

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **2001-07-10**
SEC Accession No. **0000899140-01-500141**

([HTML Version](#) on [secdatabase.com](#))

SUBJECT COMPANY

HAUSER INC

CIK: **773723** | IRS No.: **840926801** | State of Incorpor.: **DE** | Fiscal Year End: **0331**
Type: **SC 13D/A** | Act: **34** | File No.: **005-40995** | Film No.: **1678460**
SIC: **2833** Medicinal chemicals & botanical products

Mailing Address
5555 AIRPORT BLVD
BOULDER CO 80301

Business Address
5555 AIRPORT BLVD
BOULDER CO 80301
3034434662

FILED BY

ZATPACK INC

CIK: **943988** | State of Incorpor.: **V8** | Fiscal Year End: **1231**
Type: **SC 13D/A**

Mailing Address
HARVEY SPERRY WILLKIE
FARR GALLAGHER
153 EAST 53RD STREET
NEW YORK NY 10022

Business Address
SECRETARIAT ZUELLIG
P O BOX 1041 CH-8640
RAPPERSWIL SWITZERLA V8
00000

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Amendment No. 2)

Under the Securities Exchange Act of 1934

HAUSER, INC.

(Name of Issuer)

Common Stock. \$.001 par value per share

(Title of Class of Securities)

419141403

(CUSIP Number of Class of Securities)

Kenneth C. Cleveland
2550 El Presidio Street
Long Beach, CA 90810
(310) 637-9566

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

Copies to:

Steven J. Gartner
Willkie Farr & Gallagher
787 Seventh Avenue
New York, NY 10019
(212) 728-8000

October 11, 2000

(Date of Event which Requires
Filing of this Schedule)

If the filing person has previously filed a statement on Schedule 13G to

EACH
REPORTING
PERSON WITH

0

10

SHARED DISPOSITIVE POWER

2,193,426

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

2,193,426

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

43.2%

14 TYPE OF REPORTING PERSON*

CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

2

SCHEDULE 13D

CUSIP No. 419141403

1 NAME OF REPORT PERSON
SS OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Zuellig Botanicals, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []

(b) [X]

3 SEC USE ONLY

| | | |
|---|---|--------------------------|
| 4 | SOURCE OF FUNDS* | |
| | OO | |
| 5 | CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2 (d) or 2 (e) | [] |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION | |
| | Delaware | |
| | 7 | SOLE VOTING POWER |
| | | 0 |
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 8 | SHARED VOTING POWER |
| | | 1,204,955 |
| | 9 | SOLE DISPOSITIVE POWER |
| | | 0 |
| | 10 | SHARED DISPOSITIVE POWER |
| | | 1,204,955 |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON | |
| | 1,204,955 | |
| 12 | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* | [] |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | |
| | 23.7% | |
| 14 | TYPE OF REPORTING PERSON* | |
| | CO | |

*SEE INSTRUCTIONS BEFORE FILLING OUT!
 INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

 CUSIP No. 419141403

 1 NAME OF REPORT PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

 ZATPACK INC.

 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) []
 (b) [X]

 3 SEC USE ONLY

 4 SOURCE OF FUNDS*

 00

 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED []
 PURSUANT TO ITEMS 2(d) or 2(e)

 6 CITIZENSHIP OR PLACE OF ORGANIZATION

 British Virgin Islands

 7 SOLE VOTING POWER

 992,789

 NUMBER OF
 SHARES
 BENEFICIALLY
 OWNED BY
 EACH
 REPORTING
 PERSON WITH

 8 SHARED VOTING POWER

 2,193,426

 9 SOLE DISPOSITIVE POWER

 992,789

2,193,426

 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

3,186,215

 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
 CERTAIN SHARES* []

 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

62.8%

 14 TYPE OF REPORTING PERSON*

OO

 *SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

4

This Amendment No. 2 amends the Schedule 13D filed on June 24, 1999, as amended by Amendment No. 1, filed on January 14, 2000 (as so amended, the "Schedule 13D") on behalf of Zatpack Inc. ("Zatpack"), an international business company organized under the laws of the British Virgin Islands, Zuellig Group N.A., Inc. ("ZGNA"), a Delaware corporation and a wholly owned subsidiary of Zatpack, and Zuellig Botanicals, Inc. ("ZBI"), a Delaware corporation and a wholly owned subsidiary of ZGNA (Zatpack, ZGNA and ZBI are collectively referred to as the "Reporting Persons"), relating to the common stock, par value \$.001 per share ("Common Stock"), of Hauser, Inc. (the "Issuer").

Unless otherwise indicated herein, each capitalized term used but not defined herein shall have the meaning assigned to such term in the Schedule 13D.

Item 2. Identity and Background

The lists of executive officers and directors of the Reporting Persons referred to in paragraphs (a), (b), (c) and (f) of Item 2 of the Schedule 13D are hereby amended and restated and attached as Exhibits A, B and C.

Item 4. Purpose of Transaction.

Item 4 is hereby amended by adding the following paragraph after the eighth paragraph of Item 4 of the Schedule 13D:

In October 2000, as a condition to the Issuer's lender, Wells Fargo Bank, N.A. (the "Bank"), entering into an amendment to the Issuer's \$35.0 million line of credit and \$10.0 million fixed asset line with the Bank (the "Credit Facility"), the Issuer sold a \$3 million Subordinated Promissory Note (the "Note") to Zatpack. The Note is subordinate to the Credit Facility, accrues interest at a rate of 6.5%, requires no principle or interest payments until its maturity date of October 2003, and has five-year warrants attached. The warrants are

5

immediately exercisable and permit Zatpack to purchase 992,789 shares of the Company's common stock at a price of approximately \$.5855 per share.

Item 5. Interest in Securities of the Issuer.

Paragraph (a) of Item 5 is hereby amended and restated in its entirety to read as follows:

(a) The Reporting Persons beneficially own an aggregate of 3,186,215 shares of Common Stock, representing approximately 62.8% of the total Common Stock outstanding. This percentage is calculated on the basis of 5,072,742 shares of Common Stock outstanding as of March 31, 2001, as reported to the Reporting Persons by the Issuer.

ZBI is the direct and beneficial owner of a total of 1,204,955 shares of Common Stock, representing approximately 23.7% of the total number of shares of Common Stock outstanding.

ZGNA directly owns 988,471 shares of Common Stock, representing approximately 19.5% of the outstanding Common Stock. By reason of the control ZGNA exercises over ZBI, its wholly owned subsidiary, it may be deemed under Rule 13d-3 of the Exchange Act to own beneficially all of the shares owned by ZBI. Therefore, ZGNA is the beneficial owner of a total of 2,193,426 shares of Common Stock, representing 43.2% of the total number of shares of Common Stock outstanding. Zatpack owns immediately exercisable warrants to purchase 992,787 shares of Common Stock, representing approximately 19.6% of the outstanding Common Stock. By reason of the control Zatpack exercises over ZGNA, its wholly owned subsidiary, it may be deemed under Rule 13d-3 to own beneficially all of the shares owned by ZGNA and ZBI. Therefore, Zatpack is the beneficial owner of a total of 3,186,215 shares of Common Stock, representing approximately 62.8% of the total number of shares of Common Stock outstanding.

Paragraph (c) of Item 5 is hereby amended and restated in its entirety to read as follows:

There have not been any transactions in the Common Stock since October 11, 2000 by the Reporting Persons.

Item 7. Material to be Filed as Exhibits.

The following exhibits have been amended and restated in their entirety:

Exhibit A: Information relating to Directors and Officers of Zuellig Group N.A., Inc.;

Exhibit B: Information relating to Directors and Officers of Zuellig Botanicals, Inc.;

Exhibit C: Information relating to Directors of Zatpack Inc.;

Exhibit D: Note Purchase Agreement, dated as of October 11, 2000, between Hauser, Inc. and Zatpack Inc.

Exhibit E: Warrant to Purchase Common Stock of Hauser, Inc., dated as of October 11, 2000.

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: July 10, 2001

Zatpack, Inc.

By: /s/ Harvey L. Sperry

Harvey L. Sperry
Attorney-in-Fact

Zuellig Group N.A., Inc.

By: /s/ Harvey L. Sperry

Harvey L. Sperry
Attorney-in-Fact

Zuellig Botanicals, Inc.

By: /s/ Harvey L. Sperry

Harvey L. Sperry
Attorney-in-Fact

Exhibit A

Set forth below is the name, citizenship, address, position and present principal occupation of each of the directors and executive officers of the Zuellig Group N.A., Inc.

<TABLE>

Reporting Persons

<CAPTION>

| Name ----- | Citizenship ----- | Residence or Business Address ----- | Position with the Issuer ----- | Present Occupation ----- |
|----------------------|----------------------|--|---|---|
| <S> Peter Zuellig | <C> Switzerland | <C> The Zuellig Group 910-914 Jardine House 1 Connaught Place Central Hong Kong | <C> None | <C> CEO |
| Harvey L. Sperry | United States | Willkie Farr & Gallagher 787 Seventh Avenue New York, NY 10023 | Director | Attorney |
| Volker Wypyszyk | Germany | 2550 El Presidio Street Long Beach, CA 90810 | Senior Executive Vice-President Director | Senior Executive Vice-President |
| Kenneth C. Cleveland | United States | 2550 El Presidio Street Long Beach, CA 90810 | CEO | CEO |
| Terry L. Feit | United States | 2550 El Presidio Street Long Beach, CA 90810 | Secretary, Treasurer, and Chief Accounting Officer | Secretary, Treasurer, and Chief Accounting Officer |

</TABLE>

Exhibit B

Set forth below is the name, citizenship, address, position and present principal occupation of each of the directors and executive officers of Zuellig Botanicals, Inc.

<TABLE>

Reporting Persons

<CAPTION>

| Name ----- | Citizenship ----- | Residence or Business Address ----- | Position with the Issuer ----- | Present Occupation ----- |
|-------------------------|----------------------|---|--|--|
| <S> Harvey L. Sperry | <C> United States | <C> Willkie Farr & Gallagher 787 Seventh Avenue New York, NY 10023 | <C> Director | <C> Attorney |
| Volker Wypyszyk | Germany | 2550 El Presidio Street Long Beach, CA 90810 | Director | Senior Executive Vice-President - Hauser, Inc. |
| Kenneth C. Cleveland | United States | 2550 El Presidio Street Long Beach, CA 90810 | CEO Director | CEO |
| Terry L. Feit | United States | 2550 El Presidio Street Long Beach, CA 90810 | Secretary, Treasurer and Chief Accounting Officer | Secretary, Treasurer and Chief Accounting Officer |

</TABLE>

Exhibit C

Set forth below is the name, citizenship, address, position and present principal occupation of each of the directors of Zatpack.

<TABLE>

Reporting Persons

<CAPTION>

| Name ----- | Citizenship ----- | Residence or Business Address ----- | Position with the Issuer ----- | Present Occupation ----- |
|------------------|----------------------|---|--------------------------------------|--------------------------------|
| <S> | <C> | <C> | <C> | <C> |
| Peter Zuellig | Switzerland | The Zuellig Group 910-914 Jardine House 1 Connaught Place Central Hong Kong | None | CEO |
| Harvey L. Sperry | United States | Willkie Farr & Gallagher 787 Seventh Avenue New York, NY 10023 | Director | Attorney |
| David Zuellig | Switzerland | The Zuellig Group 910-914 Jardine House 1 Connaught Place Central Hong Kong | None | Managing Director |
| Daniel Zuellig | Switzerland | The Zuellig Group 910-914 Jardine House 1 Connaught Place Central Hong Kong | None | Managing Director |
| Thomas Zuellig | Switzerland | The Zuellig Group 910-914 Jardine House 1 Connaught Place Central Hong Kong | None | Managing Director |

</TABLE>

=====

HAUSER, INC.

6 1/2% Senior Subordinated Notes due 2003

NOTE PURCHASE AGREEMENT

Dated as of October 11, 2000

=====

Table of Contents

1. AUTHORIZATION OF NOTES; THE ACQUISITION.....1
1.1. The Notes.....1

2. SALE AND PURCHASE OF SECURITIES.....1

3. CLOSING.....2

4. CONDITIONS TO CLOSING.....2
4.1. Representations and Warranties.....2
4.2. Performance; No Default.....2
4.3. Compliance Certificate.....2
4.4. Proceedings and Documents.....3
4.5. Payment of Special Counsel Fees.....3
4.6. Warrant.....3
4.7. Consent of Wells Fargo Bank, National Association.....3
4.8. Registration Rights.....3

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.....3
5.1. Corporate Existence.....3
5.2. No Breach.....4
5.3. Authority.....4
5.4. Approvals.....4
5.5. Private Offering by the Company.....4

6. REPRESENTATIONS OF THE PURCHASER.....4
6.1. Purchase of Notes.....4

7. EVENTS OF DEFAULT.....5

8. REMEDIES ON DEFAULT, ETC.....6
8.1. Acceleration.....6
8.2. Other Remedies.....6
8.3. No Waivers or Election of Remedies, Expenses, etc.....6

9. TRANSFER; REPLACEMENT.....7
9.1. Transfer and Exchange of Notes.....7
9.2. Replacement of Notes.....7

10. EXPENSES, ETC.....7
10.1. Transaction Expenses.....7

11. AMENDMENT AND WAIVER.....8
11.1. Requirements.....8
11.2. Binding Effect, etc.....8

| | |
|--|----|
| 12. NOTICES..... | 8 |
| 13. MISCELLANEOUS..... | 9 |
| 13.1. Successors and Assigns..... | 9 |
| 13.2. Construction..... | 9 |
| 13.3. Consent to Jurisdiction; Service of Process; Waiver of Jury Trial... | 9 |
| 13.4. Payments Due on Non-Business Days..... | 10 |
| 13.5. Severability..... | 10 |
| 13.6. Counterparts..... | 10 |
| 13.7. Governing Law..... | 10 |

(ii)

HAUSER, INC.
5555 Airport Boulevard
Boulder, Colorado 80301

6 1/2% Senior Subordinated Notes due 2003

As of October 11, 2000

Zatpack Inc.
c/o Zuellig Group N.A., Inc.
2550 El Presidio Street
Long Beach, CA 90810
Attention: President

Ladies and Gentlemen:

Hauser, Inc., a Delaware corporation (the "Company"), agrees with you, as follows:

1. AUTHORIZATION OF NOTES; THE ACQUISITION.

1.1. The Notes.

The Company has duly authorized the issue and sale of its 6 1/2% Senior Subordinated Notes due 2003 (the "Notes") in an aggregate original principal amount of \$3,000,000, such Notes to be substantially in the form set out in Exhibit A. As used herein, the term "Notes" shall mean all notes originally delivered pursuant to this Agreement, all notes issued in payment of any interest on such notes (or such interest notes), and all notes delivered in

substitution or exchange for any such Note and, where applicable, shall include the singular number as well as the plural. The term "Note" means one of the Notes. Certain capitalized and other terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

2. SALE AND PURCHASE OF SECURITIES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing (as defined below) provided for in Section 3, Notes in the original principal amount of \$3,000,000 (\$969,250 of which shall be offset against amounts due pursuant to the Note, dated June 28, 2000, issued by the Company to Zatpack), at a purchase price (the "Purchase Price") of 100% of the principal amount thereof. In addition, contemporaneously with the execution and delivery of this Agreement and your payment for the Notes, the Company is issuing and delivering to you a warrant (the "Warrant") to purchase 992,789 shares of common stock, par value \$.001 per share of the Company (the "Common Stock"), substantially in the form of Exhibit B. The

Company shall allocate the Purchase Price between the Notes and the Warrant as set forth on Schedule D which shall be attached hereto within 30 days of the date hereof.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you shall occur at the offices of Willkie Farr & Gallagher, 787 Seventh Avenue, New York, NY 10019-6099, at 10:00 a.m., at a closing (the "Closing") on October 11, 2000 or on such other Business Day thereafter on or prior to October 11, 2000 as may be agreed upon by the Company and you. At the Closing, the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least \$500,000 as you may request prior to the Closing) and the Warrant, each dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds in accordance with Schedule C hereto.

If the Company fails to tender such Notes to you as provided in this Section 3, or if any of the conditions specified in Section 4 shall not have been fulfilled to your reasonable satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your reasonable satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing except to the extent that such representations and warranties are expressly limited or refer to an earlier date.

4.2. Performance; No Default.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes, no Default or Event of Default (as such terms are defined below) shall have occurred and be continuing.

4.3. Compliance Certificate.

(a) Officer's Certificate. The Company shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

-2-

(b) Secretary's Certificate. The Company shall have delivered to you a certificate of the Secretary or an Assistant Secretary of the Company, certifying as to the resolutions attached thereto and other proceedings relating to the authorization, execution and delivery of the Notes and this Agreement.

4.4. Proceedings and Documents.

All corporate and other proceedings to be completed in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

4.5. Payment of Special Counsel Fees.

Without limiting the provisions of Section 10.1, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of

your special counsel to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

4.6. Warrant

The Company shall have delivered to you the Warrant.

4.7. Consent of Wells Fargo Bank, National Association

The Company shall have obtained the consent of Wells Fargo Bank, National Association, on terms reasonably acceptable to you, to execute and deliver the Notes and Warrant and to consummate the transactions contemplated hereby and thereby.

4.8. Registration Rights

The Company shall have amended the Registration Rights Agreement, dated December 8, 1999, by and among the Company, Zuellig Group N.A., Inc. and Zuellig Botanicals, Inc., to (i) include you as a party thereto and (ii) include the Common Stock issuable upon exercise of the Warrant as Registrable Securities for purposes thereof.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to you (as of the date of the Closing as follows:

5.1. Corporate Existence.

The Company: (a) is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware; (b) has all requisite corporate power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and to carry on its business as now being or as proposed to be conducted; and (c) is

-3-

qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary except where the failure to so qualify could not be reasonably expected to have a Material Adverse Effect.

5.2. No Breach.

Neither the execution and delivery of the Note Documents (as defined below), nor compliance with the terms and provisions hereof or thereof will conflict with or result in a material breach of, or require any consent which

has not been obtained as of the date of the Closing under, the certificate of incorporation and the by-laws of the Company, or any governmental requirement or any agreement or instrument to which the Company is a party or by which it is bound or to which it or its properties are subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any lien upon any of the revenues or assets of the Company pursuant to the terms of any such agreement or instrument.

5.3. Authority.

The Company has all necessary corporate power and authority to execute, deliver and perform its obligations under the Note Documents; and the execution, delivery and performance by the Company of the Note Documents have been duly authorized by all necessary corporate action on its part; and each Note, upon execution and delivery thereof, will, and each of the other Note Documents, constitutes a legal, valid and binding obligation of the Company enforceable in accordance with its terms.

5.4. Approvals.

No authorizations, approvals or consents of, and no filings or registrations with, any governmental authority are necessary for the execution, delivery or performance by the Company of the Note Documents or for the validity or enforceability thereof.

5.5. Private Offering by the Company.

Neither the Company nor anyone authorized to act on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act (as defined below).

6. REPRESENTATIONS OF THE PURCHASER.

6.1. Purchase of Notes.

You represent that you are purchasing the Notes for your own account and not with a view to the distribution thereof. You understand that the Notes have not been and will not be registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

You represent that you are an "accredited investor" within the meaning of

7. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or interest on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any principal or interest on the Senior Debt when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(c) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a) and (b) of this Section 7) and such default is not remedied within 30 days after an executive officer of the Company obtains knowledge of such default; or

(d) any representation or warranty made in writing by or on behalf of the Company in this Agreement hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(e) any event or condition occurs that results in any Senior Debt becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both), the holder or holders of such indebtedness or any trustee or agent acting on its or their behalf to cause any such indebtedness to become due, or to require the prepayment, repurchase, redemption, or defeasance thereof, prior to its scheduled maturity; or

(f) any event or condition occurs that results in any indebtedness for money borrowed in the amount of more than \$5,000,000 becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both), the holder or holders of such indebtedness or any trustee or agent acting on its or their behalf to cause any such indebtedness to become due, or to require the prepayment, repurchase, redemption, or defeasance thereof, prior to its scheduled maturity; or

(g) the Company or any Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any Subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any such Subsidiary, or any such petition shall be filed against the Company or any such Subsidiary and such petition shall not be dismissed within 60 days.

8. REMEDIES ON DEFAULT, ETC.

8.1. Acceleration.

(a) If an Event of Default with respect to the Company described in paragraph (g) or (h) of Section 7 has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, a majority of the holders of the Notes may at any time at their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

Upon any Note becoming due and payable under this Section 8.1, whether automatically or by declaration, such Note will forthwith mature and the entire unpaid principal amount of such Note, plus all accrued and unpaid interest thereon, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived.

8.2. Other Remedies.

If any Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 8.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

8.3. No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any holder of any Note in

exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. The Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all reasonable costs and expenses of such holder incurred in any enforcement or collection under this Section 8, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

-6-

9. TRANSFER; REPLACEMENT

9.1. Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), within ten Business Days thereafter the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person (as defined below) as such holder may request. Each such new Note shall be dated and shall bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, provided that, if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$100,000.

9.2. Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to the Company of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be notice from such holder of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company (provided that such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof, within ten Business Days thereafter the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

10. EXPENSES, ETC.

10.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all reasonable costs and expenses (including reasonable attorneys' fees of your special counsel and, if reasonably required, local or other counsel) incurred by you and each holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such

-7-

amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those retained by you).

In furtherance of the foregoing, on the date of the Closing, the Company will pay or cause to be paid the reasonable fees and disbursements and other charges (including estimated unposted disbursements and other charges as of the date of the Closing) of your special counsel which are reflected in the statement of such special counsel submitted to the Company on or prior to the date of the Closing. The Company will also pay, promptly upon receipt of supplemental statements therefor, reasonable additional fees, if any, and disbursements and charges of such special counsel in connection with the transactions hereby contemplated (including disbursements and other charges unposted as of the date of the Closing to the extent such disbursements exceed estimated amounts paid as aforesaid).

11. AMENDMENT AND WAIVER.

11.1. Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived with (and only with) the written consent of the Company and you.

11.2. Binding Effect, etc.

No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

12. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications set forth on Schedule A, or at such other address as you or it shall have specified to the Company in writing,

-8-

(ii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of its Secretary, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 12 will be deemed given only when actually received.

13. MISCELLANEOUS.

13.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

13.2. Construction.

Each provision contained herein shall be construed (absent express provision to the contrary) as being independent of each other provision contained herein, so that compliance with any one provision shall not (absent such an express contrary provision) be deemed to excuse compliance with any other provision. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

13.3. Consent to Jurisdiction; Service of Process; Waiver of Jury Trial.

(a) The Company irrevocably submits to the non-exclusive, in personam jurisdiction of any Delaware state or federal court, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent it may effectively do so under applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the in personam jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Nothing in this Section 13 shall affect the right of any holder of Notes to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(c) EACH OF THE PARTIES HERETO WAIVES TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

-9-

13.4. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

13.5. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining

provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the fullest extent permitted by applicable law) not invalidate or render unenforceable such provision in any other jurisdiction.

13.6. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of a facsimile signature shall be deemed to be delivery of a manually executed original signature.

13.7. Governing Law.

This Agreement and the Notes shall be construed and enforced in accordance with, and the rights of the parties shall be governed by the laws of the State of Delaware, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

-10-

If you are in agreement with the foregoing, please sign the form of agreement in the space below provided on a counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

HAUSER, INC.

/s/ Volker Wypyszyk

By: Volker Wypyszyk
President and Chief Executive
Officer

The foregoing is hereby agreed
to as of the date thereof.

ZATPACK, INC.

/s/ Harvey L. Sperry

By: Harvey L. Sperry
Director

-11-

SCHEDULE A

Zatpack, Inc.
c/o Zuellig Group N.A., Inc.
2550 El Presidio Street
Long Beach, CA 80310
Attention: President

with copy to:

Willkie Farr & Gallagher
787 Seventh Avenue
New York, NY 10019-6099
Attention: Harvey L. Sperry and/or Steven J. Gartner

A-1

SCHEDULE B

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks in New York City or the State of Colorado are required or authorized to be closed.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Company" means Hauser, Inc., a Delaware corporation.

"Common Stock" is defined in Section 2.

"Credit Agreement" means that certain Credit Agreement among the Company,

Wells Fargo Bank, National Association and certain other parties, dated as of June 11, 1999, as amended October 29, 1999, or any extension, renewal or refinancing thereof.

"Default" means an event or condition the occurrence or existence of which would, with the giving of notice or the lapse of time, or both, become an Event of Default.

"Event of Default" is defined in Section 7.

"Material Adverse Effect" means in respect of the Company a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of the Company, (b) the ability of the Company to perform any of its obligations under the Note Documents or (c) the rights of or benefits available to Zatpack Inc. in respect of the Company under the Note Documents.

"Note Documents" means this Agreement, the Notes and the Warrant.

"Notes" is defined in Section 1.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Senior Debt" shall have the meaning set forth in the Subordination Agreement.

B-1

"Senior Creditors" means the lenders and other investors from time to time party to the Credit Agreement.

"Subordination Agreement" means the Subordination Agreement, dated the date hereof, by and among the Company, Zatpack Inc. and Wells Fargo Bank, National Association.

"Subsidiary" means with respect to any Person, (i) a corporation a majority of whose voting securities at any time is at such time directly or indirectly owned or controlled by such Person or (ii) any other Person (other than a corporation) in which such Person, or one or more Subsidiaries thereof, at such time directly or indirectly has at least a majority ownership interest and the power to direct the policies, management and affairs thereof. For purposes of this definition, any directors' qualifying shares shall be disregarded in

determining the ownership of a Subsidiary.

"Warrant" is defined in Section 2.

B-2

SCHEDULE C

Wells Fargo Bank
Los Angeles, CA
Account number 4433691821
ABA number 121000248

C-1

EXHIBIT A

[FORM OF NOTE]

HAUSER, INC.

6 1/2% SENIOR SUBORDINATED NOTE DUE 2003

No. R-[_____]
 \$[3,000,000]

Boulder, Colorado
 [Date]

FOR VALUE RECEIVED, the undersigned, HAUSER, INC. (the "Company"), a Delaware corporation, hereby promises to pay to Zatzpack, Inc., or registered assigns (the "Holder"), the principal sum of THREE MILLION DOLLARS on October __, 2003, with interest (computed on the basis of a 360-day year of twelve 30-day months) from the date hereof on the unpaid balance thereof at the rate of 6 1/2% per annum, payable at maturity.

Payments of principal of and interest with respect to this Note are to be made in lawful money of the United States of America at said principal office of the Holder or at such other place as the Holder shall have designated by written notice to the Company as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of 6 1/2% Senior Subordinated Notes due 2003 issued pursuant to a Note Purchase Agreement, dated as of October __, 2000 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the Purchaser named therein and is entitled to the benefits thereof.

Payments of principal of and interest on with respect to this Note are subordinated, to the extent specified in the Subordination Agreement, dated as of October __, 2000, by and among the Company, the Holder and Wells Fargo Bank, National Association (the "Subordination Agreement"), to all Senior Debt of the Company, as such term is defined in the Subordination Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered Holder hereof or such Holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder hereof shall be governed by, the laws of the State of Delaware, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

HAUSER, INC.

By

Name: Volker Wypyszyk
Title: President & Chief Executive
Officer

THIS WARRANT AND THE WARRANT SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE PLEDGED, HYPOTHECATED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS SO REGISTERED OR AN EXEMPTION THEREFROM IS AVAILABLE.

WARRANT TO PURCHASE COMMON STOCK
OF HAUSER, INC.

THIS CERTIFIES THAT, for value received, HAUSER, INC., a Delaware corporation (the "Company"), promises to issue to Zatpack Inc., the holder of this Warrant, its nominees, successors or assigns (the "Holder"), 992,789 nonassessable shares of common stock, par value \$0.001 per share, of the Company ("Common Stock"), upon the payment by the Holder to the Company of the Warrant Price (as defined below) set forth herein and to deliver to the Holder a certificate or certificates representing the Common Stock purchased. The number of shares of Common Stock purchasable upon exercise of this Warrant and the Warrant Price shall be subject to adjustment from time to time as provided herein. The initial Warrant Price (the "Warrant Price") per share of Common Stock shall be \$0.5855 per share, subject to adjustment as provided herein.

For purposes of this Warrant, the term "Common Stock" shall mean (i) the class of stock designated as the Common Stock of the Company at the date of this Warrant, or (ii) any other class or classes of stock resulting from successive changes or reclassifications of such class of stock, and the term "Business Day" shall mean any day other than a Saturday or Sunday or a day on which commercial banks in New York City, New York or Boulder, Colorado are required or authorized to be closed.

Section 1. Term of Warrant, Exercise of Warrant. (a) Subject to the terms of this Warrant, the Holder shall have the right, at its option, which may be exercised in whole or in part, at any time, and from time to time, commencing at the time of the issuance of this Warrant and expiring at 5:00 p.m. Eastern Time on October 5, 2005, to purchase from the Company the number of fully paid and nonassessable shares of Common Stock which the Holder may at the time be entitled to purchase upon exercise of this Warrant ("Warrant Shares"). Notwithstanding the foregoing, if the Holder shall have given the Company

written notice of its intention to exercise this Warrant on or before 5:00 p.m. Eastern Time on October 5, 2005, the Holder may exercise this Warrant at any time through (and including) the Business Day next following the date that all applicable required regulatory holding periods have expired and all applicable required governmental approvals have been obtained in connection with such exercise of this Warrant by the Holder, if such Business Day is later than on October 5, 2005 (October 5, 2005 or such later date being herein referred to as the "Warrant Expiration Date"). After the Warrant Expiration Date, this Warrant will be null and void and of no force or effect.

(b) The purchase rights evidenced by this Warrant shall be exercised by the Holder surrendering this Warrant, together with the form of subscription attached hereto as Exhibit A, duly executed by the Holder, to the Company at its office in Boulder, Colorado, accompanied by payment of an amount (the "Exercise Payment") equal to the Warrant Price multiplied by the number of Warrant Shares being purchased pursuant to such exercise, payable as follows: (i) by payment to the Company in cash, by certified or official bank check, or by wire transfer of the Exercise Payment, (ii) by surrender to the Company for cancellation of securities of the Company having a Market Price (as defined below) on the date of exercise equal to the Exercise Payment; or (c) by a combination of the methods described in clauses (a) and (b) above. In lieu of exercising the Warrant, the Holder may elect to receive a payment equal to the difference between (i) the Market Price multiplied by the number of Warrant Shares as to which the payment is then being elected and (ii) the exercise price with respect to such Warrant Shares, payable by the Company to the Holder only in shares of Common Stock valued at the Market Price on the date of exercise. For purposes hereof, the term "Market Price" shall mean the average closing price of a share of Common Stock or other security for the 15 consecutive trading days preceding such day on the principal national securities exchange on which the shares of Common Stock or securities are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, the average of the reported bid and asked prices during such 15 trading day period on the Nasdaq National Market or, if the shares are not listed on the Nasdaq National Market, in the over-the-counter market or, if the shares of Common Stock or securities are not publicly traded, the Market Price for such day shall be the fair market value thereof determined jointly and in good faith by the Company and the Holder; provided, however, that if such parties are unable to reach agreement within a reasonable period of time, the Market Price shall be determined in good faith by an independent investment banking firm selected jointly and in good faith by the Company and the Holder or, if that selection cannot be made within 15 days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules. All reasonable costs and expenses incurred in connection with the determination of Market Price shall be borne by the Company.

(c) Upon exercise of this Warrant, the Company shall issue and cause to be delivered with all reasonable dispatch, but in any event within ten (10) Business Days, to or upon the written order of the Holder and, subject to Section 3, in such name or names as the Holder may

designate to the Company in writing, a certificate or certificates representing the number of full Warrant Shares issuable upon such exercise together with such other property, including cash, which may be deliverable upon such exercise. If fewer than all of the Warrant Shares represented by this Warrant are purchased, a new Warrant of the same tenor as this Warrant, evidencing the Warrant Shares not so purchased will be issued and delivered by the Company, at the Company's expense, to the Holder together with the issue of the certificates representing the Warrant Shares then being purchased. All Warrants surrendered upon exercise shall be canceled by the Company.

Section 2. Warrant Register, Registration of Transfers

Section 2.1. Warrant Register. The Company shall keep at its principal office in Boulder, Colorado or, if such office is no longer located in Boulder, Colorado, at its principal office in the United States, a register (the "Warrant Register") in which the Company shall record the name and address of the Holder from time to time and all transfers and exchanges of this Warrant. The Company shall give the Holder prior written notice of any change of the address at which such register is kept.

Section 2.2. Registration of Transfers, Exchanges or Assignment of Warrants. The Holder shall be entitled to assign its interest in this Warrant in whole or in part to any person upon surrender thereof accompanied by a written instrument or instruments of transfer in the form of assignment attached hereto as Exhibit B duly executed by the Holder. This Warrant may also be exchanged or combined with warrants of like tenor at the option of the Holder for another Warrant or Warrants of like tenor and representing in the aggregate the right to purchase a like number of Warrant Shares upon presentation thereof to the Company as its principal office in Boulder, Colorado, together with a written notice signed by the Holder specifying the denominations in which the new Warrant is or the new Warrants are to be issued.

Upon surrender for transfer or exchange of this Warrant to the Company at its principal office in Boulder, Colorado, in accordance with this Section 2, the Company shall, without charge (subject to Section 3), execute and deliver a new Warrant or Warrants of like tenor and of a like aggregate amount of Warrant Shares in the name of the assignee named in such instrument of assignment and, if the Holder's entire interest is not being assigned, in the name of the Holder with respect to that portion not transferred, and this Warrant shall promptly be canceled.

Section 3. Payment of Taxes. The Company shall pay all documentary stamp taxes, if any, attributable to the initial issuance of any Warrant Shares upon the exercise of this Warrant; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue or delivery of any Warrant or certificate for Warrant

Shares in a name other than that of the Holder as such name is then shown on the books of the Company.

Section 4. Certain Representations and Covenants.

Section 4.1. Reservation of Warrant Shares. There have been reserved and the Company shall at all times keep reserved, out of its authorized but unissued Common Stock, free from any preemptive rights, rights of first refusal or other restrictions (other than pursuant to the

3

Securities Act of 1933, as amended (the "Act")) that number of shares of Common Stock sufficient to provide for the exercise of the purchase rights represented by this Warrant. The transfer agent, if any, for the Common Stock, and every subsequent transfer agent for any shares of the Company's Common Stock issuable upon the exercise of any of the purchase rights as set out in this Warrant, shall be irrevocably authorized and directed at all times to reserve such number of authorized shares as shall be requisite for such purpose.

Section 4.2. No Impairment. The Company shall not by any action, including, without limitation, amending its Certificate of Incorporation, any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but shall at all times in good faith assist in the carrying out of all such terms and in the taking of all such action, as may be necessary or appropriate to protect the rights of the Holder against impairment. Without limiting the generality of the foregoing, the Company shall take all such action as may be necessary or appropriate in order that the Company may validly issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant at the then Warrant Price therefor.

Section 4.3. Notice of Certain Corporate Action. In case the Company shall propose (a) to offer to the holders of its Common Stock rights to subscribe for or to purchase any shares of Common Stock or shares of stock of any class or any other securities, rights or options, or (b) to effect any reclassification of its Common Stock (other than a reclassification involving only the subdivision or combination of outstanding shares of Common Stock), or (c) to effect any capital reorganization, or (d) to effect any consolidation, merger or sale, transfer or other disposition of all or substantially all of its property, assets or business, or (e) to effect the liquidation, dissolution or winding up of the Company or (f) to offer to the holders of its Common Stock the right to have their shares of Common Stock repurchased or redeemed or otherwise acquired by the Company, or (g) to take any other action which would require the adjustment of the Warrant Price and/or the number of Warrant Shares issuable upon exercise of this Warrant, then in each such case (but without limiting the

provisions of Section 5), the Company shall give to the Holder a notice of such proposed action, which notice shall specify the date on which a record is to be taken for purposes of such dividend, distribution or offer of rights, or the date on which such reclassification, reorganization, consolidation, merger, sale, transfer, disposition, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of Common Stock, if any such date is to be fixed, and shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action on the Common Stock. Such notice shall be so given at least ten (10) Business Days prior to the record date for determining holders of the Common Stock for purposes of participating in or voting on such action, or at least ten (10) Business Days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Common Stock, whichever shall be the earlier. Such notice shall specify, in the case of any subscription or repurchase rights, the date on which the holders of Common Stock shall be entitled thereto, or the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon any reorganization, reclassification, consolidation, merger, sale or other action, as the case may be. Such notice shall also state whether the action in question or the record date is subject to the effectiveness of a registration statement under the Act or to a favorable vote of security holders, if either is

required, and the adjustment of the Warrant Price and/or number of Warrant Shares issuable upon exercise of this Warrant as a result of such reorganization, reclassification, consolidation, merger, sale or other action. No such notice shall be required to be given if the Company reasonably determines that the giving of such notice would require disclosure of material information which the Company has a bona fide purpose for preserving as confidential or the disclosure of which would not be in the best interests of the Company.

Section 5. Adjustment of Warrant Price.

Section 5.1. Adjustments. Except as provided in Section 5.9, if and whenever the Company shall issue or sell any shares of its Common Stock for a consideration per share less than the Fair Market Value (as hereinafter defined) in effect as of the day of such issue or sale (a "Triggering Transaction"), then, forthwith upon such Triggering Transaction, the Warrant Price shall be reduced to the price (calculated to the nearest cent) determined by multiplying the Warrant Price in effect immediately prior to the time of such Triggering Transaction by a fraction, the numerator of which shall be the sum of (x) the Number of Shares Deemed Outstanding (as hereinafter defined) immediately prior to such Triggering Transaction multiplied by the Fair Market Value immediately prior to such Triggering Transaction plus (y) the consideration received by the

Company upon such Triggering Transaction, and the denominator of which shall be the product of (x) the Number of Shares Deemed Outstanding immediately after such issue or sale, multiplied by (y) the Fair Market Value immediately prior to such Triggering Transaction. For purposes of this Section 5:

(i) the term "Fair Market Value" shall mean the closing price of a share of Common Stock or other security on the date of the issuance or sale on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if the Common Stock or such other security is not listed or admitted to trading on any national securities exchange, the average of the reported bid and asked prices on the date of the issuance or sale on the Nasdaq National Market or, if the Common Stock or such other security is not listed on the Nasdaq National Market, in the over-the-counter market or, if the Common Stock or such other security is not publicly traded, the Fair Market Value for such day shall be the fair market value thereof determined jointly by the Company and the Holder; provided, however, that if such parties are unable to reach agreement within 5 Business Days of the date of issuance or sale. Fair Market Value shall be determined in good faith by an independent investment banking firm selected jointly by the Company and the Holder or, if that selection cannot be made within 15 days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules. All costs and expenses incurred in connection with the determination of Fair Market Value shall be borne by the Company. Notwithstanding the foregoing, in the event of issuances of Common Stock in settlement of obligations of the Company, including without limitation settlement of any pending action, suit or proceeding, the determination of Fair Market Value shall be made as of the date of the applicable settlement agreement and not the date of issuance as long as the relevant issuance occurs within thirty (30) days of the date of such agreement. In the event the issuance occurs more than thirty (30) days after the date of such agreement, Fair Market Value shall be determined as of the date of such issuance.

5

(ii) the term "Number of Shares Deemed Outstanding" at any given time shall mean the sum of (x) the number of shares of Common Stock outstanding at such time, (y) the number of shares of Common Stock issuable upon the exercise of any outstanding options, warrants (excluding this Warrant) or other securities convertible into shares of Common Stock outstanding as of the date of issuance of this Warrant and (z), without duplication, the number of shares of Common Stock deemed to be outstanding under this Section 5 at such time.

Upon each adjustment of the Warrant Price pursuant to this Section 5, the Holder shall thereafter be entitled to acquire upon exercise, at the Warrant Price resulting from such adjustment, the number of Warrant Shares obtainable by

multiplying the Warrant Price in effect immediately prior to such adjustment by the number of shares of Common Stock acquirable immediately prior to such adjustment and dividing the product thereof by the Warrant Price resulting from such adjustment.

No adjustment of the Warrant Price shall be made in an amount less than \$.01 per share, but any such lesser adjustment shall be carried forward and shall be made at the time and together with the next subsequent adjustment which together with any adjustments so carried forward shall amount to \$.01 per share or more.

For the purposes of this Section 5.1, the following Sections 5.2 to 5.7, inclusive, shall also be applicable; except that this Warrant shall be deemed exercised and outstanding for all purposes and computations under this Section 5.1 and the then current Warrant Price shall be deemed the Warrant Price per share.

Section 5.2. Issuance of Rights or Options. In case at any time the Company shall in any manner grant (whether directly or by assumption in a merger or otherwise) any rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or any stock or securities convertible into or exchangeable for Common Stock (such convertible or exchangeable stock or securities being herein called "Convertible Securities") whether or not such rights or options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share (the "Option Price") for which Common Stock is issuable upon the exercise of such rights or options or upon conversion or exchange of such Convertible Securities (determined by dividing (i) the total amount, if any, received or receivable by the Company as consideration for the granting of such rights or options, plus the minimum aggregate amount of additional consideration payable to the Company upon the exercise of all such rights or options, plus, in the case of such rights or options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (ii) the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such rights or options) shall be less than the Fair Market Value in effect immediately prior to the time of the granting of such rights or options, then the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such rights or options shall be (as of the date of granting of such rights or options) deemed to be outstanding and to have been issued on the date of such grant for the Option Price

per share. Except as otherwise provided in Section 5.3, no adjustment of the Warrant Price shall be made upon the actual issue of such Common Stock or of such Convertible Securities upon exercise of such rights or options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities.

Section 5.3. Issuance of Convertible Securities. In case the Company shall in any manner issue (whether directly or by assumption in a merger or otherwise) or sell any Convertible Securities, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share (the "Conversion Price") for which Common Stock is issuable upon which conversion or exchange (determined by dividing (i) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (ii) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Fair Market Value in effect immediately prior to the time of such issue or sale determined as of the date of such issue or sale of such Convertible Securities, as the case may be, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall (as of the date of the issue or sale of such Convertible Securities) be deemed to be outstanding and to have been issued on such date for the Conversion Price per share, provided that (a) except as otherwise provided in Section 5.4 below, no adjustment of the Warrant Price shall be made upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities, and (b) if any such issue or sale of such Convertible Securities is made upon exercise of any rights to subscribe for or to purchase or any option to purchase any such Convertible Securities for which adjustments of the Warrant Price have been or are to be made pursuant to other provisions of this Section 5, no further adjustment of the Warrant Price shall be made by reason of such issue or sale.

Section 5.4. Change in Option Price or Conversion Rate; Expiration of Options or Convertible Securities. Upon the happening of any of the following events, namely, if the purchase price provided for in any right or option referred to in Section 5.2, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities referred to in Section 5.2 or Section 5.3, or the rate at which any Convertible Securities referred to in Section 5.2 or Section 5.3 are convertible into or exchangeable for Common Stock shall change at any time (other than under or by reason of provisions designed to protect against dilution), the Warrant Price in effect at the time of such event shall forthwith be readjusted to the Warrant Price which would have been in effect at such time had such rights, options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold; and on the expiration without exercise of any such option or right or the termination without exercise of any such right to convert or exchange such Convertible Securities, the Warrant Price then in effect hereunder shall forthwith be increased to the Warrant Price which would have been in effect at the time of such expiration or termination had such right, option or Convertible Securities, to the extent outstanding immediately

prior to such expiration or termination, never been issued, and the Common Stock issuable thereunder shall no longer be deemed outstanding. If the purchase price provided for in any such right or option referred to in Section 5.2 or if the rate at which any Convertible Securities referred to in Section 5.2 or Section 5.3 are convertible

into or exchangeable for Common Stock shall be reduced at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in case of the delivery of Common Stock upon the exercise of any such right or option or upon conversion or exchange of any such right or option or upon conversion or exchange of any such Convertible Securities, the Warrant Price then in effect hereunder shall forthwith be adjusted to such respective amount as would have obtained had such right, option or Convertible Security never been issued as to such Common Stock and had adjustment been made upon the issuance of the shares of Common Stock delivered as aforesaid, but only if as a result of such adjustment the Warrant Price then in effect hereunder is thereby reduced. On the expiration of any option or right or the termination of any right to convert or exchange any Convertible Securities, the Warrant Price then in effect hereunder shall forthwith be increased to the Warrant Price which would have been in effect at the time of such expiration or termination had such option or rights or Convertible Securities, to the extent outstanding immediately prior to such expiration or termination, never been issued.

Section 5.5. Stock Dividends. In case the Company shall declare a dividend or make any other distribution upon any stock of the Company payable in Common Stock or Convertible Securities, any Common Stock or Convertible Securities, as the case may be, issuable in payment of such dividend or distribution shall be deemed to have been issued or sold without consideration, subject to this Section 5.

Section 5.6. Consideration for Stock. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any such Common Stock or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Company therefor, before deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any such Common Stock or Convertible Securities shall be issued or sold for consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined in good faith and in the reasonable exercise of business judgment by the Board of Directors of the Company, before deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible

Securities or any rights or options to purchase such Common Stock or Convertible Securities shall be issued in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value as determined in good faith and in the reasonable exercise of business judgment by the Board of Directors of the Company of such portion of the assets and business of the non-surviving corporation as such Board shall determine in good faith and in the reasonable exercise of business judgment, to be attributable to such Common Stock, Convertible Securities, rights or options, as the case may be. In case any rights or options to purchase any shares of Common Stock or Convertible Securities shall be issued in connection with the issue and sale of other securities of the Company, together comprising one integral transaction in which no specific consideration is allocated to such rights or options by the parties thereto, such rights or options shall be deemed to have been issued without consideration.

Section 5.7. Record Date. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (i) to receive a dividend or other distribution

8

payable in Common Stock or in Convertible Securities, or (ii) to subscribe for or purchase Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

Section 5.8. Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock for the purposes of this Section 5.

Section 5.9. Subdivision or Combination of Stock. In case the Company shall at any time (i) issue a dividend payable in Common Stock or Convertible Securities or any rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or Convertible Securities or (ii) subdivide its outstanding shares of Common Stock into a greater number of shares or combine its outstanding shares of Common Stock into a smaller number of shares, the Warrant Price in effect immediately prior to such subdivision or combination shall be adjusted to an amount that bears the same relationship to the Warrant Price in effect immediately prior to such action as the total amount of shares of Common Stock outstanding immediately prior to such action bears to the total number of shares of Common Stock outstanding immediately after such action, and the number of shares of Common Stock purchasable upon the exercise of any Warrant shall be that number of shares of Common Stock obtained by multiplying the number of shares of Common Stock purchasable immediately prior to such

adjustment upon the exercise of such Warrant by the Warrant Price in effect immediately prior to such adjustment and dividing the product so obtained by the Warrant Price in effect after such adjustment.

Section 5.10. Reorganization, Reclassification, Consolidation, Merger or Sale. If any capital reorganization or reclassification of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock, then, as a condition of such reorganization, reclassification, consolidation, exercise, merger or sale, lawful and adequate provision shall be made whereby the Holder shall thereafter have the right to receive upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock of the Company immediately theretofore receivable upon the exercise of this Warrant, the highest amount of shares of stock, securities or assets (including cash) as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of Warrant Shares for which this Warrant could have been exercised immediately prior to such reorganization, reclassification, consolidation, merger or sale, and in any such case appropriate provision shall be made with respect to the rights and interests of such holder to the end that the provisions hereof shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets (including cash) thereafter deliverable upon the exercise of this Warrant. The Company will not effect any consolidation, merger or sale, unless prior to the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume, by written instrument executed and mailed or delivered to the Holder at the last address of such holder

appearing on the books of the Company, the obligation to deliver to such Holder such shares of stock, securities or assets (including cash) as, in accordance with the foregoing provisions, the Holder may be entitled to receive.

Section 5.11. No Adjustment for Exercise of Certain Options, Warrants, Etc. The provisions of this Section 5 shall not apply to any Common Stock issued, issuable or deemed outstanding under Sections 5.2 to 5.7 inclusive: (i) to any person pursuant to any stock option, stock purchase or similar plan or arrangement for the benefit of employees, consultants or directors of the Company or its subsidiaries in effect on the date of issuance hereof or (ii) pursuant to options, warrants and conversion rights in existence on the date of issuance hereof.

Section 5.12. Fractional Shares. The Company shall not issue fractions of

shares of Common Stock upon exercise of this Warrant or scrip in lieu thereof. If any fraction of a share of Common Stock would, except for the provisions of this Section 5.12, be issuable upon exercise of this Warrant, the Company shall in lieu thereof pay to the person entitled thereto an amount in cash equal to the current value of such fraction, calculated to the nearest one-hundredth (1/100) of a share, to be computed on the basis of the fair market value as determined by the Board of Directors of the Company in good faith for a share of Common Stock as of the date of exercise.

Section 5.13. Notice of Adjustment. Upon any adjustment of the Warrant Price, and from time to time upon the written request of the Holder, the Company shall furnish to the Holder the Warrant Price resulting from such adjustment or otherwise in effect and the number of Warrant Shares then available for purchase under this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

Section 5.14. Certain Events. If any event occurs as to which, in the good faith judgment of the Board of Directors of the Company the other provisions of this Section 5 are not strictly applicable or if strictly applicable would not fairly protect the exercise rights of the Holder in accordance with the essential intent and principles of such provisions, then the Board of Directors of the Company, in the good faith, reasonable exercise of its business judgment shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles so as to protect such exercise rights as aforesaid.

Section 6. No Rights as a Stockholder; Notice to Holder. Nothing contained in this Warrant shall be construed as conferring upon the Holder the right to vote or to consent or to receive notice as a Stockholder in respect of any meeting of stockholders for the election of directors of the Company or any other matter, or any rights whatsoever as a stockholder of the Company.

Section 7. Replacement of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement in a form and substance reasonably satisfactory to the Company (together with, in the case of a Holder which is not a qualified institutional buyer within the meaning of Rule 144A under the Act, surety), or (in

the case of mutilation) upon surrender and cancellation thereof, the Company will issue, in lieu thereof, a new Warrant of like tenor.

Section 8. Notices. All notices and other written communications provided for hereunder shall be given in writing and delivered in person or sent by

overnight delivery service (with charges prepaid) or by facsimile transmission, if the original of such facsimile transmission is sent by overnight delivery service (with charges prepaid) by the next succeeding Business Day and (i) if to the Holder, addressed to it at the address or fax number specified for such Holder in the Warrant Register or at such other address or fax number as the Holder shall have specified to the Company in writing in accordance with this Section 8, and (ii) if to the Company, addressed to it at 5555 Airport Boulevard, Boulder, Colorado 80301, Attention: Secretary, Fax No. (720) 406-4994 or at such other address or fax number as the Company shall have specified to the Holder in writing in accordance with this Section 8. Notice given in accordance with this Section 8 shall be effective upon the earlier of the date of delivery or the second Business Day at the place of delivery after dispatch.

Section 9. Applicable Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to principles of conflict of laws.

Section 10. Severability. In the event that any part or parts of this Warrant shall be held illegal or unenforceable by any court or administrative body of competent jurisdiction, such determination shall not effect the remaining provisions of this Warrant which shall remain in full force and effect.

Section 11. Successors. This Warrant shall inure to the benefit of and be binding upon the successors of each of the Company and the Holder.

Section 12. Captions. The captions of the Sections and subsections of this Warrant have been inserted for convenience only and shall have no substantive effect.

11

IN WITNESS WHEREOF, the undersigned have executed this Warrant as of the 11th day of October, 2000.

HAUSER, INC.

By: /s/ Volker Wypyszyk

Name: Volker Wypyszyk
Title: President and Chief Executive
Officer

Attest: /s/ Kenneth C. Cleveland

[To be signed only upon exercise of Warrant]

To Hauser, Inc.:

The undersigned, the holder of the within Warrant (the "Holder"), hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, _____ shares of Common Stock of Hauser, Inc. and herewith [makes payment of \$ _____ therefor in full payment of the Exercise Payment][tenders securities having a Market Price of \$ _____ in full payment of the Exercise Payment] or [elects to receive a payment equal to the difference between (i) the Market Price (as defined in the Warrant) multiplied by _____ (the number of Warrant Shares as to which the payment is being elected) and (ii) _____, which is the exercise price with respect to such Warrant Shares, in full payment of the Exercise Payment, payable by the Company to the Holder only in shares of Common Stock valued at the Market Price in accordance with the terms of the Warrant], and requests that the certificates for such shares be issued in the name of, and be delivered to _____, whose address is _____ .

Dated:

 (Signature must conform in all respects to name of Holder
 as specified on the face of the Warrant)

 Address

[To be signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the right represented by the within Warrant to purchase _____ shares of the Common Stock of Hauser, Inc. to which the within Warrant relates, and appoints _____ attorney to transfer said right on the books of Hauser, Inc. with full power of substitution in the premises.

Dated:

(Signature must conform in all respects to name of Holder
as specified on the face of the Warrant)

Address

In the presence of
