

<p>August 7th, 2008 Westwood Asset Management 1063 Gayley ave. 2nd fl. L.A. Ca 90024</p> <p>Allen Cooke Portfolio Manager Tyler Burkett Associate</p> <p>310 208 2151 fax 310 208 2228 www.westwoodam.com</p>	<p>We felt like this was a good time to revisit our old buddy HANS due to the cacophony of analysts and the return of the shorts. The current market sentiment for HANS has disconnected from reality. Domestic sales are growing and Hansen's favorite, Monster Energy 16 ounce, is on the verge of a second and larger expansion into international markets possibly fostered by Inbev.</p>
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NASDAQ: HANS \$21.83

HANSEN NATURAL CORPORATION



2008 per share earnings projection \$2.25-2.40

2009 per share earnings projection \$3.15

2nd Q 2008 EPS 57 cents

Projected price: \$ 56.00

QUICK POINTS:

- Hans earned closer to 34 cents per share in 1st Q 2008 if you add back the aggressive 4th Q 2007 purchasing by distributors in front of the 2008 price increases and the additional ad spend.
- Company should be taking advantage of the share price by utilizing the \$200 million stock repurchase program, which should significantly increase eps in 2009
- Channel checks demonstrate that the U.K. Monster Energy launch is outperforming expectations.

VALUATION

Hansen's Natural shares have recently experienced larger than normal fluctuations due to commentary and the ever growing short interest (est. 30 mm as of August One). Some of the misconception is based on the expansion and contraction of supply in the distribution channel, which apparently is unknowable to wire house analysts. After the summer 2005 sell outs distributors stocked up like Crazy Eddie in 2006, which led to weaker 2007 comps (Yep growing pains). We were observing in 2005 when Herb G. put in the short recommendation which led to huge short positions somehow (the 2006 channel expansion kicked the shorts in the "you know whats" so hard it left two holes in the ceiling). HANS went from \$45 to \$200 in 5 months before splitting 4 for 1 (not 5 for 1 Cramaniac). So it was with some interest that we began to watch the current events unfold again; and oh yeah, we penned the first buy report in 2005 not the other guy that sometimes gets credit for being the first one and whose wire house downloaded our report from Bloomberg 17 times before publishing!! (rhymes with sith blarney)

O.K. then, even though there could be some effect on domestic growth from a decrease in discretionary spending, we expect this effect to be overshadowed by HANS successful expansion into the U.K., which We believe will be followed by a further expansion into the rest of Europe and South America, possibly fostered by Bud acquirer Inbev (and port of Miami). Category leader RB is doing more than \$2 billion in ebitda worldwide (compare to our HANS projected 2009 North American \$450 mm ebitda). Monster is perennially gaining market share in the U.S. from RB. So this will continue internationally. Meanwhile, everything is O.K. at Hansen. HANS is still worth about \$40 or \$45 a share to KO or PEP and would be immediately accretive to earnings, has 4 bucks a share in cash and, oh yeah, the European expansion thing could add 60 million in 2009 (38 cents eps) and 135 million in 2010 ebitda (86 cents eps). They're getting a buck fifty pounds over there for 16 ounce Monster (more than here). Think IPod man!!