchased by Purchaser of 7UP/RC standard cost if pallets are not exchanged.

4.4 Shells. To the extent requested by Purchaser, Product shall be shipped to Purchaser in plastic shells. Purchaser shall pay 7UP/RC a deposit equal to 7UP/RC standard rate which shall be refunded to Purchaser when the shells are returned.

V - PRODUCT ANALYSIS AND MANUFACTURING COMPLIANCE

5.1 Product. 7UP/RC shall test or cause to be tested each batch of Product purchased pursuant to this Agreement before delivery to Purchaser. Such testing shall be conducted according to 7UP/RC established practice and procedures, which Purchaser has reviewed and deemed suitable.

5.2 Manufacturing Compliance. While manufacturing, bottling, canning, labeling, packaging and storing Product, 7UP/RC shall conform strictly with the formula, methods of manufacture, standards of quality and sanitation, bottling, canning, labeling, package design and packaging instructions and other specifications and instructions which Purchaser shall furnish from time to time. 7UP/RC shall also:

(a) maintain and operate its bottling and canning plants at all times in good and sanitary operating order, condition and repair and in compliance with any standards required by applicable law, with sufficient production and storage capacity to fully and faithfully to perform its obligations under this Agreement;

(b) date and production code each production run of the Product by a legible means to identify at least the date when and the packing such Product were produced, and keep Purchaser fully apprised of the coding systems used and all changes therein; and

(c) package all Product in accordance with manufacturing standards (if any) specified by Purchaser and to such standards as are required by applicable law.

VI-PRODUCT RECALLS

In the event (a) any government authority issues a request, directive or order that Product be recalled, or (b) a court of competent jurisdiction orders such a recall, or (c) 7UP/RC reasonably determines after consultation with Purchaser that Product should be recalled, the parties shall take all appropriate corrective actions. In the event that such recall results from any cause or event arising from defective manufacture of the Product by 7UP/RC, 7UP/RC shall be responsible for all expenses of the recall. For the purposes of this Agreement, the expenses of recall shall include, without limitation, the expenses of notification and destruction or return of the recalled Product and Purchaser's cost for Product recalled but not the expense or service fee associated with sales representatives' or management's time which shall be borne by Purchaser.

VII - WARRANTIES

7.1 Compliance with the Federal Food, Drug and Cosmetic Act. 7UP/RC warrants that all Product delivered to Purchaser pursuant to this Agreement will at the time of such delivery not be adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended, ("Act") or within the meaning of any applicable state or municipal law in which the definitions of adulteration and misbranding are substantially the same as that contained in the Act, as such Act and such laws are constituted and effective at the time of delivery and will not be an article which may not, under the provisions of such Act, be introduced into interstate commerce.

7.2 Conformity with Specifications. 7UP/RC warrants that Product sold and delivered pursuant to this Agreement will conform when delivered to the Specifications.

7.3 Extent of Warranty. Except as provided in Paragraphs 7.1 and 7.2 herein, 7UP/RC does not make any warranty of any kind, express or implied, with respect to Product including, without limitation, any warranty of fitness for a particular purpose or merchantability.

VIII - FORCE MAJEURE

Failure of either party to perform its obligations under this Agreement (except the obligation to make payments) shall not subject such party to any liability to the other if such failure is caused by acts such as, but not limited to, acts of God, fire, explosion, flood, drought, war, riot, sabotage, embargo, strikes or other labor trouble, failure in whole or in part of suppliers to deliver on schedule materials, equipment or machinery, interruption of or delay in transportation, compliance with any order or regulation of any government entity acting with color of right or by any other cause beyond the reasonable control of the parties.

IX - CONFIDENTIALITY

7-Up/ RC shall not be liable for indirect, special, incidental, consequential or penal damages, based on or attributable to the formulation of Product, but this limitation shall not apply to or have any effect in respect of any damages based on or attributable to any defects in the manufacture of Product or the packaging thereof.

X - CONFIDENTIALITY

10.1 Confidentiality. Each party hereto shall not disclose any confidential information received by it pursuant to this Agreement without the prior written consent of the other. This obligation shall not apply to:

(a) information which is known to the receiving party at the time of disclosure and documented by written records made prior to the date of this Agreement;

(b) information disclosed to the receiving party by a third party who has a right to make such disclosure;

(c) information which becomes patented, published or otherwise part of the public domain or information from a third person obtaining such information as a matter of right.

This obligation will continue for a period of three (3) years after termination of this Agreement or any extension thereof.

10.2 Disclosure to Government. Nothing contained in this Article shall be construed to restrict Purchaser or 7UP/RC from disclosing confidential information as required:

(a) for regulatory, tax, customs or other governmental reasons;
(b) for audit purposes;
(c) by court order;
(d) from using such confidential information as is reasonably necessary to perform acts permitted by this Agreement.

XI - INDEMNIFICATION

11.1 By Purchaser. Purchaser will indemnify and hold 7UP/RC harmless against any and all liability, damages, losses, costs or expenses resulting from any third party claims made or suits brought against 7UP/RC which arise out of the promotion, storage, handling, distribution, sale of Product by Purchaser, from Purchaser's negligence or from the negligence of Purchaser's officers, agents or employees.

11.2 By 7UP/RC. 7UP/RC will indemnify and hold Purchaser harmless against any and all liability, damages, costs or expenses resulting from any third party claims made or suits brought against Purchaser which arise out of the manufacture of Product by 7UP/RC, from 7UP/RC negligence or from the negligence of 7UP/RC's officers, agents or employees.

11.3 Conditions of Indemnification. The obligations of the indemnifying party under this Article XI are conditioned upon the written notice to the indemnifying party with regard to a claim or lawsuit which is alleged to be covered within fifteen (15) days after the indemnified party has received notice of said claim or lawsuit. The above indemnities are further conditioned upon the cooperation of the indemnified party with the indemnifying party in any regard in the investigation and defense of any claim or lawsuit alleged to be covered by the above indemnities. Any indemnity shall be void as to any claim or legal action for which settlement or any offer of settlement is made without the prior written consent of the indemnifying party.

XII - ARBITRATION

Any dispute, controversy or claim arising out of or relating to this Agreement or the breach or termination hereof shall be settled by binding arbitration conducted by JAMS/Endispute. ("JAMS") in accordance with JAMS Comprehensive Arbitration Rules and Procedures (the "Rules"). The arbitration shall be heard by one arbitrator to be selected in accordance with the Rules, in Orange County, California. Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Within seven (7) calendar days after appointment the arbitrator shall set the hearing date, which shall be within 90 days after the filing date of the demand for arbitration unless a later date is required for good cause shown and shall order a mutual exchange of what he/she determines to be relevant documents and the dates thereafter for the taking of up to a maximum of 5 depositions by each party to last no more than 2 days in aggregate for each party. Both parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose or imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or with respect to this Agreement, or any breach hereof, including any claim that said Agreement, or any part hereof, is invalid, illegal or otherwise voidable or void. In addition to all other relief, the arbitrator shall have the power to award reasonable attorneys' fees to the prevailing party. The arbitrator shall make his or her award no later than 7 calendar days after the close of evidence or the submission of final briefs, whichever occurs later.

XIII - GENERAL PROVISIONS

13.1 Notices. Any notices permitted or required by this Agreement shall be sent by telex, telecopy, registered mail or other recognized private mail carrier service and shall be effective when received if sent and addressed as follows or to such other address as may be designated by a party in writing:

If to Purchaser: Hansens Beverage Company

1010 Railroad St

Corona, Ca 92882

Attention: Rodney Sacks

Copy to: Hilton Schlosberg

If to 7UP/RC: 3220 East 26th St.
Los Angeles, CA 90023

Attention: Steve Walb

Copy to: Mike Nelson, Esq.

13.2 Entire Agreement, Amendment. The parties hereto acknowledge that this document sets forth the entire agreement and understanding of the parties and supersedes all prior written or oral agreements or understandings with respect to the subject matter hereof. No modification of any of the terms of this Agreement shall be deemed to be valid unless it is in writing and signed by the party against whom enforcement is sought. No course of dealing or usage of trade shall be used to modify the terms and conditions herein.

13.3 Waiver. No waiver by either party of any default shall be effective unless in writing, nor shall any such waiver operate as a waiver of any other default or of the same default on a future occasion.

13.4 Assignment. This Agreement shall be binding upon and inure to the benefit of the successors or permitted assigns of each of the parties and may not be assigned or transferred by either party without the prior written consent of the other.

13.5 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York, U.S.A.

13.6 Severability. In the event that any term or provision of this Agreement shall violate any applicable statute, ordinance or rule of law in any jurisdiction in which it is used, such provision shall be ineffective to the extent of such violation without invalidating any other provision hereof.

13.7 Heading, Interpretation. The headings used in the Agreement are for convenience only and are not a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be duly executed as of the date first above written.

Seven-Up/RC Bottling Company
Of Southern California, Inc.

By: /s/Charles F. Shanley

Name: Charles F. Shanley

Title: President

(Purchaser)

By: /s/ Rodney C. Sacks

Name: Rodney C. Sacks

Title: Chairman

By:

Name:

Title:

ADDENDUM TO
PRODUCT MANUFACTURE AND SUPPLY AGREEMENT
BETWEEN
HANSEN BEVERAGE COMPANY
AND
SEVEN-UP/RC BOTTLING COMPANY OF SOUTHERN CALIFORNIA, INC.
DATED APRIL 15, 2003
("The Agreement")

This Addendum to the Agreement ("Addendum) is made this _9th__ day of December, 2003 by and between Hansen Beverage Company ("Purchaser") and Seven-Up/RC Bottling Company of Southern California, Inc. ("7UP/RC") with reference to the following:

WHEREAS:

A. On April 15, 2003 Purchaser and 7UP/RC entered into the Agreement.

B. Pursuant to the Agreement the Purchaser purchased certain equipment specified in Exhibit B to the Agreement ("Exhibit B") which has been installed at 7UP/RC and 7UP/RC has commenced with the manufacture and supply to Purchaser of Monster Energy(tm) drinks in 16 oz. packages pursuant thereto.

C. Subsequent to the commencement of production, 7UP/RC determined that, to enable them to meet the Purchaser's volume requirements, it is necessary that certain further equipment be purchased and installed on their line and have requested the Purchaser to purchase such equipment in connection with the Agreement. The Purchaser is agreeable to purchasing the further equipment concerned and to the installation thereof on the 7UP/RC line provided that and subject to the Agreement being amended in accordance with the terms set out in this Addendum and 7UP/RC is agreeable thereto.

NOW, THEREFORE, it is agreed as follows:

1. The "Products" as defined in the Agreement shall include any additional energy drinks in 16 oz. packages that the Purchaser may require 7UP/RC to manufacture and supply to it from time to time in terms of and during the term of the Agreement.

2. Clause 2.8 of the Agreement is amended by the addition at the end of that clause of the following: "Purchaser shall, in addition, purchase and pay for a 30 h.p. 4329 Tri-Blender Tri-Clover machine together with two 328 Waukesha transfer pumps with 10 h.p. wash down motors, interconnecting piping, control panels, etc. ("New Equipment") and assume financial responsibility for the installation and wiring thereof, in accordance with the estimate from BEECO which is attached hereto as Exhibit C. Purchaser shall pay for the New Equipment after confirmation from 7UP/RC that the same has been supplied and duly installed at 7UP/RC and is fully operational. Purchaser shall also be financially responsible for all taxes and freight in connection with the New Equipment. 7UP/RC assumes responsibility to supervise the installation of the New Equipment and to perform routine maintenance on the New Equipment and to be financially responsible for all repairs to the New Equipment during the term of this Agreement.

3. 7UP/RC represents to the Purchaser that the purchase and installation of the New Equipment will enable it to produce larger quantities of Products with less lead time and enable 7UP/RC to meet unexpected and increased volume demands from Purchaser for the Products including during Buena Park's peak season and will eliminate conflicts and achieve more consistent emulsification and result in superior products being produced by 7UP/RC for Purchaser.

4. The term of the Agreement is extended until March 31, 2009 unless sooner terminated pursuant to the provisions of Paragraph 3.2 of the Agreement.

5. 7UP/RC agrees not to use the New Equipment for the production, at its Buena Park, California facility of any other energy drinks similar to the Products, without Purchaser's prior written consent.

6. Upon the termination of the Agreement for whatever reason, Purchaser shall be entitled to remove the New Equipment or, alternatively, to negotiate the sale of the New Equipment to 7UP/RC at the fair market value thereof at that time. Should 7UP/RC and the Purchaser agree to the sale of the New Equipment to 7UP/RC upon the termination of this Agreement, 7UP/RC shall be entitled to use the New Equipment to produce other energy drinks as well as Products.

7. Save as aforesaid the Agreement shall be unaffected hereby and shall continue in full force and effect between the parties.

IN WITNESS WHEREOF, the parties hereto have each caused this Addendum to be duly executed as of the date first above written.

Seven-Up Bottling Company of Southern California, Inc.	Hansen Beverage Company
By: /s/Charles F. Shanley	By: /s/Rodney C. Sacks
Name: Charles F. Shanley	Name:Rodney C. Sacks
Title:President	Title:Chairman of the Board

CONTRACT PACKER AGREEMENT

THIS CONTRACT PACKER AGREEMENT (the "Agreement") made on JULY 24, 2004 between

SOUTHEAST ATLANTIC BEVERAGE CORPORATION, a corporation incorporated under the laws of the State of Florida, having an office at 6001 Bowdendale Avenue, Jacksonville, Florida 32216 (hereinafter called the "Company"),

and Hansen Beverage Company, a corporation incorporated under the laws of the State of Delaware, having an office at 1010 Railroad Street, Corona, California 92882 (hereinafter called the "Customer").

WHEREAS the Customer wishes the Company to produce and bottle flavored or non-flavored, carbonated or non-carbonated beverage products under its trade names or trademarks;

WHEREAS the Company is engaged in the business of bottling beverage products at its place of business in Jacksonville, Florida.

AND WHEREAS the parties hereto are desirous of entering into this Agreement pursuant to which the Company shall bottle the products as hereinafter defined in accordance with specifications to be supplied by the Customer, all in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises and covenants and agreements herein container, the parties agree as follows:

1. Definitions.

1.1 In this Agreement, unless something in the subject matter or context is inconsistent therewith:

a. Bottling Facility means the lands, buildings, warehouse, plant equipment and other facilities in 6045 Bowdendale. Avenue, Jacksonville, Florida 32216 leased, or operated by the Company and used for the bottling of beverage products.

b. Commencement Date means such date as the parties agree in writing.

c Finished Case Goods means Products bottled and made ready for delivery pursuant to this Agreement.

d. Ingredients mean sweeteners, preservative, acidulates, CO?, flavor components, water and all other components that are combined to produce the Products.

e. Packaging Materials means can bodies, can ends, bottles, caps, labels, cartons, and all other components used to package the Products.

f. Production Run means an order by the Customer for a continuous bottling of a scheduled quantity of each product size, flavor and package.

h. Products means flavored and non-flavored, carbonated and non-carbonated, beverages sold under the trademark and brand names of the Customer, as specified on Schedule A hereto.

i. Schedule means any of the schedules designated by letters, e.g., Schedule "A", which are attached to and incorporated herein by reference. The Schedules may be modified from time to time by the mutual written consent of the parties.

l. Term means as set forth in section 2.1 hereof.

2. Term.

2.1 The Term of this Agreement shall be three (3) years commencing on the Commencement Date subject to renewal as herein provided.

2.2 This Agreement shall be automatically extended for additional periods of one (1) year each, unless either party notifies the other in writing at least one hundred eighty (180) days prior to the then last day of the Term that it does not wish to extend this Agreement or unless terminated as provided herein.

3. Storage.

3.1 Reasonable inventories of Extracts, Packaging Materials and Finished Case Goods shall be held by the Company. The Company agrees to hold Finished Case Goods inventories for not more than five (5) business days after scheduled Production Run and shall have the right to charge the Customer a warehousing fee of $___ per Finished Case Goods per week commencing on the sixth (6) business day after the scheduled Production Run, excluding weekends and holidays.

4. Packaging Material and Ingredients.

4.1 The Customer shall make available to and order in for the Company prior to the start of any Production Run, all Ingredients and Packaging Materials needed for the bottling of the Products requested for that Production Run and Packaging Materials set forth in Schedule "A".

4.2 The Customer shall maintain ownership of all Ingredients and Packaging Materials set forth in Schedule "A" unless Customer is indebted to Company for materials and/or services provided by Company at which time the Company may take possession of all Ingredients and Packaging Materials held at the Bottling Facility. Upon receipt of debt owed, the Company will then release all Ingredients and Packaging Materials to the Customer.

4.3 The Company shall supply the Ingredients and Packaging Materials set forth in Schedule "A" or as mutually agreed to by the Company and the Customer.

5. Quality Standards and Specifications.

5.1 The Company, shall bottle the Products and store the Ingredients, Packaging Materials and Finished Goods in compliance with the Product Specifications, normal industry standards and all applicable federal, state and local laws and regulations in effect as of the date of this Agreement and as they may exist from time to time. The Company shall maintain pest control and sanitation practices in strict compliance with the federal, state and local laws and regulations in effect as of the date of this Agreement and as they may be amended from time to time.

5.2 The Company represents and warrants that the manufacture, storage and handling of the Finished Goods and the component parts thereof will take place under conditions that conform to the standards of sound storage, handling, mixing, bottling, manufacturing, sanitation and safety practices in the soft drink manufacturing industry.

6. Maximum Loss Allowance.

6.1 Subject to sections 6.2 and 6.3 herein, in bottling the Products, the Company shall be allowed the percentage loss allowance of ____% for Finished Case Goods, Ingredients, and Packaging Materials.

6.2 If Ingredients of unacceptable quality, based on the Company's standards or any applicable laws and regulations, are received from the customer and rejected by the Company for use during any Production Run, the Company shall notify and report to the Customer quantity of such material and the Customer shall deduct that amount in calculating the Company's maximum Loss Allowance. The Customer is then responsible for all disposing cost of unacceptable materials.

6.3 The Maximum Loss Allowance referred to herein shall not apply to any Production Run which is less than the minimum run and flavor quantity of _____Finished Case Goods rounded to formula yield.

7. Bottling Schedule.

7.1 On or before the Commencement Date and thereafter the Company and the Customer shall agree upon a production schedule for the Products in terms of quantity, package size and flavor mix.

7.2 The Customer agrees that the Company, in its sole discretion may change the Bottling Schedule upon five (5) business days written notice to the Customer, however, should not delay the production more than fifteen (15) days.

7.3 All Production Runs must conform with the Company's minimum run of _____ cases and minimum flavor of _____ Finished Case Goods, rounded to formula yield unless otherwise agreed to by the Company.

8. Pallets.

8.1 The Company will make available to the Customer 48 x 40 four-way hardwood pallets in quantities sufficient to store and ship all Finished Case Goods at a cost of $___ each.

8.2 The Customer shall be allowed to return 48 x 40 four-way hardwood pallets and to receive credit for those returned as long as the Company is satisfied with the condition of such pallet.

9. Payment of Fees.

9.1 In consideration of the services provided by the Company under this Agreement, the Customer shall pay to the Company the fees set out in Schedule "A".

9.2 Payment of fees shall be due and payable within ten (10) days after submission of an invoice to Customer following Production.

9.3 Confirmation of fees shall be invoiced weekly upon completion of each Production Run.

9.4 The fees referred to herein are exclusive of all federal, state and local sales, goods, and services and similar taxes which shall be the responsibility of the Customer.

9.5 The Company shall provide to the Customer written notification not less than thirty (30) days of any changes to the fees referred to herein due to direct increase/decrease costs by Company.

10. Warranties and Representation.

10.1 The Company hereby covenants, represents and warrants to the Customer that:

(a). It is a corporation duly organized and validly existing under the laws of the State of Florida.

(b). It has all necessary corporate power, authority and capacity and is properly authorized and licensed to enter into this Agreement and to perform it obligations hereunder. The execution and delivery of this Agreement and the performance of the transactions contemplated hereby have been duly authorized by it.

(c). The Company acknowledges and agrees that all Products shall be produced, bottled and stored in strict compliance with all applicable federal, state and local laws and regulations, including but not limited to , the Federal Food, Drug and Cosmetic Act of 1938, as amended, in force and as they may be amended from time to time.

(d). It has and during the term of this Agreement shall maintain all applicable state licenses required.

10.2 The Customer hereby covenants, represents and warrants to the Company that:

(a). It is a corporation duly organized and validly existing under the laws of the Delaware.

(b). It has all necessary corporate power, authority and capacity and is properly authorized and licensed to enter into this Agreement and to perform it's obligations hereunder. The execution and delivery of this Agreement and the performance of the transactions contemplated hereby have been duly authorized by it.

(c). To the best of the Customer's knowledge, all Product Specification, Ingredients and Packaging Materials supplied by the Customer to the Company, pertaining to the Products, shall comply with all federal, state and local laws and regulations in force, and as they may be amended from time to time, including by not limited to, the Federal Food, Drug and Cosmetic Act of, as amended from time to time.

(d). It has and during the term of this Agreement shall maintain all applicable state licenses required.

Trademarks and Confidentiality.

11 All trademarks, trade names and all trade secrets, technical know-how, specifications, formulae, standards, procedures, new product ideas, manufacturing processes and the like (the "Proprietary information" owned by Customer shall at all times be and remain the exclusive property of Customer, and this Agreement shall not in any manner constitute a license to company to use the trademarks, trade names or proprietary information of Customer except to the extent required to satisfy its obligations under this agreement.

11.1 At all times during the term of this Agreement and thereafter, both parties agree not to disclose to anyone outside of the Company or the Customer, nor use for any purpose other than in connection with the performance of the services pursuant to the Agreement, or unless prior written consent is obtained, (a) any confidential information, proprietary information or trade secrets of the Company or the Customer, including, without limitation concepts, Product Specifications, formulas, techniques, methods, systems, designs, pricing, sale projections, production volumes, research, computer programs, development or experimental work, clients, suppliers, companies, and service providers, (b) any information the parties have received from others which they are obligated to treat as confidential or proprietary, or (c) and confidential, or proprietary information which is circulated within the Company or the Customer via its internal mail system or otherwise (collectively, the "Confidential Information"). The obligation not to use or disclose any of the Confidential Information shall not apply to any information that is or becomes public knowledge in the industry, through no fault of the Company or the Customer, and that may be utilized by the public without any direct or indirect obligation to the Company or the Customer; provided, that the termination of the obligation for non-use or non-disclosure by reason of such information becoming public shall be only from the date such information becomes public knowledge.

11.2 The Customer agrees that all business records and documents, including, but not limited to, notes, manuals, photographs or the like, and any copies thereof, provided to the Customer or kept or made by the Customer relating to the business of the Company shall remain the property of the Company. The Customer agrees that upon termination of this Agreement, the Customer shall immediately cease using and surrender and deliver to the Company all of the property and other materials in its possession, or in the possession of any person or entity under its control, that relate, directly or indirectly, to any Confidential Information or to the business of the Company, including without limitation, all personal notes, drawings, manuals, documents, photographs, videos, and computer disks and software and any copies thereof.

11.3 The Company agrees business records and documents, including, but not limited to, notes, manuals, photographs or the like, and any copies thereof, provided to the Company or kept or made by the Company relating to the business of the Customer shall remain the property of the Customer. The Company agrees that upon termination of this Agreement, the Company shall immediately cease using and surrender and deliver to the Customer all of the property and other materials in its possession, or in the possession of any person or entity under its control, that relate, directly or indirectly, to any Confidential Information or to the business of the Customer, including without limitation, all personal notes, drawings, manuals, documents, photographs, videos, and computer disks and software and any copies thereof.

12. Indemnification, Damages and Insurance.

12.1 The Company agrees to defend, indemnify and hold the Customer harmless against any and all claims, expenses, losses, causes of action (including, but not limited to, reasonable attorney's fees and court costs), damages or liabilities (collectively, in this paragraph, called "Losses") on account of the death of and/or injury to any person(s) or damage to any property arising out of, due to, or in any way connected with any Finished Case Goods, Ingredients, Packaging Materials or other substances furnished by the Company and/or any act, omission or failure to act by the Company, its employees, agents or representatives which act, omission or failure to act is in violation of the Company's obligations under this Agreement; provided however that in no event shall the Company be liable under this paragraph for Losses resulting from the negligence or willful or reckless misconduct of the Customer or its employees, agents, or representatives.

12.2 The Customer agrees to defend, indemnify and hold the Company harmless against any and all claims, expenses, losses, causes of action (including, but not limited to, reasonable attorney's fees and court costs), damages or liabilities (collectively, in this paragraph, called "Losses") on account of the death of and/or injury to any person(s) or damage to any property arising out of, due to, or in any way connected with any Ingredients, Packaging Materials or other substances furnished by the Customer to the Company and/or any act, omission or failure to act by the Customer, its employees, agents or representatives which act, omission or failure to act is in violation of the Customer's obligations under this Agreement; provided however that in no event shall the Customer be liable under this paragraph for Losses resulting from the negligence or willful or reckless misconduct of the Company or its employees, agents, or representatives.

12.3 Notwithstanding any other term or condition of this Agreement, neither party shall be liable to the other for any indirect, punitive, special or consequential losses or damages arising out of or in connection with this Agreement.

12.4 Each of the parties hereto shall maintain and keep in full force and effect Comprehensive General Liability Insurance in reference to their respective obligations and liabilities hereunder including coverage for personal injury, product liability and contractual liability insuring it and the other party and their officers, directors and employees in the amount of US $1 million in aggregate. The Company shall additionally maintain and keep in full force and effect insurance sufficient to provide coverage for the Customer's Ingredients, Packaging Materials, Finished Case Goods, and other personal property stored or used at the Bottling Facility; including but not limited to fire and windstorm insurance. It is further stipulated that each party shall furnish the other with evidence of such insurance in the form of a certificate issued by an insurance carrier. These certificates must provide that there shall be no change in the areas of vendor liability or our contractual assumptions or reduction of the above referenced limits or cancellations of the insurance unless 30 days prior written notice of such change is given to the party to whom the certificate is addressed.

13. Default and Termination.

13.1 In the event that either party hereto fails to comply with any of its obligations hereunder, becomes insolvent or goes into liquidation or has a receiver appointed to any of its assets, then such party shall be in default and upon receipt of written notice from the non-defaulting party, the defaulting party shall have thirty (30) days in which to cure a monetary default or fifteen (15) days in which to cure a non-monetary default provided, however, that if a party is in default because it becomes insolvent or goes in liquidation or has a Receiver appointed to any of its assets, it shall have ninety (90) days in which to cure. If a default is not timely cured, the non-defaulting party shall have the option to terminate this Agreement effective immediately. The defaulting party shall be fully liable for all monies owed by the defaulting party under this Agreement.

13.2 In the event this Agreement is terminated, the Customer shall be responsible for payment within fifteen (15) business days to the Company for any inventory of Finished Case Goods, Raw Materials, Ingredients and any other substances which the Customer required the Company to purchase for the production of the Customer's products. The Company shall have the right to take title, possess and sell all or any part of the Finished Case Goods, Raw Materials and Ingredients to offset any monies owed by the Customer after giving fifteen (15) business days notice.

13.3 In the event of a significant change in the Company's' Direct Store Delivery (DSD) business or a change in national level contract packing arrangements, the Company may provide 90 day notice to the Customer of the intent to terminate the contract. The Company may terminate the contract without cause and at no liability to the Company.

14. Notice.

14.1 Any notice required or permitted to be given hereunder shall be in writing and may be given by serving personally or mailing the same by registered mail, postage pre-paid, return receipt requested or, by sending the same by telex, facsimile or of the similar form of communication, and such notice shall be sufficiently given by the Customer to the Company, if addressed to:

Southeast Atlantic Corporation
6001 Bowdendale Avenue
Jacksonville, Florida 32216
Telephone: (904) 739-1000
Tele-fax: (904) 737-2880
Attn: Steve Landsgaard, Director of Operations
Copy To: Chris Paul: President/ COO

and to the Customer, if addressed to:

Hansen Beverage Company
Attn: Rodney C. Sacks, Chairman
Address:
1010 Railroad Street
Corona, CA 92882

Phone: (951) 739-6200
Fax: (951) 739-6210

Any such notice shall be deemed to have been received on the date on which it is delivered if served personally or by telex, facsimile or other similar form of communication or on the fifth (5th) business day following mailing, if sent by registered mail, unless there is an interruption of postal service in which case it shall be deemed to have been received on the fifth (5th) business day following resumption of postage service.

15. Assignment.

15.1 Neither party shall transfer or assign this Agreement or any interest in this Agreement, either voluntarily or by operation of law or otherwise, without the prior written consent of the other. Any attempted transfer or assignment by a party without prior consent of the other party shall be null and void and shall permit the other party, at its option, to immediately terminate this Agreement.

16. Force Majeure.

16.1 Failure of either party to perform any of its obligations under this Agreement as a result of reasons beyond its reasonable control, including but not limited to, strikes, labor disputes, suits, fire, acts of God, acts or orders of any government relating to civil disturbances or war, shall not constitute default or breach of this Agreement; provided, however, that if such an event shall prevent the Company from performing hereunder during a period of ninety (90) consecutive days during which all or part of a Production Run is scheduled, the Company or the Customer, at its option, may terminate this Agreement by giving thirty (30) days written notice to the other party.

17. No Waiver.

17.1 The failure of either party to assert any right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse the subsequent performance or non-performance of any such term or condition by the other party or constitute a waiver of either party's right to demand exact compliance with the terms of this Agreement.

18. Independent Contractors.

18.1 The parties hereto acknowledge and confirm that in performing their obligations under this Agreement, each is acting as an independent contractor and they are not and shall not be considered as joint ventures, partners, agents, franchisers/franchisees, or employers/employees of each other and neither shall have the power to bind or obligate the other or contract in the other's name.

19. Entire Agreement.

19.1 This Agreement sets forth the entire agreement and understanding between the parties and supersedes all prior agreements and understanding between them with respect to the subject matter hereof and not representations, inducements, promise or agreement, oral or otherwise, not embodied herein, shall be of any force or effect.

20. Records.

20.1 The Company agrees to maintain complete records on Products bottled under this Agreement in a form reasonably satisfactory to the Customer.

21. Applicable Law.

21.1 This agreement shall be governed by the laws of the State of Florida.

21.2 If either party brings suit to enforce any of the terms and conditions of this Agreement, the parties agree that venue shall be the state and federal courts located in Miami-Dade County, Florida. In addition and without limiting the foregoing, the Company may initiate and prosecute any legal proceeding in any state or jurisdiction in which the Customer may be domiciled or does business, or seek enforcement of any judgment o\in any other proper court having jurisdiction in any other state in the United States.

21.3 In the event of any litigation or proceeding arising out of or in connection with this Agreement, the prevailing party, in addition to any other remedy that may be awarded, shall be entitled to recover from the other party its reasonable attorneys' fees and costs.

22. Survival of Warranties and Indemnifications.

22.1 The warranties, representations, guarantees indemnifications contained herein shall continue in full force and effect notwithstanding any expiration or other termination of the Agreement.

23. Counterparts.

23.1 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date and year first above written.

Southeast-Atlantic Beverage Corporation

/s/Steve Landsgaard

Print Name: Steve Landsgaard

Title:Director of Operations

Date: August 10, 2004

HANSEN BEVERAGE COMPANY
/s/Rodney C. Sacks

Print Name: Rodney C. Sacks
Title:Chairman
Date: August 2, 2004

BEVERAGE PRODUCTION AND PACKAGING AGREEMENT

BETWEEN

HANSEN BEVERAGE COMPANY

Hansen Beverage Company
1010 Railroad Street
Corona, CA 92882
U.S.A.
Telephone: (951) 739-6200
Fax: (951) 739-6210
Attention: Rodney Sacks, Chairman/CEO, or his successor

AND

CITY BREWING COMPANY, LLC d/b/a
MIDWEST BEVERAGE PACKERS

City Brewing Company, LLC
925 South Third Street
La Crosse, WI 54601
U.S.A.
Telephone: (608) 785-4200
Fax: (608) 785-4300
Attention: Randy Hull, Director of Business Development, or his successor

BEVERAGE PRODUCTION AND PACKAGING AGREEMENT

AGREEMENT dated this 23rd day of February, 2005 between City Brewing Company, a Wisconsin limited liability company doing business as Midwest Beverage Packers ("Packer") and Hansen Beverage Company, a Delaware Corporation("Customer").

WHEREAS, Packer owns and operates a beverage production and packaging facility in La Crosse, Wisconsin, and

WHEREAS, Customer desires that Packer produce and package a beverage for Customer in accordance with terms and conditions set forth herein

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree:

1. GENERAL TERMS AND CONDITIONS

This is an agreement by which Packer will produce and package a beverage(s) for Customer. Packer will perform services in accordance with methods utilized by Packer to meet Packaged Beverage Specifications set forth more fully herein. In the event that Customer requests and Packer agrees to perform additional services or meet different specifications, the parties shall document said agreement in a Special Services Exhibit attached to and made a part of this Agreement.

2. DEFINITIONS

As used herein, the following capitalized terms shall have the following meanings:

2.1 Beverage: The liquid derived from ingredients formulated in the manner set forth in the Beverage Product Exhibit.

2.2 Beverage Specifications: The written statement of Beverage characteristics set forth in the Beverage Product Exhibit.

2.3 Change Parts: Packaging machinery parts necessary for handling Packages not used by Packer.

2.4 Closure: A metal or plastic device used to seal the Beverage into Containers.

2.5 Container(s): A glass, metal or plastic vessel into which the Beverage is filled and sealed.

2.6 Formula: The written instructions set forth in the Beverage Product Exhibit for combining specified quantities of Ingredients with water to produce the Beverage.

2.7 Ingredients: The raw materials set forth in the Beverage Product Exhibit used in production of the Beverage.

2.8 Intellectual Property: Trademarks, trade names, copyrights and other artwork owned and specified by Customer for application to Packaging Materials.

2.9 Label: Printed paper or other material affixed to or imbedded in Containers setting forth information concerning the Beverage and other Intellectual Property.

2.10 Package: Beverage Containers and the Secondary Package into which they are enclosed for delivery to Customer.

2.11 Package Specifications: The written statement of Package characteristics set forth in the Beverage Package Exhibit.

2.12 Packaged Beverage: A Beverage that has been packaged into Packaging Materials as provided in this Agreement.

2.13 Packaged Beverage Specifications: The written specifications set forth in the Beverage Package Exhibit applied after the Beverage has been filled and sealed into a Container.

2.14 Packaging Materials: Containers, Closures, Labels and Secondary Packaging set forth in the Beverage Package Exhibit.

2.15 Production Fee: Packer's charge for production and packaging Beverages generally charged per each Shipping Unit

2.16 Secondary Packaging: Paper cartons, cases, carriers, trays and other devices used to hold Containers for shipment.

2.17 Shipping Unit: The equivalent of one Package regardless of the number of Containers or their fluid capacity ordered by and delivered to Customer.

2.18 Special Services: Additional services ordered by Customer and provided by Packer set forth in the Special Services Exhibit.

2.19 Warehousing Fee: Packer's charge for transporting and storing Beverages, generally charged per Shipping Unit.

2.20 Storage Fee: Packer's charge for storing Beverages for periods in excess of thirty (30) days, generally charged on a per Packaged Beverage pallet basis.

3. TERM OF AGREEMENT

The initial term of this Agreement shall be from the date first set forth above and continue through December 31, 2006.

4. PRODUCTION ORDERS

Packer shall produce and package one or more Beverages upon receipt of orders from Customer and Customer shall purchase from Packer all packaged Beverages so ordered subject to the terms and conditions of this Agreement. Customer's order shall specify the Beverage(s) to be produced and the type and quantity of Packages into which the Beverage shall be packed.

4.1 Production Estimates. Customer shall provide Packer with a six month rolling forecast of customers' beverage production needs by package by month. Said forecast to be updated monthly. Customer may change production orders no later than 30 days from production date. Unless otherwise agreed in writing, Packer shall not be obligated to accept monthly production orders that exceed Customer's monthly production estimates by more than ___ percent (__%).

4.2 Production Orders. Production shall be ordered and performed on a monthly basis. Customer shall submit to Packer one written production order per month no later than the 10th day of the month preceding the desired month of production. All production orders shall be subject to acceptance by Packer. Packer's acceptance shall be evidenced by a written acknowledgement to Customer scheduling delivery. Upon acknowledgement, the order shall be deemed a binding obligation between the parties.

4.3 Order Limits. Customer's orders to produce and/or package any Beverage shall be not more than the maximum quantity or less than the minimum quantity specified in the Beverage Product Exhibit and the Beverage Package Exhibit.

5. BEVERAGE

Each Beverage shall be produced in accordance with a Formula furnished by Customer. Each Formula shall be subject to approval by Packer. Approved Formulas shall be set forth in the Beverage Product Exhibit. Notwithstanding Packer's approval, Customer shall be exclusively responsible for the Formula used for each Beverage including, but not limited to consumer acceptance thereof and compliance with federal, state and local law (statutory or common law) governing the composition of food and beverage products.

5.1 Modifications. There shall be no change in the Formula of the Beverage to be packed by the Packer without the prior written consent of both parties.

5.2 Specifications. Each Beverage shall meet Beverage Specifications set forth in the Beverage Product Exhibit.

6. PACKAGING

Each Beverage shall be filled and sealed into Containers and, if applicable, Labels shall be applied to Containers. Containers shall be packed in Secondary Packages. Secondary Packages shall be placed on pallets for delivery to Customer. All Packaging Materials and vendors of Packaging Materials shall be subject to Packer's approval, which approval shall not be unreasonably withheld or delayed. Approved Packaging Materials shall be set forth in the Beverage Package Exhibit.

6.1 Composition and Dimensions. The composition and dimensions of all Packaging Materials are set forth in the Beverage Package Exhibit and there shall be no deviation or modification there from except as may be agreed by the parties in writing.

6.2 Package Specifications. Each Package shall meet the Package Specifications set forth in the Beverage Package Exhibit.

6.3 Package Coding. Unless otherwise agreed upon in writing, Packer will apply a printed code agreed to with Customer or failing agreement as customarily used by Packer on all packages.

6.3 Change Parts. Packer shall have no obligation to install Change Parts to its packaging machinery in order to accommodate Packaging Materials. In the event that Customer requests and Packer agrees to use Packaging Materials that require the acquisition and installation of Change Parts, the work associated therewith shall be deemed to be a Special Service subject to the terms and conditions set forth in writing in the Special Services Exhibit.

6.4 Pallets. Unless otherwise agreed between the parties in writing, Packer shall place packaged Beverages on standard beverage industry pallets in Packer's standard pattern for delivery to Customer. Customer shall pay Packer's standard pallet fee in effect at the time of delivery unless otherwise specified in the Product Pricing Exhibit.

7. PROCUREMENT

Except for items specifically identified in the Beverage Product Exhibit or Beverage Packaging Exhibit, Customer shall be responsible for purchasing and storing all Ingredients used in formulation of each Beverage and all Packaging Materials used in packaging each Beverage. For purposes of this Agreement, Packaging Materials shall be deemed to include packaging artwork and the cylinders, plates, tools and dies used in the creation thereof. Customer will purchase Ingredients and Packaging Materials from sources approved in advance by Packer, but Packer may only limit its approval of suppliers of Packaging Materials if Packer's packaging equipment requires a specific supplier.

7.1 Release From Suppliers. Customer shall make arrangements with suppliers to release Ingredients and Packaging Materials to Packer to be used in production and packaging of Beverages in quantities and at times ordered by Packer. Except as needed for current production, Packer shall not inventory and store Ingredients and Packaging Materials for Customer beyond the time necessary for the next production run. Packer shall not be obligated to inspect or test materials purchased by Customer prior to their use in production.

7.2 Rejected Items. Customer shall ensure that all items furnished by its suppliers conform to specifications set forth in this Agreement and are fit for their intended use. Packer shall have the right to reject any item that fails to meet such requirements. Packer shall give notice to Customer of said rejection. Packer shall be entitled to suspend its performance under this Agreement if the item(s) rejected cause Packer to be unable to perform in the manner contemplated herein. Customer shall be liable to Packer for any financial loss suffered by Packer as a result thereof.

7.3 Material Safety Data Sheets. Customer will provide or arrange with its suppliers to provide Packer with any required Material Safety Data Sheets for any Ingredient.

7.4 Disposition of Materials Following Termination. Following termination of this Agreement, Ingredients or Packaging Materials held by Packer on behalf of Customer shall be returned to Customer provided there is no outstanding balance due Packer from Customer. Packer shall also have the right to discard or sell any Ingredients or Packaging Materials held by Packer for more than thirty (30) days following termination of this Agreement. Upon termination of this agreement, Customer will purchase, at Packer's cost, any and all unused Packaging and Raw Materials, to include work in process, purchased by Packer on behalf of Customer, and held in inventory at Packers warehouse or at supplier locations. Should Customer be unwilling or unable to purchase said materials, Customer hereby grants Packer the right to produce and sell Packaged Beverages under the Energade Tradenames until such time as either:

7.4a. The material is completely disposed of; or,

7.4b. Any outstanding balance due Packer from Customer is offset."

8. DELIVERY.

Customer shall take delivery of each Packaged Beverage FOB Packer's La Crosse, Wisconsin production facility. Packer assumes the cost and risk of loading trucks at Packers' dock on the date scheduled for delivery or such other date agreed upon by the parties in writing. Any other provision of this Agreement to the contrary notwithstanding, Packer shall have the right to withhold delivery to Customer of any Beverage that fails to meet Packaged Beverage Specifications.

8.1 Loading. Packer shall load Packaged Beverage pallets on delivery vehicles furnished by Customer. Unless expressly provided herein, Packer shall not be required to custom load or arrange loading for more than one destination per delivery vehicle.

8.2 Carriers. All carriers selected by Customer to take delivery on behalf of Customer shall be subject to Packer's approval, which approval shall not be unreasonable withheld or delayed.

8.3 Storage. Unless otherwise expressly provided herein, Packer shall have no obligation to store Beverages for Customer more than seven (7) days following the latter of the scheduled or actual date of delivery.

8.4 Warehousing Charge. In the event that Customer fails to take delivery of the Beverage within the time specified, Packer shall have the right, at its option, to do one or both of the following on reasonable notice to Customer: (i) store the Beverage at Packer's warehouse at the rate of $_ per pallet per month including any portion thereof, or (ii) transport the Beverage to a commercial warehouse for storage under terms and conditions established by the storage provider. The cost of storage shall be due and payable prior to any delivery of the Product to Customer. Packer shall have no liability to Customer for damage to or loss of any Packaged Beverages stored at Packer's production facility or at any commercial warehouse unless caused by negligence of Packer or Packer's employees.

9. PRODUCTION AND OTHER SERVICE FEES

9.1 Production Fee. In consideration of production and packaging of the Beverage, Customer shall pay Packer a Production Fee for each Shipping Unit of the Packaged Beverage delivered as set forth in the Product Pricing Exhibit. Production Fees shall be paid in accordance with Packer's credit terms. Initial credit terms are net 15. Packer maintains the right to reestablish credit terms at its sole discretion. Prices may be increased by Packer upon written notice to Customer for any increase in the cost of raw materials or packaging supplies purchased by Packer on Customer's behalf. Production Fees will be reestablished annually, with an effective date of January 1st.

9.2 Special Services Fees. The Production Fee is established as consideration for standard methods of production and packaging of the Beverage in the manner set forth in this Agreement. In the event that Customer requests and Packer agrees to perform services beyond those expressly provided herein, the work associated therewith shall be deemed to be a Special Service expressly set forth in the Special Services Exhibit. In consideration of performing Special Service(s), Packer shall be compensated through payment of Special Services Fees as set forth in the Pricing Exhibit. Special Service Fees shall be paid by Customer in the same manner as Production Fees.

9.3 Invoicing. Packer shall provide Customer a final invoice for the Raw Materials, Packaging Supplies, Production Fees, Alternating Proprietorship and Special Services Fees, if any, at the conclusion of each Production Run.

9.4 Taxes. The Production Fee does not include any Federal or other taxes imposed upon the Product. In the event that Packer is required to pay any such tax as a result of production of the Beverage, the cost of such tax shall be in addition to the Production Fee.

9.5 Packaging Materials. In the event that Packer agrees to the purchase of Packaging Materials specifically on behalf of Customer, and not on behalf of any specific other customer, or itself, the cost of any Packaging Materials purchased in excess of those required for scheduled production shall be in addition to the Production Fee.

10. PRODUCTION YIELDS

Customer and Packer acknowledge that in the normal course of beverage production and packaging, the number of Shipping Units of Packaged Beverage delivered will be less than the sum of Ingredients and Packaging Materials supplied. Production and packaging losses will vary by the type of Beverage produced, the type of Packaging Materials used, production and packaging methods specified by Customer and the size of Customer's Order. Unless otherwise agreed in writing and set forth in a Special Services Exhibit, Packer shall have no liability to Customer for the amount of Packaged Beverage yielded from Ingredients or Packaging Materials consumed in the course of production unless exceeding _% for liquid contents and _% for Beverage Containers except where losses arise as a result of theft, misappropriation or intentional acts causing loss of yield.

11. LIMITED INTELLECTUAL PROPERTY LICENSE

Customer hereby grants Packer a non-exclusive license to use the Intellectual Property strictly limited to uses in fulfillment of Packer's obligations under this Agreement. Customer retains all rights to the Intellectual Property and all goodwill accruing as a result of any use thereof shall accrue to Customer. Upon termination of this Agreement, Packer shall immediately cease use of the Intellectual Property except in connection with any post-termination use of Packages provided herein.

12. WARRANTIES

Each party warrants to the other party that it is duly organized and in good standing in its respective jurisdiction of organization, that it has the authority to enter into and perform this Agreement and that the consummation of this Agreement will not violate any agreement or judicial order to which it is a party or by which it is bound. EXCEPT AS EXPRESSLY SET FORTH HEREIN, THE PARTIES MAKE NO OTHER WARRANTIES AND HEREBY DISCLAIM ALL OTHER WARRANTIES , EXPRESS OR IMPLIED. Packer and Customer individually warrant as follows:

12.1 Packer Warranties.

12.1.1 Packer shall produce each Beverage in accordance with the formula.

12.1.2 Each Beverage shall meet Packaged Beverage Specifications at the time of delivery to Customer.

12.1.3 Each Beverage shall be free from adulteration as defined by the United States Food, Drug and Cosmetics Act.

12.2 Customer Warranties.

12.2.1 Ingredients furnished by Customer or Customer's suppliers shall meet all applicable legal requirements and be fit for use as an ingredient in food or beverage products.

12.2.2 Customer owns the Formula used in production of each Beverage. The Formula and the Beverage derived from proper application of the Formula will not violate the laws and regulations of any government having jurisdiction over the Beverage or injure or illegally infringe upon the rights of any other person.

12.2.3 Customer owns the Intellectual Property applied to the Packages. The Intellectual Property will not violate the laws and regulations of any government having jurisdiction over the Packages or injure or illegally infringe upon the rights of any other person.

13. QUALITY ASSURANCE

Packer will monitor production and packaging of each Beverage in accordance with Packer's standard quality assurance monitoring procedures as detailed in the Quality Assurance Exhibit. Under such procedures, Packer will examine samples of each Beverage prior to and after packaging. In the event that Customer requests and Packer agrees to engage in additional quality assurance monitoring prescribed by Customer, the work associated therewith shall be deemed to be a Special Service subject to the terms and conditions set forth in writing in the Special Services Exhibit.

14. INDEMNFICATION AND INSURANCE

Each party shall indemnify and hold the other party harmless from all liability arising out of claims made against the party for damage caused by actions in breach of the other party's respective warranties as set forth herein.

Packer and Customer shall each purchase and maintain the following forms of insurance:

(i) Product liability insurance with coverage limits not less than $1 million.
(ii) Property insurance with limits sufficient to cover property replacement value.

The parties shall obtain waivers from their insurance carriers of subrogation rights against the other party.

In the event that Customer requests and Packer agrees to extend Packer's insurance coverage to Customer, the cost associated therewith shall be deemed to be a Special Service subject to the terms and conditions set forth in writing in the Special Services Exhibit.

15. ALTERNATING PROPRIETORSHIP

In the event that Customer requests and Packer agrees to alternate proprietorship of Packer's production facility, the burden associated therewith shall be deemed to be a Special Service subject to the terms and conditions set forth in writing in the Special Services Exhibit.

16. FORCE MAJEURE

Notwithstanding any other provision contained in this Agreement, if either party is delayed or prevented from performing its obligations under this Agreement by any cause beyond its reasonable control including, but not limited to, acts of God, war, terror, fire, traffic interruptions, governmental laws or orders, shortage of materials, strikes or labor disturbances, then that party's performance shall be suspended or excused without damages, costs or penalties while such cause exists. The party whose performance is affected by the Force Majeure shall use its best efforts to overcome the event.

17. TERMINATION

Either party may terminate this Agreement for any reason whatsoever on not less than ninety (90) days prior written notice to the other Party, effective at any time on or after the effective date, or upon written notice following occurrence of any of the following events. Termination of the Agreement shall not affect the right of either party to obtain such additional relief in law or in equity to which it may be entitled.

17.1 Payment Breach. Either party fails to make payment for any amount due under this Agreement (net of any amount due from the other party) following ten (10) days written notice of payment breach from the other party,

17.2 Material Breach. Either party materially breaches this Agreement and fails to cure said breach within thirty (30) days of written notice thereof by the other party,

17.3 Orders and Acceptance. Either party fails to order or accept orders to produce and package not less than _____ Shipping Units of the Beverages for more than one hundred eight (180) consecutive days,

17.4 Force Majeure. A Force Majeure causes either party to suspend performance for more than ninety (90) consecutive days, or

17.5 Bankruptcy. Bankruptcy proceedings are brought by or against either party in U.S. Bankruptcy Court.

18. CLAIM LIMITATIONS

18.1 Time of Assertion. Any claim by either party arising out of or relating to this Agreement must be brought no later than one year (360 days) after the latter of: (i) the date the claim arises, or (ii) the date the claimant first becomes aware of the claim. Claims not brought within the time provided herein shall be barred and forever discharged.

18.2 Damages. Claims for money damages arising out of any action amounting to a breach of this Agreement by either party shall be limited to the actual damages caused by said breach. Neither party shall be entitled to any consequential, special or exemplary damages.

18.3 Equitable Relief. Either party may make a claim for equitable relief.

19. DISPUTE RESOLUTION

Any claim or dispute arising between the parties that cannot be resolved through negotiation shall be exclusively resolved through arbitration under rules and auspices of the American Arbitration Association or such other alternative dispute-settling forum approved in writing by both parties. The venue for any arbitration shall be Chicago, Illinois. The arbitrator shall be empowered to allow discovery and decide claims subject only to the limitations set forth in this Agreement. The decision of the arbitrator and damages or equitable relief provided therein may be entered as a judgment in any court of competent jurisdiction.

20. MARKETING AND SALES OF BEVERAGE

Customer is exclusively responsible for marketing and sale of all Products and nothing contained in this Agreement shall be interpreted as creating a joint venture or other business association other than the contractual relationship between Packer and Customer. Customer will be exclusively responsible for compliance with all laws or regulations governing sale or distribution of the Beverage. In the event that state alcoholic beverage control laws require Packer to file certain information as producer of record for Customer's products, Customer acknowledges that in doing so, Packer assumes no responsibility for marketing and sale of the Products.

21. ACCESS TO PRODUCTION FACILITY

Except for public tours to a limited portion of Packer's facility, Packer denies public access to its facility. Customer or Customer's representative shall have the right, at any time, to monitor and review the practices and procedures of Packer in the production of Customers' products at Packers' facility during such periods that Customer's products are being prepared and packaged. Customer will use its best efforts to notify Packer at least 24 hours in advance of any visit to the facility, except in the case of emergency.

22. CONFIDENTIALITY

Packer and Customer acknowledge that in the performance of this Agreement, each party may obtain information from the other party deemed confidential. Packer and Customer will identify in writing all information deemed confidential and the recipient thereof will not use or disclose such information to anyone except employees with a need to know in order to accomplish the purposes of this Agreement. Information shall not be deemed confidential if such information: (i) was in the public domain at the time of disclosure to the recipient, (ii) subsequently becomes available to the public without act or negligence of the recipient, (iii) can demonstrably be shown to have been in the recipient's possession prior to its receipt from the other party, or (iv) is subsequently obtained by recipient from an independent third party having a lawful right to disclose the information.

Packer and Customer shall not disclose the terms, conditions or other details of this Agreement without the prior written consent of the other party except as required by law and then, to the extent possible, only upon prior notice to the other party.

23. ASSIGNMENTS

Neither this Agreement nor any right or obligation under this Agreement may be assigned by either party without the prior written consent of the other party hereto, provided that such consent shall not be unreasonably withheld. Any attempt to assign this Agreement without such consent shall be deemed void. A change in controlling ownership of either party shall not be deemed as assignment unless such change has a material adverse impact on the party's ability to perform its obligations under this Agreement. Either party experiencing a change in controlling ownership shall provide written notice to the other party immediately upon its occurrence.

24. SUCCESSORS

Subject to the limitations on assignment set forth herein, this Agreement is binding upon, and the benefits hereof inure to, the parties hereto and their respective successors and assigns.

25. ENTIRE AGREEMENT

This Agreement including its Exhibits sets forth the entire agreement between the parties with respect to the subject matter hereof and supercedes all prior agreements and understandings. This Agreement may not be modified except by written amendment signed by both parties.

26. COUNTERPARTS

This Agreement may be executed in one or more counterparts.

27. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin.

28. NOTICES

Notices under this Agreement shall be deemed given when sent via facsimile transmission and confirmed the same day via overnight mail to the addresses set forth on the cover page of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the date first above written.

CITY BREWING COMPANY, LLC

By: /s/ Randy Hull 2/28/05

Randy Hull Date
Director
Business Development
City Brewing Company

HANSEN BEVERAGE COMPANY

By:/s/Rodney Sacks 2/28/05

Rodney Sacks Date
Chairman/CEO
Hansen Beverage Company

PRI- PAK, INC
MANUFACTURING CONTRACT
DOMESTIC

This Manufacturing Contract is made as of the 16th day of October 2003 by and between Pri-Pak, Inc., an Indiana corporation ("Pri-Pak") with plant and equipment ("Facilities") at Lawrenceburg, Indiana and Hansen Beverage Company with offices at Corona, Califorina. ("Buyer") evidences the following agreement between Pri-Pak and buyer.

Section . Pri-Pak's Obligation, During the term of ths contract, Pri-Pak will:

1) Provide all labor, equipment and services at its facilitices necessary to produce bottles or canned drinks in the flavors and packages ("Finish- ed Product") listed on the attached Exhibit A, and such Exhibit A is an integral part of this Contract and shall not be amended except in writing signed by both parties.

2) Receive at its dock and store all packaging and Finished Product materials supplied by Buyer and load all Finished Product at Pri-Pak's docks on trucks furnished by Buyer.

3) Complete the production of Finished Product within fourteen (14) days after receipts of an order from Buyer.

4) Store finished product for a maximum of twenty (20) days after production, after which buyer shall pay Pri-Pak a storage charge of $____ per pallet of Finished Product per month.

5) Furnish carbonic gas (CO2), Fruotose and other Finished Product materials not supplied by Buyer, pallets, adhesives for packaging, and See Schedule A. Cost to be reimbursted by Buyer pursuant to Section 2.

6) Order and install, at Buyer's cost, any parts or equipment necessary to run Buyer's packages.

Section 2. Buyer's Obligations: In consideration of Pri-Pak's performance under Section 1, Buyer shall:

1) Pay Pri-Pak a packaging fee of See Schedule B for each case of Finished Product produced by Pri-Pak.

2) Furnish at buyer's cost any unique equipment necessary to run buyer's packages.

3) Reimberse Pri-Pak for all costs of items furnished by Pri-Pak pursuant to Section 1.(5).

4) Pay Pri-Pak's invoices for payment and / or reimbursement within 10 days after the date of production. Buyer shall pay a penalty of 1.5% per month on any unpaid balance over 30 days.

5) Supply at the faclities all ingredients, packaging material and other items to be supplied by Buyer as listed on Schedule A in sufficient quanitities and in a timely manner to allow Pri-Pak to produce finished product in a normal and orderly fashion.

6) Order finished product for at least the minimum amount of _____ cases per flavor per package size.

7) Purchase a minimum of _____ cases of Hnsen's Citrus Energy cans of Finshed Product before October 15, 2004.

Section 3. Title and Lien for Payment. Title to any and all ingredients and material supplied by Pri-Pak incorporated in the Finished Product shall not pass to Buyer until such finished Product is loaded on Buyers trucks and Pri-Pak shall have a lien for labor and material furnished and warehousing provided on all Finished Product and on all ingredients, packaging materials and other materials and supplies furnished by Buyer abd delivered to Pri-Paks faclities

Section 4. Pri-Pak's Warranty. Pri-Pak warrents to Buyer that it will produce the Finished Product in accordance with the specifications set forth on Exhibit A. and under conditions that conform to the standards of sound handling, mixing, bottling, manufacturing, sanitation and safety practices in the soft drink manufacturing industry, which include, but are not limited to a _% loss factor on both ingredients and packaging. EXCEPT FOR THE EXPRESS WARRANTY PROVIDED HEREIN, PRI-PAK HEREBY DISCLAIMS ALL WARRANTIES WHETHER STATUORY, EXPRESS, OR IMPLIED, INCLUDING ANY AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE IN REGARD TO ANY FINISHED PRODUCT.

Section 5. Buyer's Warranty and Indemnity. Buyer warrents to Pri-Pak that all materials and items supplied to Pri-Pak for theproduction of Finshed Product shall be free from defects and conform to the standards of ingredients in the soft drink industry, and except for losses resulting from any breach of the warranties of Pri-Pak above, shall identify and hold Pri-Pak free and harmless from and against any and all claims and losses, including legal fees, costs and expenses of investigations and defense, arising from any claims by any third party.

Section 6. Successors and Assigns. The rights, duties and obligations of the parties under this cotract shall insure to the benefit of their respective sucessors or assigns.

Section 7. Termanition This contract shall be of an indefinite duration but may be terminated at any time by either party giving the other ninety (90) days prior written notice thereof, sent by certified mail, return receipt requested or upon exhausting raw materials manufactored specifically for Buyer.

Section 8. Entire Contract. This contract, including Exhibit A, constitutes the entire agreement between the parties hereto with respect to the transactions herein described and no amendment hereto shall be valid unless it is contained in a writing duly executed by both Buyer and Pri-Pak. In the event of any conflict between the terms, conditions and provisions of this contract any purchase order of Buyer, or any invoice confirmation or similar document of Pri-Pak, this contract control shall be governed by the laws of Indiana.

Pri-Pak, Inc. is not responsible for typographical errors.

IN WITNESS WHEREOF, the parties have executed this contract as of this day, month, and year first written above at Lawrenceburg, Indian.

PRI-PAK, INC.
PO Box 4010
2000 Schenley Place
Lawrenceburg, IN 47025

BY: /s/ Jan Hollowell

TITLE: V. P. Sales

DATE: 10/16/03

"BUYER"

BY: Rodney Sacks

TITLE: Chairman, Hansen Beverage Co.

DATE: 10/16/03

COMERICA

AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT

OBLIGOR#	NOTE #	AGREEMENT DATE
342341064	42	December 1, 2004

CREDIT LIMIT	INTEREST RATE	OFFICER NO./INITIALS
$7,800,000	In accordance with the table in Section 2.2	TMH/48497

THIS AGREEMENT is entered into on December 1, 2004, between Comerica Bank, a Michigan banking corporation ("Bank") as secured party, whose Western Division headquarters office is 333 West Santa Clara Street, San Jose, California and Hansen Beverage Company ("Borrower"), whose sole place of business (if it has only one), chief executive office (if it has more than one place of business) or residence (if an individual) is located at the address set forth below its name on the signature page to this Agreement. The parties agree as follows:

Bank and Borrower are parties that that Revolving Credit Loan and Security Agreement (Accounts And Inventory), dated May 15, 2007 as previously amended (as so amended the "1997 Agreement");

The Bank and the Borrower wish to amend and restate in full the 1997 on the terms and conditions contained here.

NOW THEREFORE, the parties hereto agree that the 1997 Agreement is hereby amended, restated and superseded in full to read as follows:

1. DEFINITIONS.

1.1 "Accounts" shall mean and includes all presently existing and hereafter arising accounts, including without limitation all accounts receivable, contract rights and other forms of right to payment for monetary obligations or receivables for property sold or to be sold, leased, licensed, assigned or otherwise disposed of, or for services rendered or to be rendered (including without limitation all health-care-insurance receivables) owing to Borrower, and any supporting obligations, credit insurance, guaranties or security therefor, irrespective of whether earned by performance.

1.2 "Agreement" shall mean and includes this Amended and Restated Loan and Security Agreement, any concurrent or subsequent rider to this Loan and Security Agreement and any extensions, supplements, amendments or modifications to this Loan and Security Agreement and/or to any such rider.

1.3 "Bank Expenses" shall mean and includes: all costs or expenses required to be paid by Borrower under this Agreement which are paid or advanced by Bank; taxes and insurance premiums of every nature and kind of Borrower paid by Bank; filing, recording, publication and search fees, appraiser fees, auditor fees and costs, and title insurance premiums paid or incurred by Bank in connection with Bank's transactions with Borrower; costs and expenses incurred by Bank in collecting the Accounts (with or without suit) to correct any default or enforce any provision of this Agreement, or in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, disposing of, preparing for sale and/or advertising to sell the Collateral, whether or not a sale is consummated; costs and expenses of suit incurred by Bank in enforcing or defending this Agreement or any portion hereof, including, but not limited to, expenses incurred by Bank in attempting to obtain relief from any stay, restraining order, injunction or similar process which prohibits Bank from exercising any of its rights or remedies; and reasonable attorneys' fees and expenses incurred by Bank in advising, structuring, drafting, reviewing, amending, terminating, enforcing, defending or concerning this Agreement, or any portion hereof or any agreement related hereto, whether or not suit is brought. Bank Expenses shall include Bank's in-house legal charges at reasonable rates.

1.4 "Base Rate" shall mean that variable rate of interest so announced by Bank at its headquarters office in San Jose, California as its "Base Rate" from time to time and which serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto.

1.5 "Borrower's Books" shall mean and includes all of Borrower's books and records including but not limited to minute books; ledgers; records indicating, summarizing or evidencing Borrower's assets (including, without limitation, the Accounts), liabilities, business operations or financial condition, and all information relating thereto, computer programs; computer disk or tape files; computer printouts; computer runs; and other computer prepared information and equipment of any kind.

1.6 "Book Net Worth" shall mean as of the date of determination, Borrower's consolidated Net Worth which includes the net value of Borrower's, Blue Sky Natural Beverage Co.'s and Hansen Junior Juice Company's trademarks.

1.7 "Collateral" shall mean and includes all personal property of Borrower, including without limitation each and all of the following: the Accounts; the Inventory; the General Intangibles; the Negotiable Collateral; Borrower's Books; all Borrower's deposit accounts; all Borrower's investment property (including without limitation securities and securities entitlements); all goods, instruments, documents, policies and certificates of insurance, deposits, money or other personal property of Borrower in which Bank receives a security interest and which now or later come into the possession, custody or control of Bank; all Borrower's equipment and fixtures; all additions, accessions, attachments, parts, replacements, substitutions, renewals, interest, dividends, distributions or rights of any kind for or with respect to any of the foregoing

(including without limitation any stock splits, stock rights, voting rights and preferential rights); any supporting obligations for any of the foregoing; and the products and proceeds of any of the foregoing, including, but not limited to, proceeds of insurance covering the Collateral, and any and all Accounts, General Intangibles, Negotiable Collateral, Inventory, equipment, money, deposit accounts, investment property, equipment, fixtures or other tangible and intangible property of Borrower resulting from the sale or other disposition of the Collateral and the proceeds thereof and any supporting obligations or security therefor and any right to payment thereunder, and including, without limitation, cash or other property which were proceeds and are recovered by a bankruptcy trustee or otherwise as a preferential transfer by Borrower. Notwithstanding anything to the contrary contained herein, Collateral shall not include any waste or other materials, which have been or may be designated as toxic or hazardous by Bank.

1.8 "Credit" shall mean all Indebtedness, except that Indebtedness arising pursuant to any other separate contract, instrument, note, or other separate agreement which, by its terms, provides for a specified interest rate and term.

1.9 "Credit Limit" shall mean Seven Million Eight Hundred Thousand Dollars ($7,800,000).

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

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

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

1.13 "Current Ratio" shall mean, in respect of a Person and as of any applicable date of determination, Current Assets plus the amount outstanding under the Credit Limit, divided by Current Liabilities including the amount outstanding under the Credit Limit.

1.14 "Daily Balance" shall mean the amount determined by taking the amount of the Credit owed at the beginning of a given day, adding any new Credit advanced or incurred on such date, and subtracting any payments or collections which are deemed to be paid and are applied by Bank in reduction of the Credit on that date under the provisions of this Agreement.

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

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

1.17 "Event of Default" shall mean one or more of those events described in Section 7 contained herein below.

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

1.19 "General Intangibles" shall mean and includes all of Borrower's present and future general intangibles and other personal property (including without limitation all payment intangibles, electronic chattel paper, contract rights, rights arising under common law, statutes, or regulations, choses or things in action, goodwill, patents, trade names, trademarks, servicemarks, copyrights, blueprints, drawings, plans, diagrams, schematics, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment (including without limitation, rights to payment evidenced by chattel paper, documents or instruments) and other rights under any royalty or licensing agreements, infringement claims, software (including without limitation any computer program that is embedded in goods that consist solely of the medium in which the program is embedded), information contained on computer disks or tapes, literature, reports, catalogs, insurance premium rebates, tax refunds, and tax refund claims), other than goods, Accounts, Inventory, Negotiable Collateral, and Borrowers Books.

1.20 "Hansen Natural" means Hansen Natural Corporation, a Delaware Corporation.

1.21 "Indebtedness" shall mean and includes any and all loans, advances, Letter of Credit Obligations, overdrafts, debts, liabilities (including, without limitation, any and all amounts charged to Borrower's loan account pursuant to any agreement authorizing Bank to charge Borrower's loan account), obligations, lease payments, guaranties, covenants and duties owing by Borrower to Bank of any kind and description whether advanced pursuant to or evidenced by this Agreement; by any note or other Instrument; or by any other agreement between

Bank and Borrower and whether or not for the payment of money, whether direct or indirect, absolute or contingent, due or to become due now existing or hereafter arising, including, without limitation, any interest, fees, expenses, costs and other amounts owed to Bank that but for the provisions of the United States Bankruptcy Code would have accrued after the commencement of any Insolvency Proceeding, and including, without limitation, any debt, liability, or obligations owing from Borrower to others which Bank may have obtained by assignment, participation, purchase or otherwise, and further including, without limitation, all interest not paid when due and all Bank Expenses which Borrower is required to pay or reimburse by this Agreement, by law, or otherwise.

1.22 "Insolvency Proceeding" shall mean and includes any proceeding or case commenced by or against Borrower, or any guarantor of Borrower's Indebtedness, or any of Borrower's account debtors, under any provisions of the Bankruptcy Code, as amended, or any other bankruptcy or insolvency law, including, but not limited to assignments for the benefit of creditors, formal or informal moratoriums, composition or extensions with some or all creditors, any proceeding seeking a reorganization, arrangement or any other relief under the Bankruptcy Code, as amended, or any other bankruptcy or insolvency law.

1.23 "Inventory" shall mean and includes all present and future inventory in which Borrower has any interest, including, but not limited to, goods held by Borrower for sale or lease or to be furnished under a contract of service and all of Borrower's present and future raw materials, work in process, finished goods (including without limitation any computer program embedded in any of the foregoing goods and any supporting information provided in connection therewith that (i) is associated with the goods in such a manner that the program customarily is considered part of the goods or that (ii) by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods), together with any advertising materials and packing and shipping materials, wherever located and any documents of title representing any of the above, and any equipment, fixtures or other property used in the storing, moving, preserving, identifying, accounting for and shipping or preparing for the shipping of inventory, and any and all other items hereafter acquired by Borrower by way of substitution, replacement, return, repossession or otherwise, and all additions and accessions thereto, and the resulting product or mass, and any documents of title respecting any of the above.

1.24 "Judicial Officer or Assignee" shall mean and includes any trustee, receiver, controller, custodian, assignee for the benefit of creditors or any other person or entity having powers or duties like or similar to the powers and duties of trustee, receiver, controller, custodian or assignee for the benefit of creditors.

1.25 "Letter of Credit Obligations" shall mean, as of any applicable date of determination, the sum of the undrawn amount of any letter(s) of credit issued by Bank upon the application of and/or for the account of Borrower, plus any unpaid reimbursement obligations owing by Borrower to Bank in respect of any such letter(s) of credit.

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

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

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

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

1.28 "Negotiable Collateral" shall mean and include all of Borrower's present and future letters of credit, advises of credit, letter-of-credit rights, certificates of deposit, notes, drafts, money, documents (including without limitation all negotiable documents), instruments (including without limitation all promissory notes), tangible chattel paper or any other similar property.

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

1.30 "Senior Funded Debt" shall mean, as of an applicable date of determination total funded Debt under this Agreement plus all standby Letter of Credit Obligations outstanding.

1.31 "Subordinated Debt" shall mean indebtedness of Borrower to third parties which has been subordinated to the Indebtedness pursuant to a subordination agreement in form and content satisfactory to Bank.

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

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

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

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

b. all Debt of such Person at such time.

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

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

1.37 Compliance with financial covenants contained in this Agreement shall be determined based upon the financial condition of Hansen Natural corporation, on a consolidated basis, and all references to financial statements and financial information shall be deemed to refer to the financial statements and financial information of Hansen Natural Corporation and its consolidated subsidiaries.

Any and all terms used in the foregoing definitions and elsewhere in this Agreement shall be construed and defined in accordance with the meaning and definition of such terms under and pursuant to the California Uniform Commercial Code (hereinafter referred to as the "Uniform Commercial Code") as amended, revised or replaced from time to time. Notwithstanding the foregoing, the parties intend that the terms used herein which are defined in the Uniform Commercial Code have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the Uniform Commercial Code shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the Uniform Commercial Code in effect on the date of this Agreement, then such term, as used herein, shall be given such broadened meaning. If the Uniform Commercial Code shall in the future be amended or held

by a court to define any term used herein more narrowly, or less inclusively, than the Uniform Commercial Code in effect on the date of this Agreement, such amendment or holding shall be disregarded in defining terms used in this Agreement.

2. LOAN AND TERMS OF PAYMENT.

For value received, Borrower promises to pay to the order of Bank such amount, as provided for below, together with interest, as provided for below.

2.1 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, Bank shall lend to Borrower an amount equal to the Credit Limit minus all Letter of Credit Obligations. If at any time for any reason, the amount of Indebtedness owed by Borrower to Bank pursuant to this Section 2.1 and Section 2.3 of this Agreement is greater than the aggregate amount available to be drawn under this Section 2.1, Borrower shall immediately pay to Bank, in cash, the amount of such excess.

2.2 Except as hereinafter provided, the Credit shall bear interest, on the Daily Balance owing, at a fluctuating rate of interest, depending on the Hansen Natural's consolidated Senior EBITDA in accordance with the table below, equal to the Base Rate plus the Applicable Base Margin or at the LIBOR Option Rate (as defined and determined in accordance with the LIBOR Addendum attached hereto) plus the Applicable LIBOR Margin.

Senior Debt To EBITDA	Applicable LIBOR Margin	Applicable Base Rate Margin	Applicable Letter of Credit Fee
Less than 1.5:1.00	1.25%	Minus 1.50%	1.25 %
Equal to or greater than 1.5:1.00 but Less than 2.51.00	1.50%	Minus 1.25%	1.50%
Equal to or greater than 2.5:1.00	1.75	Minus 1.00%	1.75%

Each semi annual period of the Borrower, the Applicable Base Rate Margin, the Applicable LIBOR Rate Margin and the applicable Letter of Credit Fee will be determined by the Bank after review of the Senior Debt to EBITDA of Hansen Natural on a consolidated basis according to the June 30 10Q's and December 31 10-K's of Hansen Natural. The Bank will determine the Applicable Base Rate Margin and the Applicable LIBOR Rate Margin for each semi-annual period on the 60th day following the last day of each such period. The Senior Debt to EBITDA at June 30 and December 31, must meet the above referenced thresholds for any decrease in the Applicable LIBOR Rate Margin and the Applicable Base Rate Margin to occur and the Applicable Letter of Credit Fee to decrease. The initial Applicable LIBOR Margin is 1.25% the initial Applicable Base Rate margin is minus 1.50 % and the initial Letter of Credit Fee is 1.25%.

All interest chargeable under this Agreement that is based upon a per annum calculation shall be computed on the basis of a three hundred sixty (360) day year for actual days elapsed. The Base Rate as of the date of this Agreement is five percent (5.00%) per annum. In the event that the Base Rate announced is, from time to time hereafter, changed, adjustment in the Base Rate shall be made and based on the Base Rate in effect on the date of such change. The Base Rate, as adjusted, shall apply to the Credit until the Base Rate is adjusted again.

All interest payable by Borrower under the Credit shall be due and payable on the first day of each calendar month during the term of this Agreement. A late payment charge equal to five percent (5%) of each late payment may be charged on any payment not received by Bank within ten (10) calendar days after the payment due date, but acceptance of payment of this charge shall not waive any Event of Default under this Agreement. Upon the occurrence of an Event of Default hereunder, and without constituting a waiver of any such Event of Default, then during the continuation thereof, at Bank's option, the Credit shall bear interest, on the Daily Balance owing, at a rate equal to three percent (3%) per year in excess of the rate applicable immediately prior to the occurrence of the Event of Default, and such rate of interest shall fluctuate thereafter from time to time at the same time and in the same amount as any fluctuation in the rate of interest applicable immediately prior to any such occurrence.

2.3 Subject to the terms and conditions of this Agreement, Bank agrees to issue or cause to be issued letters of credit for the account of Borrower during the term of this Agreement in the aggregate outstanding face amount not to exceed the Credit Limit minus the then outstanding Daily Balance, provided that the Letter of Credit Obligations shall not in any case exceed One Million Two Hundred Thousand Dollars ($1,200,000). All letters of credit shall be, in form and substance, acceptable to Bank in its sole discretion and shall be subject to the terms and conditions of Bank's form of standard Letter of Credit Application and Agreement.

The obligation of Borrower to immediately reimburse Bank for drawings made under letters of credit shall be absolute, unconditional and irrevocable in accordance with the terms of this Agreement and the Letter of Credit Application and Agreement with respect to each such letter of credit. Borrower shall indemnify, defend, protect and hold Bank harmless from any loss, cost, expense, or liability, including, without limitation, reasonable attorney's fees incurred by Bank, whether in-house or outside counsel is used, arising out of or in connection with any letters of credit.

3. TERM.

3.1 This Agreement shall remain in full force and effect until June 1, 2006, unless earlier terminated by notice by Borrower. Notice of such termination by Borrower shall be effectuated by mailing of a registered or certified letter not less than thirty (30) days prior to the effective date of such termination, addressed to Bank at the address set forth herein and the termination shall be effective as of the date so fixed in such notice.

3.2 Notwithstanding the foregoing, should Borrower be in default of one or more of the provisions of this Agreement, Bank may terminate this Agreement at any time without notice. Notwithstanding the foregoing, should either Bank or Borrower become insolvent or unable to meet its debts as they mature, or fail, suspend, or go out of business, the other party shall have the right to terminate this Agreement at any time without notice. On the date of termination all Indebtedness shall become immediately due and payable without notice or demand; provided, however, that no such notice of termination by Borrower shall be effective until the payment in full in cash of all Indebtedness to Bank (including without limitation the expiration or cash collateralization of all

Letter of Credit Obligations in accordance with the terms and conditions of this Agreement). Any notice of termination given by Borrower shall be irrevocable unless Bank otherwise agrees in writing, and Bank shall have no obligation to make any loans or issue any letters of credit on or after the termination date stated in such notice. Borrower may elect to terminate this Agreement in its entirety only. No section of this Agreement or type of loan available hereunder may be terminated singly.

3.3 All undertakings, agreements, covenants, warranties, and representations of Borrower contained in this Agreement or any other document, instrument or agreement entered into with or in favor of Bank in connection herewith shall survive any such termination, and Bank shall retain its security interest in and to all existing Collateral and Collateral arising thereafter, any and all liens thereon, and all of its rights and remedies under this Agreement or any other document, instrument or agreement entered into with or in favor of Bank in connection herewith notwithstanding such termination until the payment in full in cash of all Indebtedness to Bank (including, without limitation, the expiration or cash collateralization of all of all Letter of Credit Obligations in accordance with the terms and conditions of this Agreement and the payment in full of all applicable termination charges, if any). Notwithstanding the satisfaction in full of the Indebtedness, Bank shall not be required to terminate its security interests in the Collateral unless, with respect to any loss or damage Bank may incur as a result of dishonored checks or other items of payment received by Bank and applied to the Indebtedness, Bank shall, at its option, (a) have received a written agreement, executed by Borrower and by any Person whose loans or other advances to Borrower are used in whole or in part to satisfy the Indebtedness, indemnifying Bank from any such loss or damage, or (b) have retained such monetary reserves and liens on the Collateral for such period of time as Bank, in its reasonable discretion, may deem necessary to protect Bank from any such loss or damage.

3.4 After termination and when Bank has received payment in full of Borrower's Indebtedness to Bank, Bank shall reassign to Borrower all Collateral held by Bank, and shall execute a termination of all security agreements and security interests given by Borrower to Bank.

4. CREATION OF SECURITY INTEREST.

4.1 Borrower hereby grants to Bank a continuing security interest in all presently existing and hereafter arising Collateral in order to secure prompt repayment of any and all Indebtedness owed by Borrower to Bank and in order to secure prompt performance by Borrower of each and all of its covenants and obligations under this Agreement and otherwise created. Bank's security interest in the Collateral shall attach to all Collateral without further act on the part of Bank or Borrower. In the event that any Collateral, including proceeds, is evidenced by or consists of Negotiable Collateral, Borrower, immediately upon the request of Bank, shall (a) endorse or assign such Negotiable Collateral to Bank, (b) deliver actual physical possession of such Negotiable Collateral to Bank, and (c) mark conspicuously all of its records pertaining to such Negotiable Collateral with a legend, in form and substance satisfactory to Bank (and in the case of Negotiable Collateral consisting of tangible chattel paper, immediately mark all such tangible chattel paper with a conspicuous legend in form and substance satisfactory to Bank), indicating that the Negotiable Collateral is subject to the security interest granted to Bank hereunder.

4.2 Bank's security interest in the Accounts shall attach to all Accounts without further act on the part of Bank or Borrower. Upon request from Bank, Borrower shall provide Bank with schedules describing all Accounts created or acquired by Borrower (including without limitation agings listing the names and addresses of, and amounts owing by date by account debtors), and shall execute and deliver written assignments of all Accounts to Bank all in a form acceptable to Bank; provided, however, Borrower's failure to execute and deliver such schedules and/or assignments shall not affect or limit Bank's security interest and other rights in and to the Accounts. Together with each schedule, Borrower shall furnish Bank with copies of Borrower's customers' invoices or the equivalent, and original shipping or delivery receipts for all merchandise sold, and Borrower warrants the genuineness thereof. Upon the occurrence of an Event of Default, Bank or Bank's designee may notify customers or account debtors of Bank's security interest in the Collateral and direct such customers or account debtors to make payments directly to Bank, but unless and until Bank does so or gives Borrower other written instructions, Borrower shall collect all Accounts for Bank, receive in trust all payments thereon as Bank's trustee, and, if so requested to do so from Bank, Borrower shall immediately deliver said payments to Bank in their original form as received from the account debtor and all letters of credit, advices of credit, instruments, documents, chattel paper or any similar property evidencing or constituting Collateral. Notwithstanding anything to the contrary contained herein, if sales of Inventory are made for cash, Borrower shall immediately deliver to Bank, in identical form, all such cash, checks, or other forms of payment which Borrower receives. The receipt of any check or other item of payment by Bank shall not be considered a payment on account until such check or other item of payment is honored when presented for payment, in which event, said check or other item of payment shall be deemed to have been paid to Bank two (2) calendar days after the date Bank actually receives such check or other item of payment.

4.3 Bank's security interest in Inventory shall attach to all Inventory without further act on the part of Bank or Borrower. Borrower will at Borrower's expense pledge, assemble and deliver such Inventory to Bank or to a third party as Bank's bailee; or hold the same in trust for Bank's account or store the same in a warehouse in Bank's name; or deliver to Bank documents of title representing said Inventory; or evidence of Bank's security interest in some other manner acceptable to Bank. Until a default by Borrower under this Agreement or any other Agreement between Borrower and Bank, Borrower may, subject to the provisions hereof and consistent herewith, sell the Inventory, but only in the ordinary course of Borrower's business. A sale of Inventory in Borrower's ordinary course of business does not include an exchange or a transfer in partial or total satisfaction of a debt owing by Borrower.

4.4 Concurrently with Borrower's execution of this Agreement, and at any time or times hereafter at the request of Bank, Borrower shall (a) execute and deliver to Bank security agreements, mortgages, assignments, certificates of title, affidavits, reports, notices, schedules of accounts, letters of authority and all other documents that Bank may reasonably request, in form satisfactory to Bank, to perfect and maintain perfected Bank's security interest in the Collateral and in order to fully consummate all of the transactions contemplated under this Agreement, (b) cooperate with Bank in obtaining a control agreement in form and substance satisfactory to Bank with respect to all deposit accounts, electronic chattel paper, investment property, and letter-of-credit rights, and (c) in the event that any Collateral is in the possession of a third party, Borrower shall join with Bank in notifying such third party of Bank's security interest and obtaining an acknowledgment from such third party that it is holding such Collateral for the benefit of Bank. By authenticating or becoming bound by this Agreement, Borrower authorizes the filing of initial financing statement(s), and any amendment(s) covering the Collateral to perfect and maintain perfected Bank's security interest in the Collateral. Upon the occurrence of an Event of Default, Borrower hereby irrevocably makes, constitutes and appoints Bank (and any of Bank's officers, employees or agents designated by Bank) as Borrower's true and lawful attorney-in-fact with power to sign the name of Borrower on any security agreement, mortgage, assignment, certificate of title, affidavit, letter of authority, notice of other similar documents which must be executed and/or filed in order to perfect or continue perfected Bank's security interest in the Collateral, and to take such actions in its own name or in Borrower's name as Bank, in its sole discretion, deems necessary or appropriate to establish exclusive possession or control (as defined in the Uniform Commercial Code) over any Collateral of such nature that

perfection of Bank's security interest may be accomplished by possession or control.

4.5 Borrower shall make appropriate entries in Borrower's Books disclosing Bank's security interest in the Accounts. Bank (through any of its officers, employees or agents) shall have the right at any time or times hereafter, provided that reasonable notice is provided, during Borrower's usual business hours, or during the usual business hours of any third party having control over the records of Borrower, to inspect and verify Borrower's Books in order to verify the amount or condition of, or any other matter, relating to, said Collateral and Borrower's financial condition.

4.6 Effective only upon the occurrence of an Event of Default, Borrower appoints Bank or any other person whom Bank may designate as Borrower's attorney-in-fact, with power: to endorse Borrower's name on any checks, notes, acceptances, money order, drafts or other forms of payment or security that may come into Bank's possession; to sign Borrower's name on any invoice or bill of lading relating to any Accounts, on drafts against account debtors, on schedules and assignments of Accounts, on verifications of Accounts and on notices to account debtors; to establish a lock box arrangement and/or to notify the post office authorities to change the address for delivery of Borrower's mail addressed to Borrower to an address designated by Bank, to receive and open all mail addressed to Borrower, and to retain all mail relating to the Collateral and forward all other mail to Borrower; to send, whether in writing or by telephone, requests for verification of Accounts; and to do all things necessary to carry out this Agreement. Borrower ratifies and approves all acts of the attorney-in-fact. Neither Bank nor its attorney-in-fact will be liable for any acts or omissions or for any error of judgement or mistake of fact or law. This power being coupled with an interest, is irrevocable so long as any Accounts in which Bank has a security interest remain unpaid and until the Indebtedness has been fully satisfied.

4.7 In order to protect or perfect any security interest which Bank is granted hereunder, Bank may, in its sole discretion, discharge any lien or encumbrance or bond the same, pay any insurance, maintain guards, warehousemen, or any personnel to protect the Collateral, pay any service bureau, or, obtain any records, and all costs for the same shall be added to the Indebtedness and shall be payable on demand.

4.8 Borrower agrees that Bank may provide information relating to this Agreement or relating to Borrower to Bank's parent, affiliates, subsidiaries and service providers.

5. CONDITIONS PRECEDENT.

5.1 Conditions precedent to the making of the loans and the extension of the financial accommodations hereunder, Borrower shall execute, or cause to be executed, and deliver to Bank, in form and substance satisfactory to Bank and its counsel, the following:

a. This Agreement executed by the Borrower and other documents, instruments and agreements required by Bank;

b. Security Agreements, Pledge Agreements or reaffirmations thereof executed by the Borrower, Hansen Natural Corporation, Blue Sky Natural Beverage Co., Hansen Junior Juice Company, and Hard e Beverage Company as required by Bank to continue its security interest in the assets of these entities as previously granted and the stock of Hansen Junior Juice.

c. Guarantees executed by Hansen Natural Corporation, Blue Sky Natural Beverage Co., Hansen Junior Juice Company, and Hard e Beverage Company.

d. If Borrower is a corporation, limited liability company, limited partnership or other such entity, certified copies of all actions taken by Borrower, any grantor of a security interest to Bank to secure the Indebtedness, and any guarantor of the Indebtedness, authorizing the execution, delivery and performance of this Agreement and any other documents, instruments or agreements entered into in connection herewith, and authorizing specific officers to execute and deliver any such documents, instruments and agreements;

e. If Borrower is a corporation, limited liability company, limited partnership or other such entity, then a certificate of good standing showing that Borrower is in good standing under the laws of the state of its incorporation or formation and certificates indicating that Borrower is qualified to transact business and is in good standing in any other state in which it conducts business;

f. If Borrower is a partnership, then a copy of Borrower's partnership agreement certified by each general partner of Borrower;

g. UCC searches and financing statements, tax lien and litigation searches, fictitious business statement filings, insurance certificates, notices or other similar documents which Bank may require and in such form as Bank may require, in order to reflect, perfect or protect Bank's first priority security interest in the Collateral and in order to fully consummate all of the transactions contemplated under this Agreement;

h. Evidence that Borrower has obtained insurance and acceptable endorsements;

i. Such depository control agreements from each Person as Bank may require;

j. Such collateral access agreements from each lessor, warehouseman, bailee, and other Person as Bank may require, duly executed by each such Person; and

6. .WARRANTIES. REPRESENTATIONS AND COVENANTS.

6.1 If so requested by Bank, Borrower shall, at such intervals designated by Bank, during the term hereof execute and deliver a Report of Accounts Receivable or similar report, in form customarily used by Bank.

6.2 Returns and allowances, if any, as between Borrower and its customers, will be on the same basis and in accordance with the usual customary practices of Borrower, as they exist at this time. Any merchandise which is returned by an account debtor or otherwise recovered shall be set aside, marked with Bank's name, and Bank shall retain a security interest therein. Borrower shall promptly notify Bank of all disputes and claims and settle or adjust them on terms approved by Bank. After default by Borrower hereunder, no discount, credit or allowance shall be granted to any account debtor by Borrower and no return of merchandise shall be accepted by Borrower without Bank's consent. Bank may, after default by Borrower, settle or adjust disputes and claims directly with account debtors for amounts and upon terms which Bank considers advisable, and in such cases Bank will credit Borrower's loan account with only the net amounts received by Bank in payment of the Accounts, after deducting all Bank Expenses in connection therewith.

6.3 Borrower warrants, represents, covenants and agrees that:

a. Borrower has good and marketable title to the Collateral. Bank has and

shall continue to have a first priority perfected security interest in and to the Collateral. The Collateral shall at all times remain free and clear of all liens, encumbrances and security interests (except those in favor of Bank);

b. All Accounts are and will, at all times pertinent hereto, be bona fide existing obligations created by the sale and delivery of merchandise or the rendition of services to account debtors in the ordinary course of business, free of liens, claims, encumbrances and security interests (except as held by Bank and except as may be consented to, in writing, by Bank) and are unconditionally owed to Borrower without defenses, disputes, offsets counterclaims, rights of return or cancellation, and Borrower shall have received no notice of actual or imminent bankruptcy or insolvency of any account debtor at the time an Account due from such account debtor is assigned to Bank; and

c. At the time each Account is assigned to Bank, all property giving rise to such Account shall have been delivered to the account debtor or to the agent for the account debtor for immediate shipment to, and unconditional acceptance by, the account debtor. Borrower shall deliver to Bank, as Bank may from time to time require, delivery receipts, customer's purchase orders, shipping instructions, bills of lading and any other evidence of shipping arrangements. Absent such a request by Bank, copies of all such documentation shall be held by Borrower as custodian for Bank.

6.4 Unless Borrower has given Bank thirty (30) days advanced notice of its intent to change the Location of Inventory to a location other than the locations listed in Schedule 6.4 attached hereto, and unless Bank has approved such change of location, Borrower shall keep the Inventory (other than Inventory with an aggregate value of $20,000 or less) only at the locations shown on Schedule 6.4 attached hereto.

a. Borrower, immediately upon demand by Bank therefor, shall now and from time to time hereafter, at such intervals as are reasonably requested by Bank, deliver to Bank, designations of Inventory specifying Borrower's cost of Inventory, the wholesale market value thereof and such other matters and information relating to the Inventory as Bank may request;

b. All of the Inventory is and shall remain free from all purchase money or other security interests, liens or encumbrances, except as held by Bank and except for warehouse liens, packer's liens and copacker's liens arising in the ordinary course of business;

c. Borrower does now keep and hereafter at all times shall keep correct and accurate records itemizing and describing the kind, type, quality and quantity of the Inventory, its cost therefor and selling price thereof, and the daily withdrawals therefrom and additions thereto, all of which records shall be available upon demand to any of Bank's officers, agents and employees for inspection and copying;

d. All Inventory, now and hereafter at all times, shall be new Inventory of good and merchantable quality free from material defects;

e. Inventory is not now and shall not at any time or times hereafter be located or stored with a bailee, warehouseman or other third party without Bank's prior written consent, and, in such event, Borrower will concurrently therewith cause any such bailee, warehouseman or other third party to issue and deliver to Bank, warehouse receipts in Bank's name evidencing the storage of Inventory and/or an acknowledgment by such bailee of Bank's prior rights in the Inventory, in each case in form and substance acceptable to Bank,. In any event, Borrower shall instruct any third party to hold all such Inventory for Bank's account subject to Bank's security interests and its instructions; and

f. Bank shall have the right upon demand now and/or at all times hereafter, during Borrower's usual business hours, after reasonable notice, to inspect and examine the Inventory and to check and test the same as to quality, quantity, value and condition and Borrower agrees to reimburse Bank for Bank's reasonable costs and expenses in so doing; and

g. Borrower hall deliver to Bank duly executed certificates of title with respect to that portion of the Collateral that is subject to certificates of title.

6.5 Borrower represents, warrants and covenants with Bank that Borrower will not, without Bank's prior written consent:

a. Grant a security interest in or permit a lien, claim or encumbrance upon any of the Collateral to any person, association, firm, corporation, entity or governmental agency or instrumentality, except for warehouse liens, packer's liens and copacker's liens arising in the ordinary course of business;

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

c. Permit any Judicial Officer or Assignee to be appointed or to take possession of any or all of Borrower's assets;

d. Other than sales of Inventory in the ordinary course of Borrower's business, to sell, lease, or otherwise dispose of, move, or transfer, whether by sale or otherwise, any of Borrower's assets;

e. Change its name, the location of its sole place of business, chief executive office or residence, business structure, corporate identity or structure, form of organization or the state in which it has been formed or organized; add any new fictitious names, liquidate, merge or consolidate with or into any other business organization;

f. Move or relocate any Collateral;

g. Acquire any other business organization;

h. Enter into any transaction, or series of transactions aggregating $100,000 or more, which are not in the usual course of Borrower's business;

i. Make any change in Borrower's financial structure or in any of its business objectives, purposes or operations which would materially adversely affect the ability of Borrower to repay Borrower's Indebtedness;

j. Incur any debts outside the ordinary course of Borrower's business except renewals or extensions of existing debts and interest thereon;

k. Make loans, advances or extensions of credit to any Person in excess of $50,000 (was $5,000), except in the ordinary course of business;

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

m. Make any payment on account of any Subordinated Debt except for regularly scheduled payments of interest and principal in accordance with the provisions of any Subordination Agreement executed by Bank and the subordinated debt holder, or amend any provision contained in any documentation relating to any such Subordinated Debt without Bank's prior written consent;

n. (a) Sell, lease, transfer or otherwise dispose of properties and assets having an aggregate book value of more than One Hundred Thousand Dollars ($100,000) (whether in one transaction or in a series of transactions) except as to the sale of Inventory in the ordinary course of business; (b) change its name, consolidate with or merge into any other corporation, permit another corporation to merge into it, acquire all or substantially all the properties or assets of any other Person, enter into any reorganization or recapitalization or reclassify its capital stock, or (c) enter into any sale-leaseback transaction;

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

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

q. Use any loan or other extension of credit under this Agreement or any other document, instrument or agreement entered into by Borrower with or in favor of Bank in connection with this Agreement for any purpose other than to refinance existing revolving debt, to provide working capital for its operations and for other general business purposes. In no event shall the funds from any such loan or other extension of credit be used directly or indirectly by any Person for personal, family, household or agricultural purposes or for the purpose, whether immediate, incidental or ultimate, of purchasing, acquiring or carrying any "margin stock" or any "margin securities" (as such terms are defined respectively in Regulation U and Regulation G promulgated by the Board of Governors of the Federal Reserve System) or to extend credit to others directly or indirectly for the purpose of purchasing or carrying any such margin stock or margin securities. Borrower hereby represents and warrants that Borrower is not engaged principally, or as one of Borrower's important activities, in the business of extending credit to others for the purpose of purchasing or carrying such margin stock or margin securities; and

r. Borrower shall not downstream any of the funds from the loan or any extension of credit under this Agreement to Hard e Beverage Company, Hansen Junior Juice Company or Blue Sky Natural Beverage Co.

s. Borrower shall not Sublicense Trademark Rights other than contracts for the sale or distribution of finished products utilizing Specified Trademarks entered into in the ordinary course of its business; provided, however, Borrower may sublicense Specified Trademarks in the ordinary course of business so long as ten (10) days after entering into each such sublicense, Borrower shall give notice to Bank of such sublicense and the name and address of the sublicense and a copy of the sublicense.

6.6 Borrower represents, warrants, covenants and agrees that:

a. Borrower's true and correct legal name is that set forth on the signature page to this Agreement. Except as disclosed in writing to Bank on or before the date of this Agreement, Borrower has not done business under any name other than that set forth on the signature page to this Agreement;

b. If Borrower is a registered organization that is organized under the laws of any one of the states comprising the United States (e.g. corporation, limited partnership, registered limited liability partnership or limited liability company), and is located (as determined pursuant to the Uniform Commercial Code) in the state under the laws of which it was organized, Borrower's form of organization and the state in which it has been organized are those set forth immediately following Borrower's name on the signature page to this Agreement;

c. If Borrower is a registered organization organized under the laws of the United States, and Borrower is located in the state that United States law designates as its location or, if United States law authorizes Borrower to designate the state for its location, the state designated by Borrower, or if neither of the foregoing are applicable, at the District of Columbia (in each case as determined in accordance with the Uniform Commercial Code), Borrower's form of organization and the state or district in which it is located are those set forth immediately following Borrower's name on the signature page to this Agreement;

6.7 If Borrower is a corporation, Borrower represents, warrants and covenants as follows:

a. Borrower will not make any distribution or declare or pay any dividend (in stock or in cash) to any shareholder or on any of its capital stock, of any class, whether now or hereafter outstanding, or purchase, acquire, repurchase, or redeem or retire any such capital stock, provided however, that Borrower may decalre and pay a cash dividend in cash or in stock in an amount not in excess of current retained earnings.

b. Borrower is and shall at all times hereafter be a corporation duly organized and existing in good standing under the laws of the state of its incorporation and qualified and licensed to do business in California or any other state in which it conducts its business;

c. Borrower has the right and power and is duly authorized to enter into this Agreement; and

d. The execution by Borrower of this Agreement shall not constitute a breach of any provision contained in Borrower's articles of incorporation or by-laws.

6.8 The execution of and performance by Borrower of all of the terms and provisions contained in this Agreement shall not result in a breach of or constitute an event of default under any agreement to which Borrower is now or hereafter becomes a party.

6.9 Borrower shall promptly notify Bank in writing of its acquisition by purchase, lease or otherwise of any after acquired property of the type included in the Collateral having an aggregate value in excess of $100,000, with the exception of purchases of Inventory in the ordinary course of business.

6.10 All assessments and taxes, whether real, personal or otherwise, due or payable by, or imposed, levied or assessed against, Borrower or any of its property have been paid, and shall hereafter be paid in full, before delinquency. Borrower shall make due and timely payment or deposit of all federal, state and local taxes, assessments or contributions required of it by law, and will execute and deliver to Bank, on demand, appropriate certificates attesting to the payment or deposit thereof. Borrower will make timely payment or deposit of all F.I.C.A. payments and withholding taxes required of it by applicable laws, and will upon request furnish Bank with proof satisfactory to it that Borrower has made such payments or deposit. If Borrower fails to pay any such assessment, tax, contribution, or make such deposit, or furnish the required proof, Bank may, in its sole and absolute discretion and without notice to Borrower, (I) make payment of the same or any part thereof, or (ii) set up such reserves in Borrower's loan account as Bank deems necessary to satisfy the liability therefor, or both. Bank may conclusively rely on the usual statements of the amount owing or other official statements issued by the appropriate governmental agency. Each amount so paid or deposited by Bank shall constitute a Bank Expense and an additional advance to Borrower.

6.11 There are no actions or proceedings pending by or against Borrower or any guarantor of Borrower before any court or administrative agency and Borrower has no knowledge of any pending, threatened or imminent litigation, governmental investigations or claims, complaints, actions or prosecutions involving Borrower or any guarantor of Borrower, except as heretofore specifically disclosed in writing to Bank. If any of the foregoing arise during the term of the Agreement, Borrower shall immediately notify Bank in writing.

6.12 Insurance.

a. Borrower, at its expense, shall keep and maintain its assets insured against loss or damage by fire, theft, explosion, sprinklers and all other hazards and risks ordinarily insured against by other owners who use such properties in similar businesses for the full insurable value thereof. Borrower shall also keep and maintain business interruption insurance and public liability and property damage insurance relating to Borrower's ownership and use of the Collateral and its other assets. All such policies of insurance shall be in such form, with such companies, and in such amounts as may be satisfactory to Bank. Borrower shall deliver to Bank certified copies of such policies of insurance and evidence of the payments of all premiums therefor. All such policies of insurance (except those of public liability and property damage) shall contain an endorsement in a form satisfactory to Bank showing Bank as a loss payee thereof, with a waiver of warranties satisfactory to Bank, and all proceeds payable thereunder shall be payable to Bank and, upon receipt by Bank, shall be applied on account of the Indebtedness owing to Bank. To secure the payment of the Indebtedness, Borrower grants Bank a security interest in and to all such policies of insurance (except those of public liability and property damage) and the proceeds thereof, and Borrower shall direct all insurers under such policies of insurance to pay all proceeds thereof directly to Bank.

b. Borrower hereby irrevocably appoints Bank (and any of Bank's officers, employees or agents designated by Bank) as Borrower's attorney for the purpose of making, selling and adjusting claims under such policies of insurance, endorsing the name of Borrower on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance. Borrower will not cancel any of such policies without Bank's prior written consent. Each such insurer shall agree by endorsement upon the policy or policies of insurance issued by it to Borrower as required above, or by independent instruments furnished to Bank, that it will give Bank at least ten (10) days written notice before any such policy or policies of insurance shall be altered or canceled, and that no act or default of Borrower, or any other person, shall affect the right of Bank to recover under such policy or policies of insurance required above or to pay any premium in whole or in part relating thereto. Bank, without waiving or releasing any Indebtedness or any Event of Default, may, but shall have no obligation to do so, obtain and maintain such policies of insurance and pay such premiums and take any other action with respect to such policies which Bank deems advisable. All sums so disbursed by Bank, as well as reasonable attorneys' fees incurred by Bank, whether in-house or outside counsel is used, court costs, expenses and other charges relating thereto, shall constitute Bank Expenses and are payable on demand.

6.13 All financial statements and information relating to Borrower which have been or may hereafter be delivered by Borrower to Bank are true and correct and have been prepared in accordance with GAAP consistently applied and there has been no material adverse change in the financial condition of Borrower since the submission of such financial information to Bank.

6.14 Financial Reporting.

a. Borrower at all times hereafter shall maintain a standard and modern system of accounting in accordance with GAAP consistently applied with ledger and account cards and/or computer tapes and computer disks, computer printouts and computer records pertaining to the Collateral which contain information as may from time to time be requested by Bank, not modify or change its method of accounting or enter into, modify or terminate any agreement presently existing, or at any time hereafter entered into with any third party accounting firm and/or service bureau for the preparation and/or storage of Borrower's accounting records without the written consent of Bank first obtained and without said accounting firm and/or service bureau agreeing to provide information regarding the Accounts and Inventory and Borrower's financial condition to Bank; permit Bank and any of its employees, officers or agents, upon demand, during Borrower's usual business hours, or the usual business hour of third persons having control thereof, to have access to and examine all of Borrower's Books relating to the Collateral, Borrower's Indebtedness to Bank, Borrower's financial condition and the results of Borrower's operations and in connection therewith, permit Bank or any of its agents, employees or officers to copy and make extracts therefrom.

b. Borrower shall deliver to Bank within sixty (60) days after the end of each quarter a company prepared balance sheet and profit and loss statement (Form 10-Q as filed with the US Securities and Exchange Commission) covering Borrower's operations and deliver to Bank within ninety five (95) days after the end of each of Borrower's fiscal years an unqualified audited financial statement (Form 10-K as filed with the US Securities and Exchange Commission) of the financial condition of Borrower for each such fiscal year, including but not limited to, a balance sheet and profit and loss statement and any other report requested by Bank relating to the Collateral and the financial condition of Borrower, and a certificate signed by an authorized employee of Borrower to the effect that all reports, statements, computer disk or tape files, computer printouts, computer runs, or other computer prepared information of any kind or nature relating to the foregoing or documents delivered or caused to be delivered to Bank under this subparagraph are complete, correct and thoroughly present the financial condition of Borrower and that there exists on the date of delivery to Bank no condition or event which constitutes a breach or Event of Default under this Agreement.

c. In addition to the financial statements requested above, Borrower agrees to provide Bank with the following schedules:

(1) Accounts Receivable Agings and Accounts Payable Agings within 30 days of the end of each quarter;

(2) Compliance Certification within 30 days of the end of each quarter, and

(3) Inventory report within 30 days of the end of each quarter.

6.15 Hansen Natural shall maintain the following financial ratios and covenants on a consolidated basis, which shall be monitored on a quarterly basis, except as noted below:

a. A Book Net Worth of not less than $35,000,000.

b. a Current Ratio of not less than 1.25:1.00

c. a ratio of Senior Funded Debt to EBITDA of not more than 1.75:1.00. Bank shall (i) in determining EBITDA, use the current quarter of EBITDA and previous three (3) quarters of EBITDA; and (ii) in determining Senior Funded debt, use Senior Funded Debt as of the date of calculating this ratio.

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

In the event that Borrower reasonably expects that it may be in noncompliance with one or more of the financial covenants set forth in Section 6.15 in the following period of determination by virtue of the operation of SFAS 123 or any other accounting changes hereinafter adopted as GAAP, Borrower shall so notify the Bank and thereafter, to the extent permitted by law, such compliance shall be determined without regard to SFAS 123 or such changes to GAAP.

6.16 Borrower shall promptly supply Bank (and cause any guarantor to supply Bank) with such other information (including tax returns) concerning its financial affairs (or that of any guarantor) as Bank may request from time to time hereafter, and shall promptly notify Bank of any material adverse change in Borrower's financial condition and of any condition or event which constitutes a breach of or an event which constitutes an Event of Default under this Agreement.

6.17 Borrower is now and shall be at all times hereafter solvent and able to pay its debts (including trade debts) as they mature.

6.18 Borrower shall immediately and without demand reimburse Bank for all sums expended by Bank in connection with any action brought by Bank to correct any default or enforce any provision of this Agreement, including all Bank Expenses; Borrower authorizes and approves all advances and payments by Bank for items described in this Agreement as Bank Expenses.

6.19 Each warranty, representation and agreement contained in this Agreement shall be automatically deemed repeated with each advance and shall be conclusively presumed to have been relied on by Bank regardless of any investigation made or information possessed by Bank. The warranties, representations and agreements set forth herein shall be cumulative and in addition to any and all other warranties, representations and agreements which Borrower shall give, or cause to be given, to Bank, either now or hereafter.

6.20 Borrower shall keep all of its principal bank accounts with Bank and shall notify Bank immediately in writing of the existence of any other bank account, deposit account, or any other account into which money can be deposited.

6.21 Borrower shall furnish to Bank: (a) as soon as possible, but in no event later than thirty (30) days after Borrower knows or has reason to know that any reportable event with respect to any deferred compensation plan has occurred, a statement of the chief financial officer of Borrower setting forth the details concerning such reportable event and the action which Borrower proposes to take with respect thereto, together with a copy of the notice of such reportable event given to the Pension Benefit Guaranty Corporation, if a copy of such notice is available to Borrower; (b) promptly after the filing thereof with the United States Secretary of Labor or the Pension Benefit Guaranty Corporation, copies of each annual report with respect to each deferred compensation plan; (c) promptly after receipt thereof, a copy of any notice Borrower may receive from the Pension Benefit Guaranty Corporation or the Internal Revenue Service with respect to any deferred compensation plan; provided, however, this subparagraph shall not apply to notice of general application issued by the Pension Benefit Guaranty Corporation or the Internal Revenue Service; and (d) when the same is made available to participants in the deferred compensation plan, all notices and other forms of information from time to time disseminated to the participants by the administrator of the deferred compensation plan.

6.22 Borrower is now and shall at all times hereafter remain in compliance with all federal, state and municipal laws, regulations and ordinances relating to the handling, treatment and disposal of toxic substances, wastes and hazardous material and shall maintain all necessary authorizations and permits.

6.23 Absent the occurrence of an Event of 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 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.

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

7. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an Event of Default by Borrower under this Agreement:

a. If Borrower fails or neglects to perform, keep or observe any term, provision, condition, covenant, agreement, warranty or representation contained in this Agreement, or any other present or future document, instrument or agreement between Borrower and Bank;

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

c. If Borrower fails to pay when due and payable or declared due and payable, all or any portion of Borrower's Indebtedness (whether of principal, interest, taxes, reimbursement of Bank Expenses, or otherwise) and such failure continues for three (3) business days after notice of such failure is delivered by the Bank to the Borrower in accordance with Section 12 of this Agreement;

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

e. If all or any of Borrower's assets are attached, seized, subject to a writ or distress warrant, or are levied upon, or come into the possession of any Judicial Officer or Assignee and the same are not released, discharged or bonded against within ten (10) days thereafter;

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

g. If any proceeding is filed or commenced by or against Borrower for its dissolution or liquidation;

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

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

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

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

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

m. If Borrower makes any payment on account of indebtedness which has been subordinated to Borrower's Indebtedness to Bank except as otherwise permitted under the terms of this Agreement;

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

o. If any party subordinating its claims to that of Bank's or any guarantor of Borrower's Indebtedness dies, terminates its subordination or guaranty, violates the terms of the subordination or guaranty, becomes insolvent, or an Insolvency Proceeding is commenced by or against any such subordinating party or guarantor;

p. If there is a change of ownership or control of Twenty Five percent (25 %) or more of the issued and outstanding stock of Borrower; or

q. If any reportable event, which Bank determines constitutes grounds for the termination of any deferred compensation plan by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate

United States District Court of a trustee to administer any such plan, shall have occurred and be continuing thirty (30) days after written notice of such determination shall have been given to Borrower by Bank, or any such Plan shall be terminated within the meaning of Title IV of the Employment Retirement Income Security Act ("ERISA"), or a trustee shall be appointed by the appropriate United States District Court to administer any such plan, or the Pension Benefit Guaranty Corporation shall institute proceedings to terminate any plan and in case of any event described in this Section 7, the aggregate amount of Borrower's liability to the Pension Benefit Guaranty Corporation under Sections 4062, 4063 or 4064 of ERISA shall exceed five percent (5%) of Borrower's Tangible Effective Net Worth.

r. If Borrower shall default under, or permit any other party to default under, any of the Trademark Rights.

Notwithstanding anything contained in Section 7 to the contrary, Bank shall refrain from exercising its rights and remedies and Event of Default shall thereafter not be deemed to have occurred by reason of the occurrence of any of the events set forth in Sections 7.e, 7.f or 7.j of this Agreement 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 Proceedings against Borrower, Bank shall not be obligated to make advances to Borrower during such cure period.

8. BANK'S RIGHTS AND REMEDIES.

8.1 Upon the occurrence of an Event of Default by Borrower under this Agreement, Bank may, at its election, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Borrower:

a. Declare Borrower's Indebtedness, whether evidenced by this Agreement, installment notes, demand notes or otherwise, immediately due and payable to Bank;

b. Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement, or any other agreement between Borrower and Bank;

c. Terminate this Agreement as to any future liability or obligation of Bank, but without affecting Bank's rights and security interests in the Collateral, and the Indebtedness of Borrower to Bank;

d. Without notice to or demand upon Borrower or any guarantor, make such payments and do such acts as Bank considers necessary or reasonable to protect its security interest in the Collateral. Borrower agrees to assemble the Collateral if Bank so requires and to make the Collateral available to Bank as Bank may designate. Borrower authorizes Bank to enter the premises where the Collateral is located, take and maintain possession of the Collateral and the premises (at no charge to Bank), or any part thereof, and to pay, purchase, contest or compromise any encumbrance, charge or lien which in the opinion of Bank appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith;

e. Without limiting Bank's rights under any security interest, Bank is hereby granted a license or other right to use, without charge, Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property or a similar nature as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral and Borrower's rights under all licenses and all franchise agreement shall inure to Bank's benefit, and Bank shall have the right and power to enter into sublicense agreements with respect to all such rights with third parties on terms acceptable to Bank;

f. Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sales and sell (in the manner provided for herein) the Inventory;

g. Sell or dispose the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as is commercially reasonable in the opinion of Bank. It is not necessary that the Collateral be present at any such sale. At any sale or other disposition of the Collateral pursuant to this Section, Bank disclaims all warranties which would otherwise be given under the Uniform Commercial Code, including without limitation a disclaimer of any warranty relating to title, possession, quiet enjoyment or the like, and Bank may communicate these disclaimers to a purchaser at such disposition. This disclaimer of warranties will not render the sale commercially unreasonable;

h. Bank shall give notice of the disposition of the Collateral as follows:

(1) Bank shall give Borrower and each holder of a security interest in the Collateral who has filed with Bank a written request for notice, a notice in writing of the time and place of public sale, or, if the sale is a private sale or some disposition other than a public sale is to be made of the Collateral, the time on or after which the private sale or other disposition is to be made;

(2) The notice shall be personally delivered or mailed, postage prepaid, to Borrower's address appearing in this Agreement, at least ten (10) calendar days before the date fixed for the sale, or at least ten (10) calendar days before the date on or after which the private sale or other disposition is to be made, unless the Collateral is perishable or threatens to decline speedily in value. Notice to persons other than Borrower claiming an interest in the Collateral shall be sent to such addresses as have been furnished to Bank or as otherwise determined in accordance with Section 9611 of the Uniform Commercial Code; and

(3) If the sale is to be a public sale, Bank shall also give notice of the time and place by publishing a notice one time at least ten (10) calendar days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held; and

(4) Bank may credit bid and purchase at any public sale.

i. Borrower shall pay all Bank Expenses incurred in connection with Bank's enforcement and exercise of any of its rights and remedies as herein provided, whether or not suit is commenced by Bank;

j. Any deficiency which exists after disposition of the Collateral as provided above will be paid immediately by Borrower. Any excess will be returned, without interest and subject to the rights of third parties, to Borrower by Bank, or, in Bank's discretion, to any party who Bank believes, in good faith, is entitled to the excess;

k. Without constituting a retention of Collateral in satisfaction of an obligation within the meaning of 9620 of the Uniform Commercial Code or an action under California Code of Civil Procedure 726, apply any and all amounts maintained by Borrower as deposit accounts (as that term is defined under 9102 of the Uniform Commercial Code) or other accounts that Borrower maintains with Bank against the Indebtedness;

l. The proceeds of any sale or other disposition of Collateral authorized by this Agreement shall be applied by Bank first upon all expenses authorized by the Uniform Commercial Code and all reasonable attorney fees and legal expenses incurred by Bank, whether in-house or outside counsel is used, the balance of the proceeds of the sale or other disposition shall be applied in the payment of the Indebtedness, first to interest, then to principal, then to remaining Indebtedness and the surplus, if any, shall be paid over to Borrower or to such other person(s) as may be entitled to it under applicable law. Borrower shall remain liable for any deficiency, which it shall pay to Bank immediately upon demand. Borrower agrees that Bank shall be under no obligation to accept any noncash proceeds in connection with any sale or disposition of Collateral unless failure to do so would be commercially unreasonable. If Bank agrees in its sole discretion to accept noncash proceeds (unless the failure to do so would be commercially unreasonable), Bank may ascribe any commercially reasonable value to such proceeds. Without limiting the foregoing, Bank may apply any discount factor in determining the present value of proceeds to be received in the future or may elect to apply proceeds to be received in the future only as and when such proceeds are actually received in cash by Bank; and

m. The following shall be the basis for any finder of fact's determination of the value of any Collateral which is the subject matter of a disposition giving rise to a calculation of any surplus or deficiency under Section 9615(f) of the Uniform Commercial Code: (i) The Collateral which is the subject matter of the disposition shall be valued in an "as is" condition as of the date of the disposition, without any assumption or expectation that such Collateral will be repaired or improved in any manner; (ii) the valuation shall be based upon an assumption that the transferee of such Collateral desires a resale of the Collateral for cash promptly (but no later than 30 days) following the disposition; (iii) all reasonable closing costs customarily borne by the seller in commercial sales transactions relating to property similar to such Collateral shall be deducted including, without limitation, brokerage commissions, tax prorations, attorney's fees, whether in-house or outside counsel is used, and marketing costs; (iv) the value of the Collateral which is the subject matter of the disposition shall be further discounted to account for any estimated holding costs associated with maintaining such Collateral pending sale (to the extent not accounted for in (iii) above), and other maintenance, operational and ownership expenses; and (v) any expert opinion testimony given or considered in connection with a determination of the value of such Collateral must be given by persons having at least 5 years experience in appraising property similar to the Collateral and who have conducted and prepared a complete written appraisal of such Collateral taking into consideration the factors set forth above. The "value" of any such Collateral shall be a factor in determining the amount of proceeds which would have been realized in a disposition to a transferee other than a secured party, a person related to a secured party or a secondary obligor under Section 9615(f) of the Uniform Commercial Code.

8.2 In addition to any and all other rights and remedies available to Bank under or pursuant to this Agreement or any other documents, instrument or agreement contemplated hereby, Borrower acknowledges and agrees that (i) at any time following the occurrence and during the continuance of any Event of Default, and/or (ii) termination of Bank's commitment or obligation to make loans or advances or otherwise extent credit to or in favor of Borrower hereunder, in the event that and to the extent that there are any Letter of Credit Obligations outstanding at such time, upon demand of Bank, Borrower shall deliver to Bank, or cause to be delivered to Bank, cash collateral in an amount not less than such Letter of Credit Obligations, which cash collateral shall be held and retained by Bank as cash collateral for the repayment of such Letter of Credit Obligations, together with any and all other Indebtedness of Borrower to Bank remaining unpaid, and Borrower pledges to Bank and grants to Bank a continuing first priority security interest in such cash collateral so delivered to Bank. Alternatively, Borrower shall cause to be delivered to Bank an irrevocable standby letter of credit issued in favor of Bank by a bank acceptable to Bank, in its sole discretion, in an amount not less than such Letter of Credit Obligations, and upon terms acceptable to Bank, in its sole discretion.

8.3 Bank's rights and remedies under this Agreement and all other agreements shall be cumulative. Bank shall have all other rights and remedies not inconsistent herewith as provided by law or in equity. No exercise by Bank of one right or remedy shall be deemed an election, and no waiver by Bank of any default on Borrower's part shall be deemed a continuing waiver. No delay by Bank shall constitute a waiver, election or acquiescence by Bank.

9. TAXES AND EXPENSES REGARDING BORROWER'S PROPERTY. If Borrower fails to pay promptly when due to another person or entity, monies which Borrower is required to pay by reason of any provision in this Agreement, Bank may, but need not, pay the same and charge Borrower's loan account therefor, and Borrower shall promptly reimburse Bank. All such sums shall become additional Indebtedness owing to Bank, shall bear interest at the rate hereinabove provided, and shall be secured by all Collateral. Any payments made by Bank shall not constitute (i) an agreement by it to make similar payments in the future or (ii) a waiver by Bank of any default under this Agreement. Bank need not inquire as to, or contest the validity of, any such expense, tax, security interest, encumbrance or lien and the receipt of the usual official notice of the payment thereof shall be conclusive evidence that the same was validly due and owing. Such payments shall constitute Bank Expenses and additional advances

to Borrower.

10. WAIVERS.

10.1 Borrower agrees that checks and other instruments received by Bank in payment or on account of Borrower's Indebtedness constitute only conditional payment until such items are actually paid to Bank and Borrower waives the right to direct the application of any and all payments at any time or times hereafter received by Bank on account of Borrower's Indebtedness and Borrower agrees that Bank shall have the continuing exclusive right to apply and reapply such payments in any manner as Bank may deem advisable, notwithstanding any entry by Bank upon its books.

10.2 Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, documents, instruments, chattel paper, and guarantees at any time held by Bank on which Borrower may in any way be liable.

10.3 Bank shall not in any way or manner be liable or responsible for (a) the safekeeping of the Inventory; (b) any loss or damage thereto occurring or arising in any manner or fashion from any cause; (c) any diminution in the value thereof; or (d) any act or default of any carrier, warehouseman, bailee, forwarding agency or other person whomsoever. All risk of loss, damage or destruction of Inventory shall be borne by Borrower.

10.4 Borrower waives the right and the right to assert a confidential relationship, if any, it may have with any accountant, accounting firm and/or service bureau or consultant in connection with any information requested by Bank pursuant to or in accordance with this Agreement, and agrees that a Bank may contact directly any such accountants, accounting firm and/or service bureau or consultant in order to obtain such information.

10.5 JURY WAIVER AND REFERENCE PROVISIONS.

10.5.1 JURY WAIVER

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 AGREEMENT OR THE INDEBTEDNESS.

10.5.2

REFERENCE PROVISIONS

a. The parties prefer that any dispute between them be resolved in litigation subject to a Jury Trial Waiver as set forth in the Loan Documents (defined below), but the availability of that process is in doubt because of the opinion of the California Court of Appeal in Grafton Partners LP v. Superior Court, 9 Cal.Rptr.3d 511. This Reference Provision will be applicable until the California Supreme Court completes its review of that case, and will continue to be applicable if either that court or a California Court of Appeal publishes a decision holding that a pre-dispute Jury Trial Waiver provision similar to that contained in the Loan Documents is invalid or unenforceable. Delay in requesting appointment of a referee pending review of any such decision, or participation in litigation pending review, will not be deemed a waiver of this Reference Provision.

b. Other than (i) nonjudicial foreclosure of security interests in real or personal property, (ii) the appointment of a receiver or (iii) the exercise of other provisional remedies (any of which may be initiated pursuant to applicable law), any controversy, dispute or claim (each, a "Claim") between the parties arising out of or relating to this Agreement or any other document, instrument or agreement between the Bank and the undersigned (collectively in this Section, the "Loan Documents"), will be resolved by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure ("CCP"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Loan Documents, venue for the reference proceeding will be in the Superior Court or Federal District Court in the County or District where the real property, if any, is located or in a County or District where venue is otherwise appropriate under applicable law (the "Court").

c. The referee shall be a retired Judge or Justice selected by mutual written agreement of the parties. If the parties do not agree, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. The referee shall be appointed to sit with all the powers provided by law. Each party shall have one peremptory challenge pursuant to CCP Section 170.6. Pending appointment of the referee, the Court has power to issue temporary or provisional remedies.

d. The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested to (a) set the matter for a status and trial- setting conference within fifteen (15) days after the date of selection of the referee, (b) if practicable, try all issues of law or fact within ninety (90) days after the date of the conference and (c) report a statement of decision within twenty (20) days after the matter has been submitted for decision. Any decision rendered by the referee will be final, binding and conclusive, and judgment shall be entered pursuant to CCP Section 644.

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

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

g. The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference

proceeding. The referee shall be empowered to enter equitable as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a trial, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. The referee's decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

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

i. THE PARTIES RECOGNIZE AND AGREE THAT ALL DISPUTES RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY, AND THAT THEY ARE IN EFFECT WAIVING THEIR RIGHT TO TRIAL BY JURY IN AGREEING TO THIS REFERENCE PROVISION. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY AND FOR THEIR MUTUAL BENEFIT AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY DISPUTE BETWEEN THEM WHICH ARISES OUT OF OR IS RELATED TO THIS AGREEMENT OR THE LOAN DOCUMENTS

10.6 In the event that Bank elects to waive any rights or remedies hereunder, or compliance with any of the terms hereof, or delays or fails to pursue or enforce any term, such waiver, delay or failure to pursue or enforce shall only be effective with respect to that single act and shall not be construed to affect any subsequent transactions or Bank's right to later pursue such rights and remedies.

11. ONE CONTINUING LOAN TRANSACTION. All loans and advances heretofore, now or at any time or times hereafter made by Bank to Borrower under this Agreement or any other agreement between Bank and Borrower, shall constitute one loan secured by Bank's security interests in the Collateral and by all other security interests, liens, encumbrances heretofore, now or from time to time hereafter granted by Borrower to Bank.

Notwithstanding the above, (i) to the extent that any portion of the Indebtedness is a consumer loan, that portion shall not be secured by any deed of trust or mortgage on or other security interest in Borrower's principal dwelling which is not a purchase money security interest as to that portion, unless expressly provided to the contrary in another place, or (ii) if Borrower (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 the loan and any other Indebtedness of Borrower (or any of them), unless expressly provided to the contrary in another place.

12. NOTICES. Unless otherwise provided in this Agreement, all notices or demands by either party on the other relating to this Agreement shall be in writing and sent by regular United States mail, postage prepaid, properly addressed to Borrower or to Bank at the addresses stated in this Agreement, or to such other addresses as Borrower or Bank may from time to time specify to the other in writing. Requests for information made to Borrower by Bank from time to time hereunder may be made orally or in writing, at Bank's discretion.

13. AUTHORIZATION TO DISBURSE. Bank is hereby authorized to make loans and advances hereunder upon telephonic or other instructions received from anyone purporting to be an officer, employee, or representative of Borrower, or at the discretion of Bank if said loans and advances are necessary to meet any Indebtedness of Borrower to Bank. Bank shall have no duty to make inquiry or verify the authority of any such party, and Borrower shall hold Bank harmless from any damage, claims or liability by reason of Bank's honor of, or failure to honor, any such instructions.

14. PAYMENTS. Borrower hereby authorizes Bank to deduct the full amount of any interest, fees, costs, or Bank Expenses due under this Agreement and not paid or collected when due in accordance with the terms and conditions hereof from any account maintained by Borrower with Bank. Should there be insufficient funds in any such account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower; provided, however, that Bank shall not be obligated to advance funds to cover any such payment.

15. DESTRUCTION OF BORROWER'S DOCUMENTS. Any documents, schedules, invoices or other papers delivered to Bank, may be destroyed or otherwise disposed of by Bank six (6) months after they are delivered to or received by Bank, unless Borrower requests, in writing, the return of the said documents, schedules, invoices or other papers and makes arrangements, at Borrower's expense, for their return.

16. CHOICE OF LAW. The validity of this Agreement, its construction, interpretation and enforcement, and the rights of the parties hereunder and concerning the Collateral, shall be determined according to the laws of the State of California. The parties agree that all actions or proceedings arising in connection with this Agreement shall be tried and litigated only in the state and federal courts in the Northern District of California or the County of Santa Clara.

17. GENERAL PROVISIONS.

17.1 This Agreement shall be binding and deemed effective when executed by Borrower and accepted and executed by Bank at its headquarters office.

17.2 This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however, that Borrower may not assign this Agreement or any rights hereunder without Bank's prior written consent and any prohibited assignment shall be absolutely void. No consent to an assignment by Bank shall release Borrower or any guarantor from their obligations to Bank. Bank may assign this Agreement and its rights and duties hereunder. Bank reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in Bank's rights and benefits hereunder. In connection therewith, Bank may disclose all documents and information that Bank now or hereafter may have relating to Borrower or Borrower's business.

17.3 Paragraph headings and paragraph numbers have been set forth herein for convenience only; unless the contrary is compelled by the context, everything contained in each paragraph applies equally to this entire Agreement. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, and the term "including" is not limiting. The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement.

17.4 Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Bank or Borrower, whether under any rule of construction or otherwise; on the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto.

17.5 Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

17.6 This Agreement cannot be changed or terminated orally. This Agreement contains the entire agreement of the parties hereto and supersedes all prior agreements, understandings, representations, warranties and negotiations, if any, related to the subject matter hereof, and none of the parties shall be bound by anything not expressed in writing.

17.7 The parties intend and agree that their respective rights, duties, powers, liabilities, obligations and discretions shall be performed, carried out, discharged and exercised reasonably and in good faith.

17.8 In addition, if this Agreement 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 Agreement, 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 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 contract or other instrument; (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.

17.9 Each undersigned Borrower hereby agrees that it is jointly and severally, directly, and primarily liable to Bank for payment and performance in full of all duties, obligations and liabilities under this Agreement and each other document, instrument and agreement entered into by Borrower with or in favor of Bank in connection herewith, and that such liability is independent of the duties, obligations and liabilities of any other Borrower or any other guarantor of the Indebtedness, as applicable. Each reference herein to Borrower shall mean each and every Borrower party hereto, individually and collectively, jointly and severally.

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Loan and Security Agreement to be executed as of the date first hereinabove written.

HANSEN BEVERAGE COMPANY

Accepted and effective as of:
at Bank's Headquarters Office

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a Delaware Corporation

COMERICA BANK,
a Michigan banking corporation

By: /s/Rodney C. Sacks

Name:Rodney C. Sacks
Title: Chairman

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

By:
Name:
Title:

Address for Notices:

75 East Trimble Road
San Jose, California 95131
Attn: Credit Manager
Fax number: (408) 556-5097
Address for Notices:

1010 Railroad St. Corona, CA 92882
Fax Number: 951-739-6212

LIBOR Addendum
To
Amended and Restated Loan and Security Agreement

This Addendum to Loan and Security Agreement (this "Addendum") is entered into as of this 1st Day of December 2004, by and between Comerica Bank ("Bank") and Hansen Beverage Company ("Borrower"). This Addendum supplements the terms of the Amended and Restated Loan and Security Agreement of even date herewith.

1. Definitions.

a. Agreement. As used herein, "Agreement" means the Amended and Restated Loan and Security Agreement of even date herewith.

b. Advance. As used herein, "Advance" means a borrowing requested by Borrower and made by Bank under the Agreement, including a LIBOR Option Advance and/or a Base Rate Option Advance.

c. Applicable Base Rate Margin. As used herein means the Applicable Base Rate Margin determined in accordance with the Agreement.

d. Business Day. As used herein, "Business Day" means any day except a Saturday, Sunday or any other day designated as a holiday under Federal or California statute or regulation.

e. LIBOR. As used herein, "LIBOR" means the rate per annum (rounded upward if necessary, to the nearest whole 1/8 of 1%) and determined pursuant to the following formula:

$$\text{LIBOR} = \frac{\text{Base LIBOR}}{100\% - \text{LIBOR Reserve Percentage}}$$

(1) "Base LIBOR" means the rate per annum determined by Bank at which deposits for the relevant LIBOR Period would be offered to Bank in the approximate amount of the relevant LIBOR Option Advance in the inter-bank LIBOR market selected by Bank, upon request of Bank at 10:00 a.m. California time, on the day that is the first day of such LIBOR Period.

(2) "LIBOR Reserve Percentage" means the reserve percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor) for "Eurocurrency Liabilities" (as defined in Regulation D of the Federal Reserve Board, as amended), adjusted by Bank for expected changes in such reserve percentage during the applicable LIBOR Period.

f. LIBOR Business Day. As used herein, "LIBOR Business Day" means a Business day on which dealings in Dollar deposits may be carried out in the interbank LIBOR market.

g. LIBOR Period. As used herein, "LIBOR Period" means, with respect to a LIBOR Option Advance:

(1) initially, the period commencing on, as the case may be, the date the Advance is made or the date on which the Advance is converted to a LIBOR Option Advance, and continuing for, in every case, a 30, 60, 90 or 180 day period thereafter so long as the LIBOR Option is quoted for such period in the applicable interbank LIBOR market, as such period is selected by Borrower in the notice of Advance as provided in the Agreement or in the notice of conversion as provided in this Addendum; and

(2) thereafter, each period commencing on the last day of the next preceding LIBOR Period applicable to such LIBOR Option Advance and continuing for, in every case, a 30, 60, 90 or 180 day period thereafter so long as the LIBOR Option is quoted for such period in the applicable interbank LIBOR market, as such period is selected by Borrower in the notice of continuation as provided in this Addendum.

h. Note. As used herein, "Note" means the Amended and Restated Loan and Security Agreement of even date herewith.

i. Regulation D. As used herein, "Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as amended or supplemented from time to time.

j. Regulatory Development. As used herein, "Regulatory Development" means any or all of the following: (i) any change in any law, regulation or interpretation thereof by any public authority (whether or not having the force of law); (ii) the application of any existing law, regulation or the interpretation thereof by any public authority (whether or not having the force of law); and (iii) compliance by Bank with any request or directive (whether or not having the force of law) of any public authority.

2. Interest Rate Options. Borrower shall have the following options regarding the interest rate to be paid by Borrower on Advances under the Agreement:

a. A rate equal to the Applicable LIBOR Margin above Bank's LIBOR, (the "LIBOR Option"), which LIBOR Option shall be in effect during the relevant LIBOR Period; or

b. A rate equal to the Base Rate plus or minus the Applicable Base Rate Margin. The "Base Rate" is defined in the Agreement and quoted from time to time by Bank as such rate may change from time to time (the "Base Rate Option").

3. LIBOR Option Advance. The minimum LIBOR Option Advance will not be less than Five Hundred Thousand and 00/100 Dollars ($500,000) for any LIBOR Option Advance.

4. Payment of Interest on LIBOR Option Advances. Interest on each LIBOR Option Advance shall be payable pursuant to the terms of the Agreement. Interest on such LIBOR Option Advance shall be computed on the basis of a 360-day year and shall be assessed for the actual number of days elapsed from the first day of the LIBOR Period applicable thereto but not including the last day thereof.

5. Bank's Records Re: LIBOR Option Advances. With respect to each LIBOR Option Advance, Bank is hereby authorized to note the date, principal amount, interest rate and LIBOR Period applicable thereto and any payments made thereon on Bank's books and records (either manually or by electronic entry) and/or on any schedule attached to the Agreement, which notations shall be prima facie evidence of the accuracy of the information noted.

6. Selection/Conversion of Interest Rate Options. At the time any Advance is requested under the Agreement and/or Borrower wishes to select the LIBOR Option for all or a portion of the outstanding principal balance of the Agreement, and at the end of each LIBOR Period, Borrower shall give Bank notice specifying (a) the interest rate option selected by Borrower; (b) the principal amount subject thereto; and (c) if the LIBOR Option is selected, the length of the applicable LIBOR Period. Any such notice may be given by telephone so long as, with respect to each LIBOR Option selected by Borrower, (i) Bank receives written confirmation from Borrower not later than three (3) LIBOR Business Days after such telephone notice is given; and (ii) such notice is given to Bank prior to 10:00 a.m., California time, on the first day of the LIBOR Period. For each LIBOR Option requested hereunder, Bank will quote the applicable fixed LIBOR Rate to Borrower at approximately 10:00 a.m., California time, on the first day of the LIBOR Period. If Borrower does not immediately accept the rate quoted by Bank, any subsequent acceptance by Borrower shall be subject to a redetermination of the rate by Bank; provided, however, that if Borrower fails to accept any such quotation given, then the quoted rate shall expire and Bank shall have no obligation to permit a LIBOR Option to be selected on such day. If no specific designation of interest is made at the time any Advance is requested under the Agreement or at the end of any LIBOR Period, Borrower shall be deemed to have selected the Base Rate Option for such Advance or the principal amount to which such LIBOR Period applied. At any time the LIBOR Option is in effect, Borrower may, at the end of the applicable LIBOR Period, convert to the Base Rate Option. At any time the Base Rate Option is in effect, Borrower may convert to the LIBOR OPTION, and shall designate a LIBOR Period.

7. Default Interest Rate. From and after the maturity date of the Agreement, or such earlier date as all principal owing hereunder becomes due and payable by acceleration or otherwise, the outstanding principal balance of the Agreement shall bear interest until paid in full at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to three percent (3.00%) above the rate of interest from time to time applicable to the Agreement.

8. Prepayment. In the event that the LIBOR Option is the applicable interest rate for all or any part of the outstanding principal balance of the Agreement, and any payment or prepayment of any such outstanding principal balance of the Agreement shall occur on any day other than the last day of the applicable LIBOR Period (whether voluntarily, by acceleration, required payment, or otherwise), or if Borrower elects the LIBOR Option as the applicable interest rate for all or any part of the outstanding principal balance of the Agreement in accordance with the terms and conditions hereof, and, subsequent to such election, but prior to the commencement of the applicable LIBOR Period, Borrower revokes such election for any reason whatsoever, or if the applicable interest rate in respect of any outstanding principal balance of the Agreement hereunder shall be changed, for any reason whatsoever, from the LIBOR Option to the Base Rate Option prior to the last day of the applicable LIBOR Period, or if Borrower shall fail to make any payment of principal or interest hereunder at any time that the LIBOR Option is the applicable interest rate hereunder in respect of such outstanding principal balance of the Agreement, Borrower shall reimburse Bank, on demand, for any resulting loss, cost or expense incurred by Bank as a result thereof, including, without limitation, any such loss, cost or expense incurred in obtaining, liquidating, employing or redeploying deposits from third parties. Such amount payable by Borrower to Bank may include, without limitation, an amount equal to the excess, if any, of (a) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, refunded or converted, for the period from the date of such prepayment or of such failure to borrow, refund or convert, through the last day of the relevant LIBOR Period, at the applicable rate of interest for such outstanding principal balance of the Agreement, as provided under this Agreement, over (b) the amount of interest (as reasonably determined by Bank) which would have accrued to Bank on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank LIBOR market. Calculation of any amounts payable to Bank under this paragraph shall be made as though Bank shall have actually funded or committed to fund the relevant outstanding principal balance of the Agreement hereunder through the purchase of an underlying deposit in an amount equal to the amount of such outstanding principal balance of the Agreement and having a maturity comparable to the relevant LIBOR Period; provided, however, that Bank may fund the outstanding principal balance of the Agreement hereunder in any manner it deems fit and the foregoing assumptions shall be utilized only for the purpose of the calculation of amounts payable under this paragraph. Upon the written request of Borrower, Bank shall deliver to Borrower a certificate setting forth the basis for determining such losses, costs and expenses, which certificate shall be conclusively presumed correct, absent manifest error. Any prepayment hereunder shall also be accompanied by the payment of all accrued and unpaid interest on the amount so prepaid. Any outstanding principal balance of the Agreement which is bearing interest at such time at the Base Rate Option may be prepaid without penalty or premium. Partial prepayments hereunder shall be applied to the installments hereunder in the inverse order of their maturities.

BY INITIALING BELOW, BORROWER ACKNOWLEDGE(S) AND AGREE(S) THAT: (A) THERE IS NO

RIGHT TO PREPAY ANY LIBOR OPTION ADVANCE, IN WHOLE OR IN PART, WITHOUT PAYING THE PREPAYMENT AMOUNT SET FORTH HEREIN ("PREPAYMENT AMOUNT"), EXCEPT AS OTHERWISE REQUIRED UNDER APPLICABLE LAW; (B) BORROWER SHALL BE LIABLE FOR PAYMENT OF THE PREPAYMENT AMOUNT IF BANK EXERCISES ITS RIGHT TO ACCELERATE PAYMENT OF ANY LIBOR OPTION ADVANCE AS PART OR ALL OF THE OBLIGATIONS OWING UNDER THE AGREEMENT, INCLUDING WITHOUT LIMITATION, ACCELERATION UNDER A DUE-ON-SALE PROVISION; (C) BORROWER WAIVES ANY RIGHTS UNDER SECTION 2954.10 OF THE CALIFORNIA CIVIL CODE OR ANY SUCCESSOR STATUTE; AND (D) BANK HAS MADE EACH LIBOR OPTION ADVANCE PURSUANT TO THE AGREEMENT IN RELIANCE ON THESE AGREEMENTS.

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BORROWER'S INITIALS

9. Hold Harmless and Indemnification. Borrower agrees to indemnify Bank and to hold Bank harmless from, and to reimburse Bank on demand for, all losses and expenses which Bank sustains or incurs as a result of (i) any payment of a LIBOR Option Advance prior to the last day of the applicable LIBOR Period for any reason, including, without limitation, termination of the Agreement, whether pursuant to this Addendum or the occurrence of an Event of Default; (ii) any termination of a LIBOR Period prior to the date it would otherwise end in accordance with this Addendum; or (iii) any failure by Borrower, for any reason, to borrow any portion of a LIBOR Option Advance.

10. Funding Losses. The indemnification and hold harmless provisions set forth in this Addendum shall include, without limitation, all losses and expenses arising from interest and fees that Bank pays to lenders of funds it obtains in order to fund the loans to Borrower on the basis of the LIBOR Option(s) and all losses incurred in liquidating or re-deploying deposits from which such funds were obtained and loss of profit for the period after termination. A written statement by Bank to Borrower of such losses and expenses shall be conclusive and binding, absent manifest error, for all purposes. This obligation shall survive the termination of this Addendum and the payment of the Agreement.

11. Regulatory Developments Or Other Circumstances Relating To Illegality or Impracticality of LIBOR. If any Regulatory Development or other circumstances relating to the interbank Euro-dollar markets shall, at any time, in Bank's reasonable determination , make it unlawful or impractical for Bank to fund or maintain, during any LIBOR Period, to determine or charge interest rates based upon LIBOR, Bank shall give notice of such circumstances to Borrower and:

(i) In the case of a LIBOR Period in progress, Borrower shall, if requested by Bank, promptly pay any interest which had accrued prior to such request and the date of such request shall be deemed to be the last day of the term of the LIBOR Period; and

(ii) No LIBOR Period may be designated thereafter until Bank determines that such would be practical.

12. Additional Costs. Borrower shall pay to Bank from time to time, upon Bank's request, such amounts as Bank determines are needed to compensate Bank for any costs it incurred which are attributable to Bank having made or maintained a LIBOR Option Advance or to Bank's obligation to make a LIBOR Option Advance, or any reduction in any amount receivable by Bank hereunder with respect to any LIBOR Option or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any Regulatory Developments, which (i) change the basis of taxation of any amounts payable to Bank hereunder with respect to taxation of any amounts payable to Bank hereunder with respect to any LIBOR Option Advance (other than taxes imposed on the overall net income of Bank for any LIBOR Option Advance by the jurisdiction where Bank is headquartered or the jurisdiction where Bank extends the LIBOR Option Advance; (ii) impose or modify any reserve, special deposit, or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, Bank (including any LIBOR Option Advance or any deposits referred to in the definition of LIBOR); or (iii) impose any other condition affecting this Addendum (or any of such extension of credit or liabilities). Bank shall notify Borrower of any event occurring after the date hereof which entitles Bank to compensation pursuant to this paragraph as promptly as practicable after it obtains knowledge thereof and determines to request such compensation. Determinations by Bank for purposes of this paragraph, shall be conclusive, provided that such determinations are made on a reasonable basis.

13. Legal Effect. Except as specifically modified hereby, all of the terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have agreed to the foregoing as of the date first set forth above.

HANSEN BEVERAGE COMPANY Borrower	COMERICA BANK
By: /s/Rodney C. Sacks - ---------- Rodney C. Sacks Title:Chairman	By:/s/Thomas Hicks ---------- Thomas Hicks Vice President - Western Division
By: Title:	

CONTRACT PACKING AGREEMENT

This Agreement made and entered into this 5 day of April, 1996, by and between HANSEN BEVERAGE COMPANY (hereinafter referred to as "Company") and SOUTHWEST CANNING & PACKAGING, INC., (hereinafter referred to as "Packer").

"RECITALS"

"A. A Packer is in the business of packaging various carbonated beverages.

"B. Company sells and distributes carbonated beverages under its own brand name and other brand names.

"C. Packer and Company wish to provide for the terms and conditions upon which package Packer's products."

"COVENANTS"

"For and in consideration of the mutual covenants, conditions and provisions contained herein, the parties hereto agree as follows:"

1. Packer agrees to pack carbonated beverages of Company as shown on Schedule 'A' (the "Product"), in accordance with written formulas and standards set by the Company and provided to Packer, which formulas and standards may be omitted from time to time."

2. The packaging for the Product shall be in accordance with the rates and prices as set forth in Schedule 'A.' In the event of a default in the payment as provided in Schedule 'B' Packer shall give Company five (5) business days' notice and if the default is not cured and the Letter of Credit is insufficient to cover any outstanding balance, then Packer shall have the right to sell wherever necessary including but not limited to California, any and all Product inventory and raw materials in Packer's possession to satisfy any of Company's obligations to Packer under this Agreement."

3. Packer agrees to package for Company the flavors and sizes in Schedule 'A', at such times and in such quantities as may be mutually agreed upon between Company and Packer during the terms of this Agreement.

4. Packer will schedule production of products when inventory of products reaches the minimum reasonable stock levels or at such other intervals as maybe mutually agreed upon between Packer and Company from time to time. Packer further agrees to code-date products so as to make possible identification of date of production in accordance with coding system as required by Company.

5. Packer and Company will each provide raw materials for the Company's product as outlined in Schedule 'C'.

6. Packer agrees to maintain sufficient materials in its inventory to accommodate normal production requirements of Company. It is understood that inventory levels of materials ordered by Packer specifically for Company's product will be maintained at a level that will consider supplier minimum run requirements, Packer's minimum run requirements, historical sales data when available and Company's sales projections. Company agrees to maintain a two months supply of concentrate at Packers location.

7. Packer agrees to send samples of products at Company's expense to Company at places and intervals reasonably determined by Company.

8. Packer agrees to allow representatives of Company to inspect its production facilities including observing the syrup making'' process and Quality Control functions at any time during normal business hours.

9. Title to all finished goods shall remain with Packer. Packer shall be responsible for warehousing such inventories, which cost is included in the rates as shown in Schedule 'A'. A shrinkage allowance of two percent on concentrate usage shall be allowed Packer under this Agreement. Any losses in excess of this amount, as determined by the Company during month-end inventories, shall be the sole responsibility of Packer.

10. Finished goods will be released from Packer's inventory by Packer only upon specific orders from Company and shall be shipped as agreed upon between the parties. Company shall provide Packer seven (7) working day's notice of its shipping requirements.

11. Packer agrees to routinely keep and maintain daily production and quality control reports of Company's products and to supply said reports to Company upon request. Company shall at all reasonable times be entitled to access to the business records and reports of Packer as they relate to the production, quality control and shipment of Company's products.

12. This Agreement shall become and be effective immediately upon the execution of the same by the parties herein. This Agreement shall remain in full force and effect until terminated by either party as hereinafter provided. Either party, for any reason whatsoever shall have the right to terminate the Agreement upon 60 days written notice of its intention to terminate. In the event of a termination, all of the obligations of either party hereunder shall be adjusted up to and including the effective date of said termination. Within ten days Company shall pay Packer for all unpaid invoices for finished product produced for Company and for all unused raw materials at Packers plant ordered specifically for Company's product which cannot be utilized for Packer's other products. Also within ten days Company will arrange to assume the liability for all unused raw materials in the hands of Packer's suppliers ordered specifically

for Company's product which cannot be utilized for Packer's other products. Upon receipt of payment from Company and release of liability from suppliers, as the case maybe, Packer will ship to Company, at Company's expense, all finished product ingredients and raw materials in possession of Packer owned by Company.

13. Packer will comply with all applicable federal, state and local laws and regulations, governing the portion of the manufacturing process that the Packer performs and the materials the Packer supplies.

14. Company will comply with all applicable federal, state and local laws and regulations governing the materials supplied by Company and the labeling and formula specifications.

15. Packer agrees to indemnify and hold Company harmless from any loss, claim, damage, lawsuit, or expense for injury to person or property occasioned by or incident to its manufacture, bottling or preparation for delivery of Company's products. Company agrees to indemnify and hold packer harmless from any claim, loss, damage or lawsuit caused by materials supplied by Company. "Packer and Company during the term of this Agreement shall carry at their sole cost broad comprehensive liability insurance with limits of at least $1 million per occurrence to provide for the indemnification set forth in this paragraph. Each party shall furnish the other with evidence of the insurance required under this paragraph in a form of certificate issued by the insurance carrier, which certificate shall provide that there shall be no material change or cancellation of the coverage without ten (10) days' prior written notice of such change to the party to whom the certificate is addressed.

16. Neither party may assign transfer this Agreement or any interest therein without the prior written consent of the other.

17. Neither party shall be liable for any delay or failure to perform any of its obligations hereunder, which delay may be due in whole or in part to any caused or contingencies beyond said party's control, including, but not limited to, fires, accidents, acts of God, war, strikes or other labor disputes, governmental action, orders, or regulations, and any and all matters beyond said party's control.

18. "In the event that any party hereto shall become insolvent, shall file or have filed against it a voluntary or involuntary petition pursuant to the United States Bankruptcy Act, or the institution of any proceedings by or against either party for relief under any law relating to the relief of debtors, or the making of any assignment for the benefit of creditors, or the appointment of a receiver, and such condition remains unchanged for thirty (30) days', the other party may at its option terminate this Agreement on thirty (30) days' notice to the other party."

19. It is expressly understood between the parties hereto that any material or information revealed to Packer regarding the Company's products or the formulae for the Company's products or identity of any concentrate suppliers for the Company's products, Company's customers or sales figures are confidential and shall be treated as such by Packer and are revealed to Packer for the sole purpose of enabling Packer to comply with its obligations under this Agreement and are not to be used for any other purpose or revealed or disclosed to any other parties under, any circumstances.

20. Disputes; Arbitration. If there is any dispute among the parties regarding this Agreement, the parties hereto agree to submit the resolution of the dispute to arbitration with the arbitrator to be selected by mutual agreement among the parties from a list of seven potential arbitrators provided by the American Arbitration Association with each party alternately striking names, with the last name remaining to be the arbitrator so selected. Such arbitration shall take place in Phoenix, Arizona and shall comply with the Commercial Arbitration Rules of the American Arbitration Association. The decision in writing of the arbitrator so selected in accordance with this paragraph shall be conclusive on both parties hereto. Each party agrees that any decision rendered by such arbitrator shall be enforced by any court of competent jurisdiction over such party

21. This Agreement, along with the schedules represents the entire understanding between Company and Packer, and supercedes all prior oral or written understandings on the same subject. It may not be changed in any way unless such change is in writing approved by both parties.

22. This agreement does not constitute Packer an agent of Company.

23. Any notice, request or other communication given hereunder shall be deemed to have been properly given if in writing and delivered or mailed by prepaid and registered mail in the United States of America addressed:

a) if to Packer, to it at: 931 S. Highland Avenue Tucson, Arizona 85719

b) if to Company, to it at: 2401 E. Katella Ave., Suite 650 Anaheim, California 92806

24. The parties further acknowledge that Packer has transportation equipment which will be available to deliver Company's finished product. By mutual consent, the Company may contract with Packer to perform these services, at rates of compensation to Packer as detailed in Schedule 'A'.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and date first above written .

HANSEN BEVERAGE COMPANY	SOUTHWEST CANNING & PACKAGING, INC.
BY: /s/ Harold C. Taber Jr.	BY: /s/ Georoge Kalil
TITLE: President / CEO	TITLE: President

EXHIBIT 31.2

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

I, Hilton Schlosberg, certify that:

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

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

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

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

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

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

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

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

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

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

Date: March 15, 2005

/s/Hilton H. Schlosberg

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

EXHIBIT 32.1

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

In connection with the annual report of Hansen Natural Corporation (the "Company") on Form 10-K for the year ended December 31, 2004 as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Rodney C. Sacks, Chairman of the Board of Directors and Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: March 15, 2005

/s/Rodney C. Sacks

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

EXHIBIT 32.2

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

In connection with the annual report of Hansen Natural Corporation (the "Company") on Form 10-K for the year ended December 31, 2004 as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Hilton H. Schlosberg, Vice Chairman of the Board of Directors, President, Chief Operating Officer, Chief Financial Officer and Secretary of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: March 15, 2005

/s/Hilton H. Scholosberg

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

EXHIBIT 31.1

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

I, Rodney Sacks, certify that:

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

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

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

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

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

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

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

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

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

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

Date: March 15, 2005

/s/Rodney C. Sacks

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

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of January 15, 2004, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Michael B. Schott ("Holder").

Preliminary Recitals

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

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

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

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 32,000 shares of Common Stock, at the purchase price of $8.15 per share, such ISO to be exercisable and exercised as hereinafter provided.

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

3. Exercise of Option

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

Column "A" Number of Shares	Column "B" Exercise Date
8,000	January 15, 2005
8,000	January 15, 2006
8,000	January 15, 2007
8,000	January 15, 2008

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

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

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

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

(a) By check or other immediately available funds.

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

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

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

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

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

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

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

(c) For the purposes of this Agreement

(i) "Change in Control" means;

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

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

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

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

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

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

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

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

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

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Winston & Strawn, 200 Park Avenue, New York, New York 10166, and any notice hereunder to Holder shall be addressed to him at 283 Lincoln Road, Grosse Point City, Michigan 48230, subject to the right of either party to designate at any time hereafter in writing some other address.

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

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

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument. IN WITNESS WHEREOF, Hansen Natural Corporation has caused this Agreement to be executed by a duly authorized officer and Holder has executed this Agreement both as of the day and year first above written.

HANSEN NATURAL CORPORATION

By:/s/Rodney C. Sacks

Title: Chairman of the Board

/s/Michael B. Schott
- ---
Michael B. Schott

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of January 15, 2004, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Kirk Blower ("Holder").

Preliminary Recitals

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

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

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

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase 12,500 shares of Common Stock, at the purchase price of $8.15 per share, such ISO to be exercisable and exercised as hereinafter provided.

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

3. Exercise of Option

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

Column "A" Number of Shares	Column "B" Exercise Date
2,500	January 15, 2005
2,500	January 15, 2006
2,500	January 15, 2007
2,500	January 15, 2008
2,500	January 15, 2009

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

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

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

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

(a) By check or other immediately available funds.

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

Company.)

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

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

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

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

7. Adjustments.

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

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

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

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

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

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

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

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Winston & Strawn, 200 Park Avenue, New York, New York 10166, and any notice hereunder to Holder shall be addressed to him at 3 Promontory, Dove Canyon, California 92679, subject to the right of either party to designate at any time hereafter in writing some other address.

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

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

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

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

HANSEN NATURAL CORPORATION

By:/s/Rodney C. Sacks

Title: Chairman of the Board

/s/Kirk Blower
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Holder

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of January 15, 2004, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Thomas J. Kelly ("Holder").

Preliminary Recitals

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

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

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

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase 25,000 shares of Common Stock, at the purchase price of $8.15 per share, such ISO to be exercisable and exercised as hereinafter provided.

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

3. Exercise of Option

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

Column "A" Number of Shares	Column "B" Exercise Date
5,000	January 15, 2005
5,000	January 15, 2006
5,000	January 15, 2007
5,000	January 15, 2008
5,000	January 15, 2009

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

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

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

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

(a) By check or other immediately available funds.

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

Company.)

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

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

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

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

7. Adjustments.

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

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

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

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

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

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

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

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Winston & Strawn, 200 Park Avenue, New York, New York 10166, and any notice hereunder to Holder shall be addressed to him at 4472 Torrey Pines Drive, Chino Hills, CA 91709, subject to the right of either party to designate at any time hereafter in writing some other address.

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

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

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

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

HANSEN NATURAL CORPORATION

By:/s/Rodney C. Sacks

Title: Chairman of the Board

/s/Thomas J. Kelly
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Holder

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is made as of January 15, 2004, by and between Hansen Natural Corporation, a Delaware corporation (the "Company"), and Mark J. Hall ("Holder").

Preliminary Recitals

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

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

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

1. Grant of Incentive Stock Option. The Company hereby grants to Holder, subject to the terms and conditions set forth herein, the incentive stock option ("ISO") to purchase up to 60,000 shares of Common Stock, at the purchase price of $8.15 per share, such ISO to be exercisable and exercised as hereinafter provided.

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

3. Exercise of Option

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

Column "A" Number of Shares	Column "B" Exercise Date
12,000	January 15, 2005
12,000	January 15, 2006
12,000	January 15, 2007
12,000	January 15, 2008
12,000	January 15, 2009

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

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

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

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

(a) By check or other immediately available funds.

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

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

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

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

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

7. Adjustments.

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

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

(c) For the purposes of this Agreement

(i) "Change in Control" means;

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

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

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

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

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

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

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

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

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

13. Notices. Any notice hereunder to the Company shall be addressed to it at its office at 1010 Railroad Street, Corona, California 92882, Attention: Rodney C. Sacks with a copy to Benjamin Polk, Winston & Strawn, 200 Park Avenue, New York, New York 10166, and any notice hereunder to Holder shall be addressed to him at 22433 Stanley Lane, Wildomar, California 92595, subject to the right of either party to designate at any time hereafter in writing some other address.

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

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

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

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

By:s/Rodney C. Sacks

Title: Chairman of the Board

/s/Mark J. Hall
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Mark J. Hall