TO OUR STOCKHOLDERS

In 2008 we were able to deliver our 16th consecutive year of record sales. Additionally, as a brand, Monster Energy® achieved over $1 billion in gross sales for the first time, while continuing to increase its market share.

In 2008 our leading 16 ounce Monster Energy® product became the highest selling energy drink SKU in the convenience and gas channel in the United States. Also, during 2008, the entire Monster Energy® line became the highest selling brand in the convenience and gas channel both in volume and number of units. The convenience and gas channel is by far the largest sector for energy drinks in the United States. We are extremely proud of these achievements.

Toward the end of the year, we introduced our new Monster Hitman Energy Shooter™ in 3-ounce containers and, in the first quarter of 2009, extended that line with our Monster Sniper™ and Monster LoBo™ Energy Shooters.

Our Java Monster™ line of non-carbonated dairy based coffee drinks was primarily responsible for the increase in the ready-to-drink coffee category in the United States in 2008. During the year the major competitor in that category responded to our challenge by introducing copy-cat "coffee plus energy" products. As this category continues to show good growth, we are in the process of launching a new X-presso Monster™ dairy based coffee drink in the United States to compete directly with Starbucks Double Shot. X-presso Monster™ contains nitrous oxide, which imparts a creamy smooth texture and unique flavor to the product which, we believe, will distinguish it from its competition. X-presso Monster™ is manufactured in Holland and will be imported into the United States.

2008 was an extremely difficult year for the beverage industry as a whole and in particular for the convenience and gas channel, which is by far the largest sector for energy drinks. In dollar terms carbonated soft drinks, sports drinks, juices and juice drinks, ready-to-drink teas and single serve dairy products were all lower in 2008 than in 2007. Water was moderately higher. Although ready-to-drink coffee was higher in percentage terms, the energy drink category led the dollar increase in the convenience and gas channel. In 2008 energy drinks were the second largest beverage category in the convenience and gas channel. The energy drink share is about twice as large as both sports drinks and juices and juice drinks, more than four times as large as ready-to-drink teas and nearly six times as large as ready-to-drink coffees. It is more than 50% larger than the entire water category (which includes flavored and enhanced waters). Only the carbonated soft drinks category, which continues to lose share, is larger. We believe the continued growth of the energy drink category, although having slowed in 2008 and into 2009, continues to bode well for our Company.

Although the transition of a large portion of our distribution system to Anheuser-Busch ("AB") distributors has been successful, the on-premise distribution coordination agreement we entered into with AB has not met our expectations. Although we have continued to make progress in this sector, we believe that there are many additional opportunities that we ought to be able to secure in the on-premise segment. We are therefore in the process of evaluating alternatives open to us.

During the second half of 2008 the opportunity presented itself to enter into a distribution arrangement with The Coca-Cola Company ("TCCC") and Coca-Cola Enterprises, Inc. ("CCE"). Pursuant to agreements entered into with TCCC and CCE, as well as a number of additional Coca-Cola bottlers, we transitioned approximately 50% of our full service distributor volume in the United States and Canada to the Coca-Cola system, primarily CCE, as well as a number of other Coca-Cola bottlers including Coca-Cola United, Coca-Cola Consolidated and Coca-Cola Sacramento. In consequence of this arrangement, the distribution of Monster Energy® products in the United States and Canada is almost equally divided between AB distributors on the one hand and Coca-Cola bottlers on the other, with limited areas being managed by independent third party distributors. Our route to market is now being handled by two different but complementary distribution systems, which are not directly competitive with each other. Each of these respective systems has substantial strengths. We believe that these arrangements place the Company in a unique position to secure maximum long-term growth for our Monster Energy® brand.

As an integral part of the transition to Coca-Cola and CCE, we entered into distribution agreements with CCE for the distribution of Monster Energy® drinks in the United Kingdom and five Continental European countries. Distribution of Monster Energy® through CCE commenced earlier this year in the United Kingdom, France, Belgium, Holland, Luxembourg and Monaco. Initial results have been extremely positive, particularly in Continental Europe. Although progress in the United Kingdom has been slower than expected, we are optimistic that we will begin to reap the benefits of the CCE system in the United Kingdom in the near future. Distribution and sales of Monster Energy® in Sweden and South Africa have continued to progress well and we are taking steps to meet the challenges of our distribution partners in Spain and Ireland, where we are reviewing our options. We are in the process of commencing distribution of Monster Energy® in New Zealand and Australia and are advanced in our plans to commence production and distribution of Monster Energy® in Brazil.

In January 2009 we terminated our relationship with Cadbury Bebidas in Mexico and entered into a new distribution arrangement with the Jumex group for that country, excluding the Baja region and Sonora, where we remain with our existing distributor. Jumex is the largest juice producer and distributor of juice products throughout Mexico and controls one of the strongest distribution systems in Mexico. Jumex owns and operates over 1,500 trucks throughout Mexico. We believe that the Jumex organization will provide Monster Energy® with the opportunity to build on and increase the terrific results that we have already achieved in Mexico, as Monster Energy® is now in the clear number two position in the energy drink market in Mexico.

We are in the process of introducing a number of new products into the Monster Energy® line in the United States and are also continuing to evaluate and launch Monster Energy® into additional countries with a view to making Monster Energy® a truly global brand.

Outside of California gross sales of all of our products exceeded 77% of total gross sales for the first time.

As previously reported, we entered into a major multi-year sponsorship agreement with the Kawasaki Factory Team for the 2008 International MotoGP Series. Subsequently, however, due to the severe world economic downturn, Kawasaki discontinued racing in MotoGP. This decision had a silver lining for us in that we were fortunately able to secure the endorsement of Valentino Rossi, who is the reigning world champion, for our Monster Energy® drinks, in the MotoGP Series as well as to secure the Tech 3 Yamaha Team, which is a strong contender in the MotoGP Series. Consequently, we believe that this change will result in heightened visibility for the Monster Energy® brand in MotoGP internationally and, in particular, in Europe, in support of our expansion plans.

The Warehouse Division experienced a difficult 2008, mainly as a result of increased raw material costs, primarily in apple juice concentrate, PET bottles, and aluminum cans. Costs of producing Hansen's® Natural Sodas were also increased due to our decision to replace high fructose corn syrup with cane sugar, in response to changing consumer preferences. We have experienced some relief in input costs in 2009 due to beneficial commodity pricing.

Our exclusive contracts with the State of California Department of Health Services, Women, Infants and Children ("WIC") Supplemental Nutrition Branch terminated in April 2008, although we continue to participate in the program on a non-exclusive basis for certain of our 64 oz. juice products.

We have made a number of management changes in our Warehouse Division organization in sales and marketing. We are continuing to develop new products in response to consumer's needs for "better for you" natural beverages. The Hansen's® and Blue Sky® brands hold unique appeal in this category.

While the world economic environment continues to impact all of our lives in different ways, we are optimistic that we will be able to continue our unblemished record of increased sales in 2009 and continue to grow our Monster Energy® brand. During these trying times I would like to express my gratitude for the support afforded to the Company by Mr. Hilton Schlosberg, our President and Chief Operating Officer, and Mr. Mark Hall, President of our Monster Beverage Division. I would also like to express my personal thanks to our consumers, stockholders, customers, distributors, 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. Thank you for the trust you have placed in our management team.

Sincerely,

Rodney C. Sacks
Chairman and Chief Executive Officer