TO OUR SHAREHOLDERS

2007 reflected continued success for our company. 2007 was our 15th consecutive year of increased sales since our acquisition of the Hansen's® beverage business in 1992 and marked the year in which we achieved $1 billion in gross sales for the first time.

Sales volumes of Monster Energy® drinks, Lo-Carb Monster Energy® drinks, Monster Energy® Assault™ energy drinks and Monster Energy® Khaos energy drinks, increased significantly over the previous year. Indeed, the Monster Energy® brand continued to gain market share during 2007 and through the first quarter of 2008. The growth in sales of the Monster Energy brand continues to exceed the growth in sales of the energy drink category as a whole, which itself is growing at a high rate.

During the first quarter of 2007 we introduced a new Monster Energy® M-80 energy drink and during the last quarter of 2007 we introduced a new Monster MIXXD™ energy drink. Both those energy drinks contain juice, are lightly carbonated and are available in 16 ounce cans. In the fourth quarter of 2007 we also launched a new Monster Heavy Metal™ energy drink in 32 ounce cans. We also introduced a number of different packages, sizes and packaging configurations during the year.

We are very excited about our new Java Monster™ brand of non-carbonated dairy based coffee drinks, which we launched in May 2007 in 15 ounce cans in three versions, "Originale," "Loca Moca," and "Mean Bean." In the last quarter of 2007 we extended our Java Monster™ line and introduced four additional coffee drinks in 15 ounce cans, "Irish Blend," "Russian," "Lo Ball," and "Nut-Up" as well as a ready to drink chai tea beverage, "Chai Hai" also under the Java Monster™ brand name. Sales of Java Monster™ have exceeded our expectations and we believe that Java Monster™ will be an important contributor to the future growth of the Monster Energy® brand.

The transition of the majority of our full service distributors to the Anheuser-Busch ("AB") system has been extremely positive and we will continue to evaluate the transitioning of additional markets to AB in the future, as and when appropriate. In February 2007 we entered into the On-Premise Distribution Coordination Agreement (the "On-Premise Agreement") with AB, pursuant to which AB will manage and coordinate the sale, distribution and merchandising of Monster Energy® drinks to licensed on-premise accounts including bars, nightclubs and restaurants, in approved territories within the United States. We have commenced with the implementation of the On-Premise Agreement, although progress to date has not yet met expectations.

In March 2007 we entered into a Distribution Agreement with Pepsi-QTG Canada, a division of Pepsico Canada ULC, for the exclusive distribution by Pepsi Canada of our Monster Energy®, Lost® Energy™ and Hansen's® energy products throughout Canada. The transition has been extremely satisfactory and sales of Monster Energy® products in Canada have increased substantially since the transition.

Gross sales outside of California as a percentage of total gross sales exceeded 72% for the first time in 2007.

Margins of our warehouse segment products, which include the Hansen's® and Blue Sky® brands of natural sodas, juices and teas, continued to remain under pressure in 2007, primarily due to increased raw material costs and competitive pricing. We have repositioned our soda products which are now, in the main, sweetened with cane sugar in place of high fructose corn syrup and have launched our new line of sparkling water beverages in 10.5 ounce sleek cans (in both 90 calories per can and sugar free versions), under the Hansen's® brand name. We believe that this new line is ideally positioned to meet changing consumer preferences for lighter healthier beverages.

We have recently commenced the marketing, distribution and sale of Monster Energy® drinks in the United Kingdom and South Africa. Although still very early, we are encouraged by the positive reception from customers and consumers to our brand including the visual appeal of the cans, the Monster logo, the size of the cans (500ml), as well as the efficacy and taste of the products. In this regard, and in anticipation of expanded distribution into additional countries in the future, we have secured a major multi-year sponsorship agreement with the Kawasaki Factory Team for the 2008 International Moto GP Series. This sport is extremely popular internationally and, in particular, in Europe.

My thanks to my fellow directors for their counsel and support during the year and, more specifically, to Mr. Hilton Schlosberg, our President and Chief Operating Officer, and Mr. Mark Hall, President of our Monster Beverage Division, as well as to our consumers, shareholders, customers, distributors, employees, and suppliers for their continued support. To all of our management and employees, my sincere thanks and appreciation for all their efforts, which are evidenced by the continued success of our company.

Sincerely,

Rodney C. Sacks
Chairman and Chief Executive Officer