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

Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2014 Commission File Number 0-18761

MONSTER BEVERAGE CORPORATION
(Exact name of Registrant as specified in its charter)

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

1 Monster Way
Corona, California 92879
(Address of principal executive offices) (Zip code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes X No __

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer X	Accelerated filer o
Non-accelerated filer o (Do not check if smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).

Yes ___ No X

The Registrant had 167,176,357 shares of common stock, par value $0.005 per share, outstanding as of July 23, 2014.

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MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
JUNE 30, 2014

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PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2014 AND DECEMBER 31, 2013
(In Thousands, Except Par Value) (Unaudited)

	June 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 373,051	$ 211,349
Short-term investments	453,969	402,247
Accounts receivable, net	395,460	291,638
Distributor receivables	3,332	4,542
Inventories	207,908	221,449
Prepaid expenses and other current assets	25,594	21,376
Prepaid income taxes	7,115	9,518
Deferred income taxes	20,924	20,924
Total current assets	1,487,353	1,183,043
INVESTMENTS	51,682	9,792
PROPERTY AND EQUIPMENT, net	91,218	88,143
DEFERRED INCOME TAXES	63,443	63,611
INTANGIBLES, net	66,351	65,774
OTHER ASSETS	8,972	10,146
Total Assets	$ 1,769,019	$ 1,420,509
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 155,776	$ 119,376
Accrued liabilities	80,792	59,113
Accrued promotional allowances	130,807	99,470
Deferred revenue	14,317	13,832

Accrued compensation	10,310	14,864
Income taxes payable	12,839	9,359
Total current liabilities	404,841	316,014
DEFERRED REVENUE	108,547	112,216
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS' EQUITY:		
Common stock - $0.005 par value; 240,000 shares authorized; 206,364 shares issued and 167,171 outstanding as of June 30, 2014; 206,014 shares issued and 166,822 outstanding as of December 31, 2013	1,032	1,030
Additional paid-in capital	394,612	368,069
Retained earnings	2,083,579	1,847,325
Accumulated other comprehensive loss	(621)	(1,233)
Common stock in treasury, at cost; 39,193 and 39,192 shares as of June 30, 2014 and December 31, 2013, respectively	(1,222,971)	(1,222,912)
Total stockholders' equity	1,255,631	992,279
Total Liabilities and Stockholders' Equity	$ 1,769,019	$ 1,420,509

See accompanying notes to condensed consolidated financial statements.

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MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE- AND SIX-MONTHS ENDED JUNE 30, 2014 AND 2013
(In Thousands, Except Per Share Amounts) (Unaudited)

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2014	**2013**	**2014**	**2013**
NET SALES	$ 687,199	$ 630,934	$ 1,223,329	$ 1,115,158
COST OF SALES	307,911	294,672	557,222	526,857
GROSS PROFIT	379,288	336,262	666,107	588,301
OPERATING EXPENSES	163,475	156,835	301,430	301,569
OPERATING INCOME	215,813	179,427	364,677	286,732
OTHER INCOME (EXPENSE):				
Interest and other income (expense), net	190	(3,468)	345	(7,940)
(Loss) gain on investments and put options, net (Note 3)	(12)	66	(13)	2,637
Total other income (expense)	178	(3,402)	332	(5,303)
INCOME BEFORE PROVISION FOR INCOME TAXES	215,991	176,025	365,009	281,429
PROVISION FOR INCOME TAXES	74,988	69,152	128,755	111,060
NET INCOME	$ 141,003	$ 106,873	$ 236,254	$ 170,369
NET INCOME PER COMMON SHARE:				
Basic	$ 0.84	$ 0.64	$ 1.41	$ 1.03
Diluted	$ 0.81	$ 0.62	$ 1.36	$ 0.98
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK AND COMMON STOCK EQUIVALENTS:				
Basic	167,098	166,447	167,006	165,988
Diluted	173,964	173,350	173,869	172,992

See accompanying notes to condensed consolidated financial statements.

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MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-AND SIX-MONTHS ENDED JUNE 30, 2014 AND 2013
(In Thousands) (Unaudited)

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2014	2013	2014	2013
Net income, as reported	$ 141,003	$ 106,873	$ 236,254	$ 170,369
Other comprehensive income (loss):				
Change in foreign currency translation adjustment	510	(2,441)	612	(3,533)
Available-for-sale investments:				
Change in net unrealized gains	-	-	-	-
Reclassification adjustment for net gains included in net income	-	-	-	(1,525)
Net change in available-for-sale investments	-	-	-	(1,525)
Other comprehensive income (loss)	510	(2,441)	612	(5,058)
Comprehensive income	$ 141,513	$ 104,432	$ 236,866	$ 165,311

See accompanying notes to condensed consolidated financial statements.

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MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTHS ENDED JUNE 30, 2014 AND 2013
(In Thousands) (Unaudited)

	Six-Months Ended	
	June 30, 2014	June 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 236,254	$ 170,369
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,995	10,337
Gain on disposal of property and equipment	(185)	(216)
Stock-based compensation	15,089	14,392
Loss on put option	97	243
Gain on investments, net	(84)	(2,881)
Deferred income taxes	168	(926)
Tax benefit from exercise of stock options	(3,303)	(28,883)
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable	(99,711)	(104,993)
Distributor receivables	1,242	(5,310)
Inventories	13,536	(33,972)
Prepaid expenses and other current assets	(4,189)	(8,523)
Prepaid income taxes	2,503	(4,118)
Accounts payable	36,113	16,877
Accrued liabilities	17,529	15,987
Accrued promotional allowances	31,776	22,188
Accrued distributor terminations	165	3,464
Accrued compensation	(4,618)	(4,122)
Income taxes payable	6,780	33,019
Deferred revenue	(3,180)	6,788
Net cash provided by operating activities	258,977	99,720
CASH FLOWS FROM INVESTING ACTIVITIES:		
Maturities of held-to-maturity investments	324,819	107,416
Sales of trading investments	3,450	-
Purchases of held-to-maturity investments	(421,797)	(154,525)
Purchases of property and equipment	(15,074)	(22,497)
Proceeds from sale of property and equipment	310	8,665
Increase in intangibles	(828)	(5,101)
Decrease (increase) in other assets	1,102	(4,538)
Net cash used in investing activities	(108,018)	(70,580)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(973)	(794)
Tax benefit from exercise of stock options	3,303	28,883
Issuance of common stock	7,716	16,288
Purchases of common stock held in treasury	(59)	(13,396)
Net cash provided by financing activities	9,987	30,981
Effect of exchange rate changes on cash and cash equivalents	756	1,204
NET INCREASE IN CASH AND CASH EQUIVALENTS	161,702	61,325
CASH AND CASH EQUIVALENTS, beginning of period	211,349	222,514
CASH AND CASH EQUIVALENTS, end of period	$ 373,051	$ 283,839
SUPPLEMENTAL INFORMATION:		
Cash paid during the period for:		
Interest	$ 18	$ 19
Income taxes	$ 119,654	$ 82,720

See accompanying notes to condensed consolidated financial statements.

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MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTHS ENDED JUNE 30, 2014 AND 2013
(In Thousands) (Unaudited) (Continued)

SUPPLEMENTAL DISCLOSURE OF NON-CASH ITEMS

The Company entered into capital leases for the acquisition of promotional vehicles of $0.5 million and $1.8 million for the six-months ended June 30, 2014 and 2013, respectively.

Included in accounts payable are property and equipment purchases of $0.1 million and $2.0 million as of June 30, 2014 and December 31, 2013, respectively.

See accompanying notes to condensed consolidated financial statements.

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MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

1. BASIS OF PRESENTATION

Reference is made to the Notes to Consolidated Financial Statements, in Monster Beverage Corporation and Subsidiaries (the “Company” or, in reference to the Company’s former name, “Hansen Natural Corporation”) Annual Report on Form 10-K for the year ended December 31, 2013 (“Form 10-K”) for a summary of significant accounting policies utilized by the Company and its consolidated subsidiaries and other disclosures, which should be read in conjunction with this Quarterly Report on Form 10-Q (“Form 10-Q”).

The Company’s condensed consolidated financial statements included in this Form 10-Q have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and Securities and Exchange Commission (“SEC”) rules and regulations applicable to interim financial reporting. They do not include all the information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP. The information set forth in these interim condensed consolidated financial statements for the three- and six-months ended June 30, 2014 and 2013 is unaudited and reflects all adjustments, which include only normal recurring adjustments and which in the opinion of management are necessary to make the interim condensed consolidated financial statements not misleading. Results of operations for periods covered by this report may not necessarily be indicative of results of operations for the full year.

The preparation of financial statements in conformity with GAAP necessarily requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2014-12, “Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force)”. ASU 2014-12 clarifies that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718 as it relates to awards with performance conditions that affect vesting to account for such awards. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. ASU 2014-12 is effective for annual periods, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted. ASU 2014-12 may be applied either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The adoption of ASU 2014-12 is not expected to have a material impact on the Company’s financial position, results of operations or liquidity.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers”, which supersedes previous revenue recognition guidance. ASU 2014-09 requires that a company recognize revenue at an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring goods or services to a customer. In applying the new guidance, a company will (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the contract’s performance obligations; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016 and can be adopted using either a full retrospective or modified approach. The Company is currently evaluating the impact of ASU 2014-09 on its financial position, results of operations and liquidity.

(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements and Property, Plant, and Equipment - Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity". ASU 2014-08 provides new guidance related to the definition of a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This new guidance is effective for fiscal years beginning on or after December 15, 2014 and interim periods within those years. The adoption of ASU 2014-08 is not expected to have a material impact on the Company's financial position, results of operations or liquidity.

3. INVESTMENTS

The following table summarizes the Company's investments at:

June 30, 2014	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Continuous Unrealized Loss Position less than 12 Months	Continuous Unrealized Loss Position greater than 12 Months
Held-to-Maturity						
Short-term:						
Certificates of deposit	$ 6,007	$ -	$ -	$ 6,007	$ -	$ -
Commercial paper	9,996	-	-	9,996	-	-
Municipal securities	431,597	76	-	431,673	-	-
Long-term:						
Municipal securities	45,232	24	-	45,256	-	-
Total	$ 492,832	$ 100	$ -	492,932	$ -	$ -
Trading						
Short-term:						
Auction rate securities				6,369		
Long-term:						
Auction rate securities				6,450		
Total				$ 505,751		

December 31, 2013	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Continuous Unrealized Loss Position less than 12 Months	Continuous Unrealized Loss Position greater than 12 Months
Held-to-Maturity						
Short-term:						
Certificates of deposit	$ 22,045	$ -	$ -	$ 22,045	$ -	$ -
Commercial paper	5,991	-	-	5,991	-	-
Municipal securities	367,819	48	-	367,867	-	-
Total	$ 395,855	$ 48	$ -	395,903	$ -	$ -
Trading						
Short-term:						
Auction rate securities				6,392		
Long-term:						
Auction rate securities				9,792		
Total				$ 412,087		

During the three- and six-months ended June 30, 2014, realized gains or losses recognized on the sale of investments were not significant. During the year ended December 31, 2013, the Company recognized $2.5 million of realized gains on the sale of available-for-sale investments. Realized gains or losses on the sale of all other investments during the year ended December 31, 2013 were not significant.

The Company recognized a net gain through earnings on its trading securities as follows:

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2014	2013	2014	2013

Gain on trading securities sold	$	138	$	-	$	269	$	-
(Loss) gain on trading securities held		(121)		392		(185)		399
Gain on trading securites	$	17	$	392	$	84	$	399

The Company's investments at June 30, 2014 and December 31, 2013 in certificates of deposit, commercial paper and/or municipal securities carried investment grade credit ratings. All of the Company's investments at June 30, 2014 and December 31, 2013 in municipal, educational or other public body securities with an auction reset feature ("auction rate securities") also carried investment grade credit ratings.

The following table summarizes the underlying contractual maturities of the Company's investments at:

	June 30, 2014		December 31, 2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Less than 1 year:				
Certificates of deposit	$ 6,007	$ 6,007	$ 22,045	$ 22,045
Commercial paper	9,996	9,996	5,991	5,991
Municipal securities	431,597	431,673	367,819	367,867
Due 1 - 10 years:				
Municipal securities	45,232	45,256	-	-
Due 11 - 20 years:				
Auction rate securities	12,773	12,773	11,102	11,102
Due 21 - 30 years:				
Auction rate securities	46	46	5,082	5,082
Total	$ 505,651	$ 505,751	$ 412,039	$ 412,087

4. FAIR VALUE OF CERTAIN FINANCIAL ASSETS AND LIABILITIES

Accounting Standards Codification ("ASC") 820 provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. ASC 820 defines fair value as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. The three levels of inputs required by the standard that the Company uses to measure fair value are summarized below.

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
- **Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

ASC 820 requires the use of observable market inputs (quoted market prices) when measuring fair value and requires a Level 1 quoted price to be used to measure fair value whenever possible.

The following tables present the Company's held-to-maturity investments at amortized cost as well as the fair value of the Company's financial assets and liabilities that are recorded at fair value on a recurring basis, segregated among the appropriate levels within the fair value hierarchy at:

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

June 30, 2014	Level 1	Level 2	Level 3	Total
Cash	$ 218,121	$ -	$ -	$ 218,121
Money market funds	134,278	-	-	134,278
Certificates of deposit	-	6,007	-	6,007

(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

	Level 1	Level 2	Level 3	Total
Commercial paper	-	9,996	-	9,996
Municipal securities	-	497,481	-	497,481
Auction rate securities	-	-	12,819	12,819
Put option related to auction rate securities	-	-	994	994
Foreign currency derivatives	-	38	-	38
Total	$ 352,399	$ 513,522	$ 13,813	$ 879,734
Amounts included in:				
Cash and cash equivalents	$ 352,399	$ 20,652	$ -	$ 373,051
Short-term investments	-	447,600	6,369	453,969
Accounts receivable, net	-	185	-	185
Investments	-	45,232	6,450	51,682
Prepaid expenses and other current assets	-	-	515	515
Other assets	-	-	479	479
Accrued liabilities	-	(147)	-	(147)
Total	$ 352,399	$ 513,522	$ 13,813	$ 879,734

December 31, 2013	Level 1	Level 2	Level 3	Total
Cash	$ 139,300	$ -	$ -	$ 139,300
Money market funds	60,102	-	-	60,102
Certificates of deposit	-	22,045	-	22,045
Commercial paper	-	5,991	-	5,991
Municipal securities	-	379,766	-	379,766
Auction rate securities	-	-	16,184	16,184
Put option related to auction rate securities	-	-	1,092	1,092
Total	$ 199,402	$ 407,802	$ 17,276	$ 624,480
Amounts included in:				
Cash and cash equivalents	$ 199,402	$ 11,947	$ -	$ 211,349
Short-term investments	-	395,855	6,392	402,247
Investments	-	-	9,792	9,792
Prepaid expenses and other current assets	-	-	486	486
Other assets	-	-	606	606
Total	$ 199,402	$ 407,802	$ 17,276	$ 624,480

The majority of the Company's short-term investments are classified within Level 1 or Level 2 of the fair value hierarchy. The Company's valuation of its Level 1 investments, which include money market funds, is based on quoted market prices in active markets for identical securities. The Company's valuation of its Level 2 investments, which include certificates of deposit, commercial paper and municipal securities, is based on other observable inputs, specifically a market approach which utilizes valuation models, pricing systems, mathematical tools and other relevant information for the same or similar securities. The Company's valuation of its Level 2 foreign exchange contracts is based on quoted market prices of the same or similar instruments, adjusted for counterparty risk. There were no transfers between Level 1 and Level 2 measurements during the six-months ended June 30, 2014 or the year ended December 31, 2013, and there were no changes in the Company's valuation techniques.

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The Company's Level 3 assets are comprised of auction rate securities and put options. The Company's Level 3 valuation utilized a mark-to-model approach which included estimates for interest rates, timing and amount of cash flows, credit and liquidity premiums, as well as expected holding periods for the auction rate securities. These assumptions are typically volatile and subject to change as the underlying data sources and market conditions evolve. A significant change in any single input could have a significant valuation impact; however, no single input has a more significant impact on valuation than another. There were no changes in the Company's valuation techniques of its Level 3 assets during the six-months ended June 30, 2014.

The following table presents quantitative information related to the significant unobservable inputs utilized in the Company's Level 3 recurring fair value measurements as of June 30, 2014.

	Valuation Technique	Unobservable Input	Range (Weighted-Average)
Auction Rate Securities:			
Trading	Discounted cash flow	Maximum rate probability	0.66%-2.60% (1.77%)
		Principal returned probability	85.40%-94.51% (86.66%)
		Default probability	4.37%-12.28% (11.57%)
		Liquidity risk	3.00%-3.00% (3.00%)
		Recovery rate	60-60 (60)

Put Options	Discounted cash flow	Counterparty risk	0.33%-0.70% (0.59%)

At June 30, 2014, the Company held auction rate securities with a face value of $13.8 million (amortized cost basis of $12.8 million). A Level 3 valuation was performed on the Company's auction rate securities as of June 30, 2014 resulting in a fair value of $12.8 million for the Company's trading auction rate securities (after a $1.0 million impairment), which are included in short-term and long-term investments.

In June 2011, the Company entered into an agreement (the "2011 ARS Agreement"), related to $24.5 million of par value auction rate securities (the "2011 ARS Securities"). Under the 2011 ARS Agreement, the Company has the right to sell the 2011 ARS Securities including all accrued but unpaid interest thereon (the "2011 Put Option") as follows: (i) on or after July 1, 2013, up to $1.0 million aggregate par value; (ii) on or after October 1, 2013, up to an additional $1.0 million aggregate par value; and (iii) in quarterly installments thereafter based on a formula of the then outstanding 2011 ARS Securities, as adjusted for normal market redemptions, with full sale rights available on or after April 1, 2016. The 2011 ARS Securities will continue to accrue interest until redeemed through the 2011 Put Option, or as determined by the auction process, or should the auction process fail, the terms outlined in the prospectus of the respective 2011 ARS Securities. Under the 2011 ARS Agreement, the Company has the obligation, should it receive written notification from the put issuer, to sell the 2011 ARS Securities at par plus all accrued but unpaid interest. During the six-months ended June 30, 2014, $3.4 million of 2011 ARS Securities were redeemed at par through the exercise of a portion of the 2011 Put Option ($2.3 million, $1.3 million and $3.7 million of par value 2011 ARS Securities were redeemed at par during the years ended December 31, 2013, 2012 and 2011, respectively). Subsequent to June 30, 2014, $8.6 million of 2011 ARS Securities were redeemed at par through the exercise of a portion of the 2011 Put Option. The 2011 Put Option does not meet the definition of derivative instruments under ASC 815. Therefore, the Company elected the fair value option under ASC 825-10 in accounting for the 2011 Put Option. As of June 30, 2014, the Company recorded $1.0 million as the fair market value of the 2011 Put Option, included in prepaid expenses and other current assets, as well as in other assets, in the condensed consolidated balance sheet.

MONSTER BEVERAGE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

The net effect of (i) the revaluation of the 2011 Put Option as of June 30, 2014; (ii) the redemption at par of certain 2011 ARS Securities; and (iii) the revaluation of the Company's trading auction rate securities as of June 30, 2014 resulted in a loss of $0.012 million and $0.013 million, which is included in other income (expense) for the three- and six-months ended June 30, 2014, respectively. The net effect of (i) the revaluation of the 2011 Put Option as of June 30, 2013; (ii) the revaluation of the Company's trading auction rate securities as of June 30, 2013; and (iii) a recognized gain resulting from the redemption of previously other-than-temporary impaired securities; resulted in a gain of $0.1 million and $2.6 million, which is included in other (expense) income for the three- and six-months ended June 30, 2013, respectively.

The following table provides a summary reconciliation of the Company's financial assets that are recorded at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Three-Months Ended June 30, 2014		Three-Months Ended June 30, 2013	
	Auction Rate Securities	Put Options	Auction Rate Securities	Put Options
Opening Balance	$ 14,526	$ 1,024	$ 17,370	$ 2,011
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Total gains (losses) for the period:				
Included in earnings	17	(30)	392	(325)
Included in other comprehensive income	-	-	-	-
Settlements	(1,724)	-	-	-
Closing Balance	$ 12,819	$ 994	$ 17,762	$ 1,686

	Six-Months Ended June 30, 2014		Six-Months Ended June 30, 2013	
	Auction Rate Securities	Put Options	Auction Rate Securities	Put Options
Opening Balance	$ 16,184	$ 1,092	$ 23,156	$ 1,929
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Total gains (losses) for the period:				
Included in earnings	84	(98)	2,881	(243)
Included in other comprehensive income	-	-	(2,483)	-
Settlements	(3,449)	-	(5,792)	-
Closing Balance	$ 12,819	$ 994	$ 17,762	$ 1,686

(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

5. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to foreign currency exchange rate risks related primarily to its foreign business operations. During the three- and six-months ended June 30, 2014, the Company entered into forward currency exchange contracts with financial institutions to create an economic hedge to specifically manage a portion of the foreign exchange risk exposure associated with certain consolidated subsidiaries' non-functional currency denominated assets and liabilities. All foreign currency exchange contracts entered into by the Company as of June 30, 2014 have terms of one month or less. The Company does not enter into forward currency exchange contracts for speculation or trading purposes.

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The Company has not designated its foreign currency exchange contracts as hedge transactions under ASC 815. Therefore, gains and losses on the Company's foreign currency exchange contracts are recognized in interest and other income (expense), net, in the condensed consolidated statements of income, and are largely offset by the changes in the fair value of the underlying economically hedged item.

The notional amount and fair value of all outstanding foreign currency derivative instruments in the condensed consolidated balance sheets consist of the following at:

Derivatives not designated as hedging instruments under FASB ASC 815-20	June 30,2014 Notional Amount	Fair Value	Balance Sheet Location
Assets:			
Foreign currency exchange contracts:			
Receive EUR/pay USD	$ 18,109	$ 108	Accounts receivable, net
Receive CAD/pay USD	24,219	45	Accounts receivable, net
Receive USD/pay ZAR	19,102	31	Accounts receivable, net
Receive USD/pay CLP	5,533	1	Accounts receivable, net
Liabilities:			
Foreign currency exchange contracts:			
Receive USD/pay AUD	$ 8,919	$ (18)	Accrued liabilities
Receive USD/pay JPY	18,635	(90)	Accrued liabilities
Receive USD/pay MXN	7,878	(30)	Accrued liabilities
Receive USD/pay COP	1,932	(9)	Accrued liabilities

The Company had no foreign currency exchange contracts outstanding at December 31, 2013.

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The net losses on derivative instruments in the condensed consolidated statements of income were as follows:

Derivatives not designated as hedging instruments under FASB ASC 815-20	Location of loss recognized in income on derivatives	Amount of loss recognized in income on derivatives Three-months ended June 30, 2014	June 30, 2013
Foreign currency exchange contracts	Interest and other income (expense), net	$ 406	$ -

		Amount of loss recognized in income on derivatives	
		Six-months ended	

Derivatives not designated as hedging instruments under FASB ASC 815-20	Location of loss recognized in income on derivatives	June 30, 2014	June 30, 2013
Foreign currency exchange contracts	Interest and other income (expense), net	$ 765	$ -

6. INVENTORIES

Inventories consist of the following at:

	June 30, 2014	December 31, 2013
Raw materials	$ 74,810	$ 68,088
Finished goods	133,098	153,361
	$ 207,908	$ 221,449

7. PROPERTY AND EQUIPMENT, Net

Property and equipment consist of the following at:

	June 30, 2014	December 31, 2013
Land	$ 5,382	$ 5,382
Leasehold improvements	2,860	2,222
Furniture and fixtures	3,446	3,474
Office and computer equipment	14,845	14,135
Computer software	638	791
Equipment	70,960	62,552
Buildings	37,959	33,468
Vehicles	30,717	30,442
	166,807	152,466
Less: accumulated depreciation and amortization	(75,589)	(64,323)
	$ 91,218	$ 88,143

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8. INTANGIBLES, Net

Intangibles consist of the following at:

	June 30, 2014	December 31, 2013
Amortizing intangibles	$ 1,150	$ 1,076
Accumulated amortization	(772)	(590)
	378	486
Non-amortizing intangibles	65,973	65,288
	$ 66,351	$ 65,774

All amortizing intangibles have been assigned an estimated useful life and such intangibles are amortized on a straight-line basis over the number of years that approximate their respective useful lives ranging from one to 25 years (weighted-average life of 12 years). Amortization expense was $0.1 million and $0.01 million for the three-months ended June 30, 2014 and 2013, respectively. Amortization expense was $0.25 million and $0.02 million for the six-months ended June 30, 2014 and 2013, respectively.

9. DISTRIBUTION AGREEMENTS

Amounts received pursuant to new and/or amended distribution agreements entered into with certain distributors, relating to the costs associated with terminating agreements with the Company's prior distributors, have been accounted for as deferred revenue in the accompanying condensed consolidated balance sheets and are recognized as revenue ratably over the anticipated life of the respective distribution agreement, generally 20 years. Revenue recognized was $1.9 million and $2.0 million for the three-months ended June 30, 2014 and 2013, respectively. Revenue recognized was $3.9 million and $4.4 million for the six-months ended June 30, 2014 and 2013, respectively.

The Company incurred termination costs to certain of its prior distributors amounting to $0.5 million and $2.0 million in aggregate for the three-months ended June 30, 2014 and 2013, respectively. The Company incurred termination costs to certain of its prior distributors amounting to $0.5 million and $10.3 million in aggregate for the six-months ended June 30, 2014 and 2013, respectively. Such termination costs have been expensed in full and are included in operating expenses for the three- and six-months ended June 30, 2014 and 2013.

10. COMMITMENTS AND CONTINGENCIES

The Company had purchase commitments aggregating approximately $32.8 million at June 30, 2014, which represented commitments made by the Company and its subsidiaries to various suppliers of raw materials for the production of its products. These obligations vary in terms, but are generally satisfied within one year.

The Company had contractual obligations aggregating approximately $70.6 million at June 30, 2014, which related primarily to sponsorships and other marketing activities.

The Company had operating lease commitments aggregating approximately $13.1 million at June 30, 2014, which related primarily to warehouse and office space.

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Value Added Tax (“VAT”) – The Company sought guidance from Her Majesty’s Revenue & Customs (“HMRC”), the VAT taxing authority in the United Kingdom, to determine if the Company should have charged VAT in the United Kingdom on a portion of the Company’s sales beginning May 26, 2010. The Company received guidance from HMRC that confirmed the Company’s position of charging VAT beginning October 3, 2013, pursuant to a new agreement effective on this date. As a result, no VAT pass-through tax for the period beginning on May 26, 2010 through October 3, 2013 is due to HMRC. Furthermore, no tax penalties will be assessed by HMRC relating to this matter.

Legal Proceedings

On October 17, 2012, Wendy Crossland and Richard Fournier filed a lawsuit in the Superior Court of the State of California, County of Riverside, styled *Wendy Crossland and Richard Fournier v. Monster Beverage Corporation*, against the Company claiming that the death of their 14 year old daughter (Anais Fournier) was caused by her consumption of two 24-ounce Monster Energy® drinks over the course of two days in December 2011. The plaintiffs allege strict product liability, negligence, fraudulent concealment, breach of implied warranties and wrongful death. The plaintiffs claim general damages in excess of $25,000 and punitive damages. The Company filed a demurrer and a motion to strike the plaintiffs’ complaint on November 19, 2012, and the plaintiffs filed a first amended complaint on December 19, 2012. The Company filed its answer to the first amended complaint on June 7, 2013. The parties attended a court ordered mediation on January 23, 2014. Discovery has commenced but no trial date has been set. The Company believes that the plaintiffs’ complaint is without merit and plans a vigorous defense. The Company also believes that any such damages, if awarded, would not have a material adverse effect on the Company’s financial position or results of operations.

The Company has also been named as a defendant in other complaints containing similar allegations to those presented in the Fournier lawsuit, each of which the Company believes is also without merit and would not have a material adverse effect on the Company’s financial position or results of operations in the event any damages were awarded.

Securities Litigation – On September 11, 2008, a federal securities class action complaint styled *Cunha v. Hansen Natural Corp., et al.* was filed in the United States District Court for the Central District of California (the “District Court”). On September 17, 2008, a second federal securities class action complaint styled *Brown v. Hansen Natural Corp., et al.* was also filed in the District Court. After the District Court consolidated the two actions and appointed the Structural Ironworkers Local Union #1 Pension Fund as lead plaintiff, a Consolidated Complaint for Violations of Federal Securities Laws was filed on August 28, 2009 (the “Consolidated Class Action Complaint”).

The Consolidated Class Action Complaint purported to be brought on behalf of a class of purchasers of the Company’s stock during the period November 9, 2006 through November 8, 2007 (the “Class Period”). It named as defendants the Company, Rodney C. Sacks, Hilton H. Schlosberg, and Thomas J. Kelly. Plaintiff principally alleged that, during the Class Period, the defendants made false and misleading statements relating to the Company’s distribution coordination agreements with Anheuser-Busch, Inc. (“AB”) and its sales of “Allied” energy drink lines, and engaged in sales of shares in the Company on the basis of material non-public information. Plaintiff also alleged that the Company’s financial statements for the second quarter of 2007 did not include certain promotional expenses. The Consolidated Class Action Complaint alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, and sought an unspecified amount of damages.

The District Court dismissed the Consolidated Class Action Complaint, with leave to amend, on July 12, 2010. Plaintiff thereafter filed a Consolidated Amended Class Action Complaint for Violations of Federal Securities Laws on August 27, 2010 (the “Amended Class Action Complaint”). While similar in many respects to the Consolidated Class Action Complaint, the Amended Class Action Complaint dropped certain of the allegations set forth in the Consolidated Class Action Complaint and made certain new allegations, including that the Company engaged in “channel stuffing” during the Class Period that rendered false or misleading the Company’s reported sales results and certain other statements made by the defendants. In addition, it no longer named Thomas J. Kelly as a defendant.

On September 4, 2012, the District Court dismissed certain of the claims in the Amended Class Action Complaint, including plaintiff's allegations relating to promotional expenses, but denied defendants' motion to dismiss with regard to the majority of plaintiff's claims, including plaintiff's channel stuffing allegations. Plaintiff filed a motion seeking class certification on December 6, 2012, which the court denied, without prejudice, on January 17, 2014.

Following a mediation conducted by an independent mediator, the Company entered into a Stipulation of Settlement on April 16, 2014 that, if approved by the District Court, will resolve the litigation and result in the action being dismissed with prejudice. Preliminary approval hearings with respect to the proposed settlement were held on June 19, 2014 and July 21, 2014, and the District Court entered an Order granting preliminary approval of the settlement on July 29, 2014.

Under the terms of the proposed settlement, the Company has agreed that certain of its insurance carriers will pay $16.25 million into an escrow account for distribution to a proposed settlement class, certified by the District Court for settlement purposes only and consisting of all persons who purchased or otherwise acquired the Company's stock during the Class Period. Excluded from the proposed settlement class are the Company's officers and directors, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest, as well as any putative member of the settlement class who submits a valid and timely request for exclusion in the manner ultimately approved by the District Court. Under the proposed settlement, defendants and various of their related persons and entities will receive a full release of all claims that were or could have been brought in the action as well as all claims that arise out of, are based upon or relate to the allegations, transactions, facts, representations, omissions or other matters involved in the complaints filed in the action or any statement communicated to the public during the Class Period, and the purchase, acquisition or sale of the Company's stock during the Class Period.

The proposed settlement contains no admission of any liability or wrongdoing on the part of the defendants, each of whom continues to deny all of the allegations against them and believes that the claims are without merit. Because the full amount of the proposed settlement will be paid by the Company's insurance carriers, the settlement will not have an effect on the Company's results of operations.

State Attorney General Inquiry – In July 2012, the Company received a subpoena from a state attorney general in connection with an investigation concerning the Company's advertising, marketing, promotion, ingredients, usage and sale of its Monster Energy® brand of energy drinks. It is unknown what, if any, action the state attorney general may take against the Company, the relief which may be sought in the event of any such proceeding or whether such proceeding could have a material adverse effect on the Company's business, financial condition or results of operations.

San Francisco City Attorney Litigation. On October 31, 2012, the Company received a written request for information from the City Attorney for the City and County of San Francisco concerning the Company's advertising and marketing of its Monster Energy® brand of energy drinks and specifically concerning the safety of its products for consumption by adolescents. In a letter dated March 29, 2013, the San Francisco City Attorney threatened to bring suit against the Company if it did not agree to take the following five steps immediately: (i) "Reformulate its products to lower the caffeine content to safe levels"; (ii) "Provide adequate warning labels"; (iii) "Cease promoting over-consumption in marketing"; (iv) "Cease use of alcohol and drug references in marketing"; and (v) "Cease targeting minors."

(i) *The Company Action* - On April 29, 2013, the Company and its wholly owned subsidiary, Monster Energy Company, filed a complaint for declaratory and injunctive relief against the San Francisco City Attorney (the "Company Action") in United States District Court for the Central District of California (the "Central District Court"), styled *Monster Beverage Corp., et al. v. Dennis Herrera.* The Company seeks a declaration from the Central District Court that the San Francisco City Attorney's investigation and demands are impermissible and preempted, subject to the doctrine of primary jurisdiction, are unconstitutional in that they violate the First and Fourteenth Amendments' prohibitions against compelled speech, content-based speech and commercial speech, are impermissibly void-for-vagueness, and/or violate the Commerce Clause. On June 3, 2013, the City Attorney filed a motion to dismiss the Company Action, arguing in part that the complaint should be dismissed in light of the San Francisco Action (described below) filed on May 6, 2013. On August 22, 2013, the Central District Court granted in part and denied in part the City Attorney's motion. On October 17, 2013 (after the San Francisco Action, described below, was remanded to San Francisco Superior Court), the City Attorney filed a renewed motion to dismiss the Company Action and on December 16, 2013, the Central District Court granted the City Attorney's renewed motion, dismissing the Company Action. The Company filed a Notice of Appeal to the Ninth Circuit on December 18, 2013.

(ii) The San Francisco Action - On May 6, 2013, the San Francisco City Attorney filed a complaint for declaratory and injunctive relief, civil penalties and restitution for alleged violation of California's Unfair Competition Law, Business & Professions Code sections 17200, et seq., styled *People Of The State Of California ex rel. Dennis Herrera, San Francisco City Attorney v. Monster Beverage Corporation*, in San Francisco Superior Court (the "San Francisco Action"). The City Attorney alleges that the Company (1) mislabeled its products as a dietary

supplement, in violation of California's Sherman Food, Drug and Cosmetic Law, California Health & Safety Code sections 109875 et. seq.; (2) is selling an "adulterated" product because caffeine is not generally recognized as safe ("GRAS") due to the alleged lack of scientific consensus concerning the safety of the levels of caffeine in the Company's products; and (3) is engaged in unfair and misleading business practices because its marketing (a) does not disclose the health risks that energy drinks pose for children and teens; (b) fails to warn against and promotes unsafe consumption; (c) implicitly promotes mixing of energy drinks with alcohol or drugs; and (d) is deceptive because it includes unsubstantiated claims about the purported special benefits of its "killer" ingredients and "energy blend." The City Attorney seeks a declaration that the Company has engaged in unfair and unlawful business acts and practices in violation of the Unfair Competition Law; an injunction from performing or proposing to perform any acts in violation of the Unfair Competition Law; restitution; and civil penalties. On June 3, 2013, the Company removed the San Francisco Action to the United States District Court for the Northern District of California (the "Northern District Court"). On July 3, 2013, the City Attorney filed a motion to remand the San Francisco Action back to state court. On September 18, 2013, the Northern District Court granted the City Attorney's motion to remand the San Francisco Action back to state court.

On January 15, 2014, the Company filed a demurrer to and motion to strike allegations in the complaint in the San Francisco Action. On March 5, 2014, the Court overruled the demurrer, granted the motion to strike as to one theory for relief pleaded by the City Attorney, and lifted the stay on discovery.

On March 20, 2014, the City Attorney filed an amended complaint, adding allegations supporting the theory for relief as to which the Court had granted the motion to strike. On April 18, 2014, the Company filed a renewed motion to strike, challenging the theory for relief previously rejected by the Court, as well as a motion asking the Court to bifurcate and/or stay claims relating to the safety of Monster Energy® drinks, pending resolution of the ongoing FDA investigation of the safety and labeling of food products to which caffeine is added. On May 22, 2014, the Court denied the Company's motion to strike and motion to bifurcate and/or stay claims relating to safety. A case management conference is scheduled for August 27, 2014. Discovery is ongoing.

On June 16, 2014, the Company filed a petition for writ of mandate with the Court of Appeal, asking for a writ directing the trial court to vacate its order denying the Company's motion to bifurcate and/or stay the San Francisco Action, and instead to stay proceedings pending FDA's investigation. On June 19, 2014, the Court of Appeal denied the petition. On June 25, 2014, the Company filed a petition for review with the California Supreme Court. On July 23, 2014, the Supreme Court denied the petition.

The Company denies that it has violated the Unfair Competition Law or any other law and believes that the City Attorney's claims and demands are preempted and unconstitutional, as alleged in the action the Company filed in the Central District Court. The Company intends to vigorously defend against this lawsuit. At this time, no evaluation of the likelihood of an unfavorable outcome or range of potential loss can be expressed.

In addition to the above matters, the Company has been named as a defendant in various false advertising putative class actions and in a private attorney general action. In these actions, plaintiffs allege that defendants misleadingly labeled and advertised Monster Energy® brand products that allegedly were ineffective for the advertised benefits (including, but not limited to, an allegation that the products do not hydrate as advertised because they contain caffeine). The plaintiffs further allege that the Monster Energy® brand products at issue are unsafe because they contain one or more ingredients that allegedly could result in illness, injury or death. In connection with these product safety allegations, the plaintiffs claim that the product labels did not provide adequate warnings and/or that the Company did not include sufficiently specific statements with respect to contra-indications and/or adverse reactions associated with the consumption of its energy drink products (including, but not limited to, claims that certain ingredients, when consumed individually or in combination with other ingredients, could result in high blood pressure, palpitations, liver damage or other negative health effects and/or that the products themselves are unsafe). Based on these allegations, the plaintiffs assert claims for violation of state consumer protection statutes, including unfair competition and false advertising statutes, and for breach of warranty and unjust enrichment. In their prayers for relief, the plaintiffs seek, inter alia, compensatory and punitive damages, restitution, attorneys' fees, and, in some cases, injunctive relief. The Company regards these cases and allegations as having no merit. Furthermore, the Company is subject to litigation from time to time in the normal course of business, including intellectual property litigation and claims from terminated distributors.

The Company evaluates, on a quarterly basis, developments in legal proceedings and other matters that could cause an increase or decrease in the amount of the liability that is accrued, if any, or in the amount of any related insurance reimbursements recorded. As of June 30, 2014 and December 31, 2013, the Company's consolidated balance sheets include accrued loss contingencies of approximately $26.2 million and $17.0 million, respectively, and receivables for insurance reimbursements of approximately $21.25 million and $16.25 million, respectively. Although it is not possible to predict the ultimate outcome of such litigation, based on the facts known to the Company, management believes that such litigation in the aggregate will likely not have a material adverse effect on the Company's financial position or results of operations.

(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in accumulated other comprehensive loss by component, after tax, for the six-months ended June 30, 2014 are as follows:

	Currency Translation (Losses) Gains
Balance at December 31, 2013	$ (1,233)
Other comprehensive income before reclassifications	612
Amounts reclassified from accumulated other comprehensive loss	-
Net current-period other comprehensive income	612
Balance at June 30, 2014	$ (621)

12. TREASURY STOCK PURCHASE

On April 7, 2013, the Company's Board of Directors authorized a new share repurchase program for the repurchase of up to $200.0 million of the Company's outstanding common stock (the "April 2013 Repurchase Plan"). During the six-months ended June 30, 2014, no shares of common stock were purchased under the April 2013 Repurchase Plan. During the year ended December 31, 2013, the Company purchased 0.951 million shares of common stock at an average purchase price of $56.98 per share for a total amount of $54.2 million (excluding broker commissions) under the April 2013 Repurchase Plan.

During the three- and six-months ended June 30, 2014, 586 shares and 867 shares were purchased from employees in lieu of cash payments for options exercised or withholding taxes due for a total amount of $0.04 million and $0.06 million, respectively. While such purchases are considered common stock repurchases, they are not counted as purchases against the Company's authorized share repurchase programs, including the April 2013 Repurchase Plan.

13. STOCK-BASED COMPENSATION

The Company has two stock-based compensation plans under which shares were available for grant at June 30, 2014: the Monster Beverage Corporation 2011 Omnibus Incentive Plan (the "2011 Omnibus Incentive Plan") and the 2009 Monster Beverage Corporation Stock Incentive Plan for Non-Employee Directors (the "2009 Directors Plan").

The Company recorded $8.1 million and $7.4 million of compensation expense relating to outstanding options, restricted stock awards, stock appreciation rights and restricted stock units during the three-months ended June 30, 2014 and 2013, respectively. The Company recorded $15.1 million and $14.4 million of compensation expense relating to outstanding options, restricted stock awards, stock appreciation rights and restricted stock units during the six-months ended June 30, 2014 and 2013, respectively.

The excess tax benefit realized for tax deductions from non-qualified stock option exercises, disqualifying dispositions of incentive stock options, vesting of restricted stock units and restricted stock awards for the three-months ended June 30, 2014 and 2013 was $0.7 million and $28.7 million, respectively. The excess tax benefit realized for tax deductions from non-qualified stock option exercises, disqualifying dispositions of incentive stock options, vesting of restricted stock units and restricted stock awards for the six-months ended June 30, 2014 and 2013 was $3.3 million and $28.9 million, respectively.

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Stock Options

Under the Company's stock-based compensation plans, all stock options granted as of June 30, 2014 were granted at prices based on the fair value of the Company's common stock on the date of grant. The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes-Merton option pricing formula with the assumptions included in the table below. The Company records compensation expense for non-employee stock options based on the estimated fair value of the options as of the earlier of (1) the date at which a commitment for performance by the non-employee to earn the stock option is reached or (2) the date at which the non-employee's performance is complete, using the Black-Scholes-Merton option pricing formula with the assumptions included in the table below. The Company uses historical data to determine the exercise behavior, volatility and forfeiture rate of the options.

The following weighted-average assumptions were used to estimate the fair value of options granted during:

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2014	2013	2014	2013
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %

Expected volatility	37.4 %	48.1 %	42.4 %	47.9 %
Risk-free interest rate	1.6 %	1.0 %	1.6 %	0.9 %
Expected term	5.6 years	6.1 years	5.9 years	5.7 years

Expected Volatility: The Company uses historical volatility as it provides a reasonable estimate of the expected volatility. Historical volatility is based on the most recent volatility of the stock price over a period of time equivalent to the expected term of the option.

Risk-Free Interest Rate: The risk-free interest rate is based on the U.S. Treasury zero coupon yield curve in effect at the time of grant for the expected term of the option.

Expected Term: The Company's expected term represents the weighted-average period that the Company's stock options are expected to be outstanding. The expected term is based on expected time to post-vesting exercise of options by employees. The Company uses historical exercise patterns of previously granted options to derive employee behavioral patterns used to forecast expected exercise patterns.

The following table summarizes the Company's activities with respect to its stock option plans as follows:

Options	Number of Shares (In thousands)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding at January 1, 2014	12,973	$ 15.70	3.7	$ 675,595
Granted 01/01/14 - 03/31/14	689	$ 70.06		
Granted 04/01/14 - 06/30/14	99	$ 69.16		
Exercised	(317)	$ 24.30		
Cancelled or forfeited	(62)	$ 45.18		
Outstanding at June 30, 2014	13,382	$ 18.55	3.6	$ 702,248
Vested and expected to vest in the future at June 30, 2014	12,918	$ 17.22	3.4	$ 695,088
Exercisable at June 30, 2014	10,531	$ 10.15	2.3	$ 641,150

The weighted-average grant-date fair value of options granted during the three-months ended June 30, 2014 and 2013 was $25.71 per share and $25.16 per share, respectively. The weighted-average grant-date fair value of options granted during the six-months ended June 30, 2014 and 2013 was $29.35 per share and $22.44 per share, respectively. The total intrinsic value of options exercised during the three-months ended June 30, 2014 and 2013 was $3.7 million and $81.0 million, respectively. The total intrinsic value of options exercised during the six-months ended June 30, 2014 and 2013 was $15.1 million and $84.2 million, respectively.

Cash received from option exercises under all plans for the three-months ended June 30, 2014 and 2013 was approximately $2.0 million and $13.9 million, respectively. Cash received from option exercises under all plans for the six-months ended June 30, 2014 and 2013 was approximately $7.7 million and $16.3 million, respectively.

At June 30, 2014, there was $52.4 million of total unrecognized compensation expense related to non-vested options granted to employees under the Company's share-based payment plans. That cost is expected to be recognized over a weighted-average period of 2.7 years.

Restricted Stock Awards and Restricted Stock Units

Stock-based compensation cost for restricted stock awards and restricted stock units is measured based on the closing fair market value of the Company's common stock at the date of grant. In the event that the Company has the option and intent to settle a restricted stock unit in cash, the award is classified as a liability and revalued at each balance sheet date.

The following table summarizes the Company's activities with respect to non-vested restricted stock awards and non-vested restricted stock units as follows:

	Number of Shares (in thousands)	Weighted Average Grant-Date Fair Value
Non-vested at January 1, 2014	391	$ 49.27
Granted 01/01/14 - 03/31/14	-	$ -
Granted 04/01/14 - 06/30/14	10	$ 69.00
Vested	(39)	$ 53.98
Forfeited/cancelled	(8)	$ 53.34
Non-vested at June 30, 2014	354	$ 49.23

The weighted-average grant-date fair value of restricted stock units and restricted stock awards granted during the three-months ended June 30, 2014 and 2013 was $69.00 and $54.64 per share, respectively. The weighted-average grant-date fair value of restricted stock units and restricted stock awards granted during the six-months ended June 30, 2014 and 2013 was $69.00 and $53.25 per share, respectively. As of June 30, 2014, 0.3 million of restricted stock units and restricted stock awards are expected to vest over their respective terms.

At June 30, 2014, total unrecognized compensation expense relating to non-vested restricted stock awards and non-vested restricted stock units was $8.8 million, which is expected to be recognized over a weighted-average period of 1.4 years.

14. INCOME TAXES

The following is a roll-forward of the Company's total gross unrecognized tax benefits, not including interest and penalties, for the six-months ended June 30, 2014:

	Gross Unrecognized Tax Benefits
Balance at December 31, 2013	$ 935
Additions for tax positions related to the current year	-
Additions for tax positions related to the prior year	-
Decreases related to settlement with taxing authority	-
Balance at June 30, 2014	$ 935

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes in the Company's condensed consolidated financial statements. As of June 30, 2014, the Company had accrued approximately $0.4 million in interest and penalties related to unrecognized tax benefits. If the Company were to prevail on all uncertain tax positions, the resultant impact on the Company's effective tax rate would not be significant. It is expected that the amount of unrecognized tax benefits will not change within the next 12 months.

The Company is subject to U.S. federal income tax as well as to income tax in multiple state and foreign jurisdictions.

On March 8, 2013, the Internal Revenue Service ("IRS") began its examination of the Company's U.S. federal income tax returns for the years ended December 31, 2010 and 2011. The Company is also in various stages of examination with certain states. The 2012 U.S. federal income tax return is subject to IRS examination. State income tax returns are subject to examination for the 2009 through 2012 tax years.

15. EARNINGS PER SHARE

A reconciliation of the weighted-average shares used in the basic and diluted earnings per common share computations is presented below:

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2014	2013	2014	2013
Weighted-average shares outstanding:				
Basic	167,098	166,447	167,006	165,988
Dilutive securities	6,866	6,903	6,863	7,004
Diluted	173,964	173,350	173,869	172,992

(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

For the three-months ended June 30, 2014 and 2013, options and awards outstanding totaling 1.2 million shares and 1.3 million shares, respectively, were excluded from the calculations as their effect would have been antidilutive. For the six-months ended June 30, 2014 and 2013, options and awards outstanding totaling 0.9 million shares and 1.1 million shares, respectively, were excluded from the calculations as their effect would have been antidilutive.

16. SEGMENT INFORMATION

The Company has two operating and reportable segments, namely Direct Store Delivery ("DSD"), whose principal products comprise energy drinks, and Warehouse ("Warehouse"), whose principal products comprise juice-based and soda beverages. The DSD segment develops, markets and sells products primarily through an exclusive distributor network, whereas the Warehouse segment develops, markets and sells products primarily direct to retailers. Corporate and unallocated amounts that do not relate to DSD or Warehouse segments have been allocated to "Corporate & Unallocated."

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The net revenues derived from the DSD and Warehouse segments and other financial information related thereto are as follows:

	Three-Months Ended June 30, 2014			
	DSD	Warehouse	Corporate and Unallocated	Total
Net sales	$ 660,105	$ 27,095	$ -	$ 687,200
Contribution margin*	256,147	1,320	-	257,467
Corporate and unallocated expenses	-	-	(41,654)	(41,654)
Operating income				215,813
Other income (expense)	272	-	(94)	178
Income before provision for income taxes				215,991
Depreciation and amortization	(5,018)	(82)	(1,444)	(6,544)

	Three-Months Ended June 30, 2013			
	DSD	Warehouse	Corporate and Unallocated	Total
Net sales	$ 600,992	$ 29,942	$ -	$ 630,934
Contribution margin*	215,018	1,130	-	216,148
Corporate and unallocated expenses	-	-	(36,721)	(36,721)
Operating income				179,427
Other income (expense)	99	-	(3,501)	(3,402)
Income before provision for income taxes				176,025
Depreciation and amortization	(4,598)	(64)	(615)	(5,277)

**Contribution margin is defined as gross profit less certain operating expenses deemed by management to be directly attributable to the respective reportable segment. Contribution margin is used by management as a key indicator of reportable segment profitability.*

Revenue is derived from sales to external customers. Operating expenses that pertain to each segment are allocated to the appropriate segment.

Corporate and unallocated expenses were $41.7 million for the three-months ended June 30, 2014 and included $21.6 million of payroll costs, of which $8.1 million was attributable to stock-based compensation expense (see Note 13, "Stock-Based Compensation"), $15.3 million of professional service expenses, including accounting and legal costs and $4.8 million of other operating expenses. Corporate and unallocated expenses were $36.7 million for the three-months ended June 30, 2013 and included $21.4 million of payroll costs, of which $7.4 million was attributable to stock-based compensation expense (see Note 13, "Stock-Based Compensation"), $9.3 million of professional service expenses, including accounting and legal costs and $6.0 million of other operating expenses.

Coca-Cola Refreshments USA Inc. ("CCR"), a customer of the DSD segment, accounted for approximately 28% and 29% of the Company's net sales for the three-months ended June 30, 2014 and 2013, respectively.

Net sales to customers outside the United States amounted to $148.4 million and $127.6 million for the three-months ended June 30, 2014 and 2013, respectively.

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(Tabular Dollars in Thousands, Except Per Share Amounts) (Unaudited)

The net revenues derived from the DSD and Warehouse segments and other financial information related thereto are as follows:

	Six-Months Ended June 30, 2014			
	DSD	Warehouse	Corporate and Unallocated	Total
Net sales	$ 1,174,460	$ 48,869	$ -	$ 1,223,329
Contribution margin*	442,615	1,616	-	444,231
Corporate and unallocated expenses	-	-	(79,554)	(79,554)
Operating income				364,677
Other income (expense)	298	-	34	332
Income before provision for income taxes				365,009
Depreciation and amortization	(9,962)	(163)	(2,870)	(12,995)

	Six-Months Ended June 30, 2013			
	DSD	Warehouse	Corporate and Unallocated	Total
Net sales	$ 1,061,168	$ 53,990	$ -	$ 1,115,158
Contribution margin*	353,991	1,511	-	355,502
Corporate and unallocated expenses	-	-	(68,770)	(68,770)
Operating income				286,732
Other income (expense)	288	-	(5,591)	(5,303)
Income before provision for income taxes				281,429
Depreciation and amortization	(9,019)	(123)	(1,195)	(10,337)

**Contribution margin is defined as gross profit less certain operating expenses deemed by management to be directly attributable to the respective reportable segment. Contribution margin is used by management as a key indicator of reportable segment profitability.*

Revenue is derived from sales to external customers. Operating expenses that pertain to each segment are allocated to the appropriate segment.

Corporate and unallocated expenses were $79.6 million for the six-months ended June 30, 2014 and included $42.6 million of payroll costs, of which $15.1 million was attributable to stock-based compensation expense (see Note 13, “Stock-Based Compensation”), $25.4 million of professional service expenses, including accounting and legal costs and $11.6 million of other operating expenses. Corporate and unallocated expenses were $68.8 million for the six-months ended June 30, 2013 and included $40.8 million of payroll costs, of which $14.4 million was attributable to stock-based compensation expense (see Note 13, “Stock-Based Compensation”), $16.9 million of professional service expenses, including accounting and legal costs and $11.1 million of other operating expenses.

Coca-Cola Refreshments USA Inc. (“CCR”), a customer of the DSD segment, accounted for approximately 29% and 30% of the Company’s net sales for the six-months ended June 30, 2014 and 2013, respectively.

Net sales to customers outside the United States amounted to $264.1 million and $233.9 million for the six-months ended June 30, 2014 and 2013, respectively.

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The Company’s net sales by product line were as follows:

	Three-Months Ended June 30,		Six-Months Ended June 30,	
Product Line	2014	2013	2014	2013
Energy drinks	$ 640,231	$ 582,899	$ 1,139,244	$ 1,028,925
Non-carbonated (primarily juice based beverages and Peace Tea® iced teas)	34,625	36,166	61,071	64,138
Carbonated (primarily soda beverages)	8,526	8,264	15,542	14,665
Other	3,817	3,605	7,472	7,430
	$ 687,199	$ 630,934	$ 1,223,329	$ 1,115,158

17. RELATED PARTY TRANSACTIONS

Two directors and officers of the Company and their families are principal owners of a company that provides promotional materials to the Company. Expenses incurred with such company in connection with promotional materials purchased during the three-months ended

June 30, 2014 and 2013 were $0.2 million and $0.2 million, respectively. Expenses incurred with such company in connection with promotional materials purchased during the six-months ended June 30, 2014 and 2013 were $0.3 million and $0.4 million, respectively.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Business

Overview

Monster Beverage Corporation was incorporated in Delaware on April 25, 1990. Our principal place of business is located at 1 Monster Way, Corona, California 92879 and our telephone number is (951) 739-6200. When this report uses the words "the Company", "Hansen Natural Corporation" (the Company's former name), "we", "us", and "our", these words refer to Monster Beverage Corporation and its subsidiaries, unless the context otherwise requires. We are a holding company and conduct no operating business except through our consolidated subsidiaries.

We develop, market, sell and distribute "alternative" beverage category beverages primarily under the following brand names:

- Monster Energy®
- Monster Rehab®
- Monster Energy Extra Strength Nitrous Technology®
- Java Monster®
- X-Presso Monster®
- Muscle Monster®
- Punch Monster™
- Hansen's®
- Hansen's Natural Cane Soda®
- Junior Juice®
- Blue Sky®
- Hubert's®
- Worx Energy®
- Peace Tea®

Our Monster Energy® drinks, which represented 93.1% and 92.2% of our net sales for the three-months ended June 30, 2014 and 2013, respectively, include the following:

- Monster Energy®
- Lo-Carb Monster Energy®
- Monster Assault®
- Monster Khaos®
- Monster M-80® (named Ripper® in certain countries)
- Monster Energy® Absolutely Zero
- Monster Energy® Import
- Monster Energy® Import Light
- Punch Monster™ Baller's Blend (formerly Dub Edition)
- Punch Monster™ Mad Dog (formerly Dub Edition)
- Monster Rehab® Tea + Lemonade + Energy
- Monster Rehab® Rojo Tea + Energy
- Monster Rehab® Green Tea + Energy
- Monster Rehab® Protean + Energy
- Monster Rehab® Tea + Orangeade + Energy
- Monster Rehab® Tea + Pink Lemonade + Energy
- Muscle Monster® Vanilla
- Muscle Monster® Chocolate
- Muscle Monster® Coffee
- Muscle Monster® Strawberry
- Muscle Monster® Peanut Butter Cup
- Monster Energy® Limited Edition Valentino Rossi
- Java Monster® Kona Blend
- Java Monster® Loca Moca®
- Java Monster® Mean Bean®
- Java Monster® Vanilla Light
- Java Monster® Irish Blend®
- Java Monster® Toffee
- Java Monster® Kona Cappuccino™
- Monster Energy Extra Strength Nitrous Technology® Super Dry™
- Monster Energy Extra Strength Nitrous Technology® Anti-Gravity®
- Monster Energy Extra Strength Nitrous Technology® Black Ice™
- X-Presso Monster® Hammer
- X-Presso Monster® Midnite
- Monster Cuba-Lima®
- Monster Energy® Zero Ultra
- Monster Energy® Ultra Blue™
- Monster Energy® Ultra Red™
- M3® Monster Energy® Super Concentrate
- Übermonster® Energy Brew

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We have two operating and reportable segments, namely Direct Store Delivery ("DSD"), whose principal products comprise energy drinks, and Warehouse ("Warehouse"), whose principal products comprise juice-based and soda beverages. The DSD segment develops, markets and sells products primarily through an exclusive distributor network, whereas the Warehouse segment develops, markets and sells products primarily direct to retailers.

During the six-months ended June 30, 2014, we continued to expand our existing product lines and flavors and further developed our markets. In particular, we continued to focus on developing and marketing beverages that fall within the category generally described as the "alternative" beverage category. During the six-months ended June 30, 2014, we introduced the following products:

- Punch Monster™ Baller's Blend (formerly Dub Edition) (January 2014).
- Punch Monster™ Mad Dog (formerly Dub Edition) (January 2014).

- Peace Tea Beverage Company™ Viva Mango™, a mango flavored juice drink (February 2014).
- Monster Energy® Limited Edition Valentino Rossi promotional energy drink (May 2014).

In the normal course of business we discontinue certain products and/or product lines. Those products or product lines discontinued during the six-months ended June 30, 2014, either individually or in aggregate, did not have a material adverse impact on our financial position, results of operations or liquidity.

Our gross sales (as defined below) of $779.0 million for the three-months ended June 30, 2014 represented record sales for our second fiscal quarter. The vast majority of our gross sales are derived from our Monster Energy® brand energy drinks. Gross sales of our Monster Energy® brand energy drinks were $728.3 million for the three-months ended June 30, 2014, an increase of $56.5 million, or 102.6% of our overall increase in gross sales for the three-months ended June 30, 2014.

Our DSD segment represented 96.1% and 95.3% of our consolidated net sales for the three-months ended June 30, 2014 and 2013, respectively. Our Warehouse segment represented 3.9% and 4.7% of our consolidated net sales for the three-months ended June 30, 2014 and 2013, respectively. Our DSD segment represented 96.0% and 95.2% of our consolidated net sales for the six-months ended June 30, 2014 and 2013, respectively. Our Warehouse segment represented 4.0% and 4.8% of our consolidated net sales for the six-months ended June 30, 2014 and 2013, respectively.

Our sales and marketing strategy for all our beverages is to focus our efforts on developing brand awareness through image enhancing programs and product sampling. We use our branded vehicles and other promotional vehicles at events where we offer samples of our products to consumers. We utilize "push-pull" methods to enhance shelf and display space exposure in sales outlets (including advertising, in-store promotions and in-store placement of point-of-sale materials, racks, coolers and barrel coolers) to encourage demand from consumers for our products. We also support our brands with prize promotions, price promotions, competitions, endorsements from selected public and sports figures, personality endorsements (including from television and other well-known sports personalities), coupons, sampling and sponsorship of selected causes, events, athletes and teams. In-store posters, outdoor posters, print, radio and television advertising (directly and through our sponsorships and endorsements) and coupons may also be used to promote our brands.

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

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All of our beverage products are manufactured by various third party bottlers and co-packers situated throughout the United States and abroad, under separate arrangements with each party.

Our growth strategy includes expanding our international business. Gross sales to customers outside the United States amounted to $180.2 million and $160.4 million for the three-months ended June 30, 2014 and 2013, respectively. Such sales were approximately 23% and 22% of gross sales for the three-months ended June 30, 2014 and 2013, respectively. Gross sales to customers outside the United States amounted to $324.5 million and $291.1 million for the six-months ended June 30, 2014 and 2013, respectively. Such sales were approximately 23% of gross sales for both the six-months ended June 30, 2014 and 2013, respectively.

Our customers are primarily full service beverage distributors, retail grocery and specialty chains, wholesalers, club stores, drug chains, mass merchandisers, convenience chains, health food distributors, food service customers and the military. Gross sales to our various customer types for the three- and six-months ended June 30, 2014 and 2013 are reflected below. Such information includes sales made by us directly to the customer types concerned, which include our full service beverage distributors in the United States. Such full service beverage distributors in turn sell certain of our products to some of the same customer types listed below. We limit our description of our customer types to include only our sales to our full service distributors without reference to such distributors' sales to their own customers.

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2014	2013	2014	2013
Full service distributors	62%	62%	62%	62%
Club stores, drug chains & mass merchandisers	9%	11%	9%	10%
Outside the U.S.	23%	22%	23%	23%
Retail grocery, specialty chains and wholesalers	4%	3%	4%	3%
Other	2%	2%	2%	2%

Our customers include Coca-Cola Refreshments USA Inc. ("CCR"), Coca-Cola Enterprises, Coca-Cola Refreshments Canada, Ltd. (formerly known as Coca-Cola Bottling Company), CCBCC Operations, LLC, United Bottling Contracts Company, LLC, certain bottlers of the Coca-Cola Hellenic Bottling Company, Swire Coca-Cola, USA and certain other Coca-Cola Company independent bottlers, Anheuser-Busch, Inc. ("AB"), select independent AB distributors, Asahi, Kalil Bottling Group, Wal-Mart, Inc. (including Sam's Club) and Costco. A decision by any large customer to decrease amounts purchased from us or to cease carrying our products could have a material negative effect on our financial condition and consolidated results of operations. CCR accounted for approximately 28% and 29% of our net sales for the three-months ended June 30, 2014 and 2013, respectively. CCR accounted for approximately 29% and 30% of our net sales for the six-months ended June 30, 2014 and 2013, respectively.

Results of Operations

The following table sets forth key statistics for the three- and six-months ended June 30, 2014 and 2013, respectively.

(In thousands, except per share amounts)	Three-Months Ended June 30, 2014	Three-Months Ended June 30, 2013	Percentage Change 14 vs. 13	Six-Months Ended June 30, 2014	Six-Months Ended June 30, 2013	Percentage Change 14 vs. 13
Gross sales, net of discounts & returns *	$ 778,956	$ 723,887	7.6%	$ 1,392,679	$ 1,278,838	8.9%
Less: Promotional and other allowances**	91,757	92,953	(1.3%)	169,350	163,680	3.5%
Net sales	687,199	630,934	8.9%	1,223,329	1,115,158	9.7%
Cost of sales	307,911	294,672	4.5%	557,222	526,857	5.8%
Gross profit***	379,288	336,262	12.8%	666,107	588,301	13.2%
Gross profit as a percentage of net sales	55.2%	53.3%		54.5%	52.8%	
Operating expenses[1]	163,475	156,835	4.2%	301,430	301,569	(0.0%)
Operating expenses as a percentage of net sales	23.8%	24.9%		24.6%	27.0%	
Operating income	215,813	179,427	20.3%	364,677	286,732	27.2%
Operating income as a percentage of net sales	31.4%	28.4%		29.8%	25.7%	
Other income (expense):						
Interest and other income (expense), net	190	(3,468)	105.5%	345	(7,940)	104.3%
(Loss) gain on investments and put options, net	(12)	66	118.2%	(13)	2,637	100.5%
Total other income (expense)	178	(3,402)	105.2%	332	(5,303)	106.3%
Income before provision for income taxes	215,991	176,025	22.7%	365,009	281,429	29.7%
Provision for income taxes	74,988	69,152	8.4%	128,755	111,060	15.9%
Income taxes as a percentage of income before taxes	34.7%	39.3%		35.3%	39.5%	
Net income	$ 141,003	$ 106,873	31.9%	$ 236,254	$ 170,369	38.7%
Net income as a percentage of net sales	20.5%	16.9%		19.3%	15.3%	
Net income per common share:						
Basic	$0.84	$0.64	31.4%	$1.41	$1.03	37.8%
Diluted	$0.81	$0.62	31.5%	$1.36	$0.98	38.0%
Case sales (in thousands) (in 192-ounce case equivalents)	65,587	61,615	6.4%	117,514	109,364	7.5%

[1]Includes $0.5 million and $2.0 million for the three-months ended June 30, 2014 and 2013, respectively, and $0.5 million and $10.3 million for the six-months ended June 30, 2014 and 2013, respectively, related to expenditures attributable to the costs associated with terminating existing distributors.

**Gross sales is used internally by management as an indicator of and to monitor operating performance, including sales performance of particular products, salesperson performance, product growth or declines and overall Company*

performance. The use of gross sales allows evaluation of sales performance before the effect of any promotional items, which can mask certain performance issues. We therefore believe that the presentation of gross sales provides a useful measure of our operating performance. Gross sales is not a measure that is recognized under GAAP and should not be considered as an alternative to net sales, which is determined in accordance with GAAP, and should not be used alone as an indicator of operating performance in place of net sales. Additionally, gross sales may not be comparable to similarly titled measures used by other companies, as gross sales has been defined by our internal reporting practices. In addition, gross sales may not be realized in the form of cash receipts as promotional payments and allowances may be deducted from payments received from certain customers.

****** *Although the expenditures described in this line item are determined in accordance with GAAP and meet GAAP requirements, the disclosure thereof does not conform with GAAP presentation requirements. Additionally, our definition of promotional and other allowances may not be comparable to similar items presented by other companies. Promotional and other allowances primarily include consideration given to the Company's distributors or retail customers including, but not limited to the following: (i) discounts granted off list prices to support price promotions to end-consumers by retailers; (ii) reimbursements given to the Company's distributors for agreed portions of their promotional spend with retailers, including slotting, shelf space allowances and other fees for both new and existing products; (iii) the Company's agreed share of fees given to distributors and/or directly to retailers for advertising, in-store marketing and promotional activities; (iv) the Company's agreed share of slotting, shelf space allowances and other fees given directly to retailers; (v) incentives given to the Company's distributors and/or retailers for achieving or exceeding certain predetermined sales goals; (vi) discounted or free products; (vii) contractual fees given to the Company's distributors related to sales made by the Company direct to certain customers that fall within the distributors' sales territories; and (viii) commissions paid to our customers. The presentation of promotional and other allowances facilitates an evaluation of their impact on the determination of net sales and the spending levels incurred or correlated with such sales. Promotional and other allowances constitute a material portion of our marketing activities. The Company's promotional allowance programs with its numerous distributors and/or retailers are executed through separate agreements in the ordinary course of business. These agreements generally provide for one or more of the arrangements described above and are of varying durations, ranging from one week to one year.*

****Gross profit may not be comparable to that of other entities since some entities include all costs associated with their distribution process in cost of sales, whereas others exclude certain costs and instead include such costs within another line item such as operating expenses. We include out-bound freight and warehouse costs in operating expenses rather than in cost of sales.*

Results of Operations for the Three-Months Ended June 30, 2014 Compared to the Three-Months Ended June 30, 2013.

Gross Sales. Gross sales were $779.0 million for the three-months ended June 30, 2014, an increase of approximately $55.1 million, or 7.6% higher than gross sales of $723.9 million for the three-months ended June 30, 2013. The increase in the gross sales of our Monster Energy® brand energy drinks represented approximately $56.5 million, or 102.6%, of the overall increase in gross sales. Gross sales of our Monster Energy® brand energy drinks increased primarily due to increased sales by volume as a result of increased domestic and international consumer demand as well as our expansion into new international markets. Price increases on our 24-ounce Monster Energy® brand energy drinks and our Peace Tea® line represented approximately 9% of the overall increase in gross sales. No other individual product line contributed either a material increase or decrease to gross sales for the three-months ended June 30, 2014. Promotional and other allowances, as described in the footnote above, were $91.8 million for the three-months ended June 30, 2014, a decrease of $1.2 million, or 1.3% lower than promotional and other allowances of $93.0 million for the three-months ended June 30, 2013. Promotional and other allowances as a percentage of gross sales decreased to 11.8% from 12.8% for the three-months ended June 30, 2014 and 2013, respectively. As a result, the percentage increase in net sales for the three-months ended June 30, 2014 was higher than the percentage increase in gross sales.

Net Sales. Net sales were $687.2 million for the three-months ended June 30, 2014, an increase of approximately $56.3 million, or 8.9% higher than net sales of $630.9 million for the three-months ended June 30, 2013. The increase in net sales of our Monster Energy® brand energy drinks represented approximately $57.7 million, or 102.5%, of the overall increase in net sales. Net sales of our Monster Energy® brand energy

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drinks increased partially due to increased sales by volume as a result of increased domestic and international consumer demand as well as our expansion into new international markets. Lower promotional and other allowances as a percentage of the gross selling prices of our Monster Energy® brand energy drinks as well as price increases on our 24-ounce Monster Energy® brand energy drinks and our Peace Tea® line represented approximately 20% of the overall increase in net sales. No other individual product line contributed either a material increase or decrease to net sales for the three-months ended June 30, 2014.

Case sales, in 192-ounce case equivalents, were 65.6 million cases for the three-months ended June 30, 2014, an increase of approximately 4.0 million cases or 6.4% higher than case sales of 61.6 million cases for the three-months ended June 30, 2013. The overall average net sales per case increased to $10.48 for the three-months ended June 30, 2014, which was 2.3% higher than the average net sales per case of $10.24 for the three-months ended June 30, 2013.

Net sales for the DSD segment were $660.1 million for the three-months ended June 30, 2014, an increase of approximately $59.1 million, or 9.8% higher than net sales of $601.0 million for the three-months ended June 30, 2013. The increase in net sales of our Monster Energy® brand energy drinks represented approximately $57.7 million, or 97.6%, of the overall increase in net sales for the DSD segment. Net sales for the DSD segment of our Monster Energy® brand energy drinks increased partially due to increased sales by volume as a result of increased domestic and international consumer demand as well as our expansion into new international markets. Lower promotional and other allowances as a percentage of the gross selling prices of our Monster Energy® brand energy drinks as well as price increases on our 24-ounce Monster Energy® brand energy drinks and our Peace Tea® line represented approximately 20% of the overall increase in net sales for the DSD segment. No other individual product line contributed either a material increase or decrease to net sales for the DSD segment for the three-months ended June 30, 2014.

Net sales for the Warehouse segment were $27.1 million for the three-months ended June 30, 2014, a decrease of approximately $2.8 million, or 9.5% lower than net sales of $29.9 million for the three-months ended June 30, 2013. The decrease in net sales for the Warehouse segment was primarily attributable to decreased sales by volume of Hubert's® lemonades.

Gross Profit. Gross profit was $379.3 million for the three-months ended June 30, 2014, an increase of approximately $43.0 million, or 12.8% higher than the gross profit of $336.3 million for the three-months ended June 30, 2013. Gross profit as a percentage of net sales increased to 55.2% for the three-months ended June 30, 2014 from 53.3% for the three-months ended June 30, 2013. The increase in gross profit dollars was primarily the result of the $56.5 million increase in gross sales of our Monster Energy® brand energy drinks. The increase in gross profit as a percentage of net sales was largely attributable to lower promotional and other allowances as a percentage of gross sales, price increases on our 24-ounce Monster Energy® brand energy drinks and our Peace Tea® line, lower costs of certain sweeteners and changes in product sales mix.

Operating Expenses. Total operating expenses were $163.5 million for the three-months ended June 30, 2014, an increase of approximately $6.6 million, or 4.2% higher than total operating expenses of $156.8 million for the three-months ended June 30, 2013. The increase in operating expenses was partially attributable to increased expenditures of $5.2 million for sponsorships and endorsements, and to increased expenditures of $3.6 million related to regulatory matters and litigation concerning our Monster Energy® brand energy drinks. The increase in operating expenses was partially offset by decreased expenditures of $3.3 million for premiums, the reversal of a $2.5 million non-routine indirect tax related provision not realized, decreased expenditures of $2.6 million for point-of-sale materials and decreased expenditures of $1.9 million for allocated trade development.

Contribution Margin. Contribution margin for the DSD segment was $256.1 million for the three-months ended June 30, 2014, an increase of approximately $41.1 million, or 19.1% higher than contribution margin of $215.0 million for the three-months ended June 30, 2013. The increase in the contribution margin for the DSD segment was primarily the result of the $56.5 million increase in gross sales of our Monster Energy® brand energy drinks. Contribution margin for the Warehouse segment was $1.3 million for the three-months ended June 30, 2014, approximately $0.2 million higher than contribution margin of $1.1 million for the three-months ended June 30, 2013.

Operating Income. Operating income was $215.8 million for the three-months ended June 30, 2014, an increase of approximately $36.4 million, or 20.3% higher than operating income of $179.4 million for the three-months ended June 30, 2013. Operating income as a percentage of net sales increased to 31.4% for the three-months ended June 30, 2014 from 28.4% for the three-months ended June 30, 2013, primarily due to the increase in gross profit as a percentage of net sales as well as the decrease in operating expenses as a percentage of net sales. The increase in operating income in dollars was primarily due to an increase of $43.0 million in gross profit. Operating income (loss) was $12.9 million and ($1.8) million for the three-months ended June 30, 2014 and 2013, respectively, in relation to our operations in Africa, Asia, Australia, Europe, the Middle East and South America.

Other Income (Expense). Other income (expense) was $0.2 million for the three-months ended June 30, 2014, as compared to other income (expense) of ($3.4) million for the three-months ended June 30, 2013. Foreign currency transaction losses were ($0.4) million and ($3.6) million for the three-months ended June 30, 2014 and 2013, respectively. The decrease in foreign currency losses during the three-months ended June 30, 2014 was primarily related to our foreign currency transactions in Australia, South Africa and Japan. Interest income was $0.3 million and $0.1 million for the three-months ended June 30, 2014 and 2013, respectively.

Provision for Income Taxes. Provision for income taxes was $75.0 million for the three-months ended June 30, 2014, an increase of $5.8 million or 8.4% higher than the provision for income taxes of $69.2 million for the three-months ended June 30, 2013. The effective combined federal, state and foreign tax rate decreased to 34.7% from 39.3% for the three-months ended June 30, 2014 and 2013, respectively. The decrease in the effective tax rate was primarily the result of profits earned in certain foreign subsidiaries that have no related income tax expense as a result of the prior establishment of valuation allowances on their deferred tax assets.

Net Income. Net income was $141.0 million for the three-months ended June 30, 2014, an increase of $34.1 million or 31.9% higher than net income of $106.9 million for the three-months ended June 30, 2013. The increase in net income was primarily attributable to an increase in gross profit of $43.0 million. The increase in net income was partially offset by an increase in the provision for income taxes of $5.8 million.

Results of Operations for the Six-Months Ended June 30, 2014 Compared to the Six-Months Ended June 30, 2013.

Gross Sales. Gross sales were $1,392.7 million for the six-months ended June 30, 2014, an increase of approximately $113.8 million, or 8.9% higher than gross sales of $1,278.8 million for the six-months ended June 30, 2013. The increase in the gross sales of our Monster Energy® brand energy drinks represented approximately $111.9 million, or 98.3%, of the overall increase in gross sales. Gross sales of our Monster Energy® brand energy drinks increased primarily due to increased sales by volume as a result of increased domestic and international consumer demand as well as our expansion into new international markets. Pricing changes did not have a material impact on the increase in gross sales. No other individual product line contributed either a material increase or decrease to gross sales for the six-months ended June 30, 2014. Promotional and other allowances, as described in the footnote above, were $169.4 million for the six-months ended June 30, 2014, an increase of $5.7 million, or 3.5% higher than promotional and other allowances of $163.7 million for the six-months ended June 30, 2013. Promotional and other allowances as a percentage of gross sales decreased to 12.2% from 12.8% for the six-months ended June 30, 2014 and 2013, respectively. As a result, the percentage increase in net sales for the six-months ended June 30, 2014 was higher than the percentage increase in gross sales.

Net Sales. Net sales were $1,223.3 million for the six-months ended June 30, 2014, an increase of approximately $108.2 million, or 9.7% higher than net sales of $1,115.2 million for the six-months ended June 30, 2013. The increase in net sales of our Monster Energy® brand energy drinks represented approximately $110.5 million, or 102.2%, of the overall increase in net sales. Net sales of our Monster Energy® brand energy drinks increased primarily due to increased sales by volume as a result of increased domestic and international consumer demand as well as our expansion into new international markets. Pricing changes did not have a material impact on the increase in net sales. No other individual product line contributed either a material increase or decrease to net sales for the six-months ended June 30, 2014.

Case sales, in 192-ounce case equivalents, were 117.5 million cases for the six-months ended June 30, 2014, an increase of approximately 8.1 million cases or 7.5% higher than case sales of 109.4 million cases for the six-months ended June 30, 2013. The overall average net sales per case increased to $10.41 for the six-months ended June 30, 2014, which was 2.1% higher than the average net sales per case of $10.20 for the six-months ended June 30, 2013.

Net sales for the DSD segment were $1,174.5 million for the six-months ended June 30, 2014, an increase of approximately $113.3 million, or 10.7% higher than net sales of $1,061.1 million for the six-months ended June 30, 2013. The increase in net sales of our Monster Energy® brand energy drinks represented approximately $110.5 million, or 97.5%, of the overall increase in net sales for the DSD segment. Net sales for the DSD segment of our Monster Energy® brand energy drinks increased primarily due to increased sales by volume as a result of increased domestic and international consumer demand as well as our expansion into new international markets. Pricing changes did not have a material impact on the increase in net sales for the DSD segment. No other individual product line contributed either a material increase or decrease to net sales for the DSD segment for the six-months ended June 30, 2014.

Net sales for the Warehouse segment were $48.9 million for the six-months ended June 30, 2014, a decrease of approximately $5.1 million, or 9.5% lower than net sales of $54.0 million for the six-months ended June 30, 2013. The decrease in net sales for the Warehouse segment was primarily attributable to decreased sales by volume of Hubert's® lemonades.

Gross Profit. Gross profit was $666.1 million for the six-months ended June 30, 2014, an increase of approximately $77.8 million, or 13.2% higher than the gross profit of $588.3 million for the six-months ended June 30, 2013. Gross profit as a percentage of net sales increased to 54.5% for the six-months ended June 30, 2014 from 52.8% for the six-months ended June 30, 2013. The increase in gross profit dollars was primarily the result of the $111.9 million increase in gross sales of our Monster Energy® brand energy drinks. The increase in gross profit as a percentage of net sales was largely attributable to lower promotional and other allowances as a percentage of gross sales, price increases on our 24-ounce Monster Energy® brand energy drinks and our Peace Tea® line, changes in product sales mix, lower costs of certain sweeteners as well as an increase in production efficiencies.

Operating Expenses. Total operating expenses were $301.4 million for the six-months ended June 30, 2014, a decrease of approximately $0.1 million, or 0.05% lower than total operating expenses of $301.6 million for the six-months ended June 30, 2013. The decrease in operating expenses was partially attributable to decreased expenditures of $9.8 million relating to the costs associated with terminating existing distributors, decreased expenditures of $8.7 million for premiums, decreased expenditures of $3.7 million for allocated trade development and decreased expenditures of $3.2 million for point-of-sale materials. The decrease in operating expenses was partially offset by increased expenditures of $6.1 million for sponsorships and endorsements, increased expenditures of $5.6 million related to regulatory matters and litigation concerning our Monster Energy® brand energy drinks, increased out-bound freight and warehouse costs of $5.0 million and increased payroll expenses of $3.2 million (of which $0.7 million related to an increase in stock-based compensation).

Contribution Margin. Contribution margin for the DSD segment was $442.6 million for the six-months ended June 30, 2014, an increase of approximately $88.6 million, or 25.0% higher than contribution margin of $354.0 million for the six-months ended June 30, 2013. The increase in the contribution margin for

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the DSD segment was primarily the result of the $111.9 million increase in gross sales of our Monster Energy® brand energy drinks. Contribution margin for the Warehouse segment was $1.6 million for the six-months ended June 30, 2014, approximately $0.1 million higher than contribution margin of $1.5 million for the six-months ended June 30, 2013.

Operating Income. Operating income was $364.7 million for the six-months ended June 30, 2014, an increase of approximately $77.9 million, or 27.2% higher than operating income of $286.7 million for the six-months ended June 30, 2013. Operating income as a percentage of net sales increased to 29.8% for the six-months ended June 30, 2014 from 25.7% for the six-months ended June 30, 2013, primarily due to the increase in gross profit as a percentage of net sales as well as the decrease in operating expenses as a percentage of net sales. The increase in operating income in dollars was primarily due to an increase of $77.8 million in gross profit. Operating income (loss) was $14.6 million and ($3.8) million for the six-months ended June 30, 2014 and 2013, respectively, in relation to our operations in Africa, Asia, Australia, Europe, the Middle East and South America.

Other Income (Expense). Other income (expense) was $0.3 million for the six-months ended June 30, 2014, as compared to other income (expense) of ($5.3) million for the six-months ended June 30, 2013. Foreign currency transaction losses were ($0.6) million and ($8.3) million for the six-months ended June 30, 2014 and 2013, respectively. The decrease in foreign currency losses during the six-months ended June 30, 2014 was primarily related to our foreign currency transactions in Japan, Australia, Canada and South Africa. Interest income was $0.6 million and $0.3 million for the six-months ended June 30, 2014 and 2013, respectively.

Provision for Income Taxes. Provision for income taxes was $128.8 million for the six-months ended June 30, 2014, an increase of $17.7 million or 15.9% higher than the provision for income taxes of $111.1 million for the six-months ended June 30, 2013. The effective combined federal, state and foreign tax rate decreased to 35.3% from 39.5% for the six-months ended June 30, 2014 and 2013, respectively. The decrease in the effective tax rate was primarily the result of profits earned in certain foreign subsidiaries that have no related income tax expense, as a result of the prior establishment of valuation allowances on their deferred tax assets.

Net Income. Net income was $236.3 million for the six-months ended June 30, 2014, an increase of $65.9 million or 38.7% higher than net income of $170.4 million for the six-months ended June 30, 2013. The increase in net income was primarily attributable to an increase in gross profit of $77.8 million. The increase in net income was partially offset by an increase in the provision for income taxes of $17.7 million.

Liquidity and Capital Resources

Cash flows provided by operating activities. Net cash provided by operating activities was $259.0 million for the six-months ended June 30, 2014, as compared with net cash provided by operating activities of $99.7 million for the six-months ended June 30, 2013. For the six-months ended June 30, 2014, cash provided by operating activities was primarily attributable to net income earned of $236.3 million and adjustments for certain non-cash expenses, consisting of $15.1 million of stock-based compensation and $13.0 million of depreciation and other amortization. For the six-months ended June 30, 2014, cash provided by operating activities also increased due to a $36.1 million increase in accounts payable, a $31.8 million increase in accrued promotional allowances, a $13.5 million decrease in inventory, a $17.5 million increase in accrued liabilities, a $6.8 million increase in income taxes payable and a $2.5 million decrease in prepaid income taxes. For the six-months ended June 30, 2014, cash provided by operating activities was reduced due to a $99.7 million increase in accounts receivable, a $4.6 million decrease in accrued compensation, a $4.2 million increase in prepaid expenses and other current assets, a $3.3 million tax benefit from the exercise of stock options and a $3.2 million decrease in deferred revenue.

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For the six-months ended June 30, 2013, cash provided by operating activities was primarily attributable to net income earned of $170.4 million and adjustments for certain non-cash expenses consisting of $14.4 million of stock-based compensation and $10.3 million of depreciation and other amortization. For the six-months ended June 30, 2013, cash provided by operating activities also increased due to a $33.0 million increase in income taxes payable, a $22.2 million increase in accrued promotional allowances, a $16.9 million increase in accounts payable, a $16.0 million increase in accrued liabilities, a $6.8 million increase in deferred revenue and a $3.5 million increase in accrued distributor terminations. For the six-months ended June 30, 2013, cash provided by operating activities was reduced due to a $105.0 million increase in accounts receivable, a $34.0 million increase in inventory, a $28.9 million increase in tax benefit from the exercise of stock options, a $8.5 million increase in prepaid expenses and other current assets, a $5.3 million increase in distributor receivables, a $4.1 million decrease in accrued compensation, a $4.1 million increase in prepaid income taxes and a $2.9 million gain on investments.

Cash flows used in investing activities. Net cash used in investing activities was $108.0 million for the six-months ended June 30, 2014, as compared to net cash used in investing activities of $70.6 million for the six-months ended June 30, 2013. For the six-months ended June 30, 2014, cash used in investing activities was primarily attributable to purchases of held-to-maturity investments and purchases of property and equipment, including the purchase of real property. For the six-months ended June 30, 2013, cash used in investing activities was primarily attributable to purchases of held-to-maturity investments, purchases of property and equipment and additions to intangibles. For the six-months ended June 30, 2014, cash provided by investing activities was primarily attributable to maturities of held-to-maturity investments. For the six-months ended June 30, 2013, cash provided by investing activities was primarily attributable to maturities of held-to-maturity investments and proceeds from the sale of property and equipment. For both the six-months ended June 30, 2014 and 2013, cash used in investing activities also included the acquisitions of fixed assets consisting of vans and promotional vehicles, coolers and other equipment to support our marketing and promotional activities, production equipment, furniture and fixtures, office and computer equipment, computer software, and equipment used for sales and administrative activities, as well as certain leasehold improvements. We expect to continue to use a portion of our cash in excess of our requirements for operations for purchasing short-term and long-term investments, and for other corporate purposes, including leasehold improvements, the acquisition of capital equipment, specifically, vans, trucks and promotional vehicles, coolers, other promotional equipment, merchandise displays, warehousing racks as well as items of production equipment required to produce certain of our existing and/or new products and to develop our brand in international markets. From time to time, we may also purchase additional real property related to our beverage business and/or acquire compatible businesses as a use of cash in excess of our requirements for operations.

Cash flows provided by financing activities. Net cash provided by financing activities was $10.0 million for the six-months ended June 30, 2014, as compared to net cash provided by financing activities of $31.0 million for the six-months ended June 30, 2013. For the six-months ended June 30, 2014, cash provided by financing activities was primarily attributable to $7.7 million received from the issuance of common stock in connection with the exercise of certain stock options and a $3.3 million tax benefit from the exercise of stock options. For the six-months ended June 30, 2013, cash provided by financing activities was primarily attributable to a $28.9 million tax benefit from the exercise of stock options and $16.3 million received from the issuance of common stock in connection with the exercise of certain stock options. For the six-months ended June 30, 2013, cash used in financing activities was primarily attributable to $13.4 million of purchases on common stock.

Purchases of inventories, increases in accounts receivable and other assets, acquisition of property and equipment, leasehold improvements, acquisition and maintenance of trademarks, payments of accounts payable, income taxes payable and purchases of our common stock are expected to remain our principal recurring use of cash.

Cash and cash equivalents, short-term and long-term investments. At June 30, 2014, we had $373.1 million in cash and cash equivalents and $505.7 million in short-term and long-term investments. We have historically invested these amounts in U.S. Treasury bills, U.S. government agency securities and municipal

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securities (which may have an auction reset feature), corporate notes and bonds, commercial paper and money market funds meeting certain criteria. We maintain our investments for cash management purposes and not for purposes of speculation. Our risk management policies emphasize credit quality (primarily based on short-term ratings by nationally recognized statistical organizations) in selecting and maintaining our investments. We regularly assess market risk of our investments and believe our current policies and investment practices adequately limit those risks. However, certain of these investments are subject to general credit, liquidity, market and interest rate risks. These market risks associated with our investment portfolio may have an adverse effect on our future results of operations, liquidity and financial condition.

Of our $373.1 million of cash and cash equivalents held at June 30, 2014, $110.9 million was held by our foreign subsidiaries. No short-term or long-term investments were held by our foreign subsidiaries at June 30, 2014. We do not intend, nor do we foresee a need, to repatriate undistributed earnings of our foreign subsidiaries other than to repay certain intercompany debt owed to our U.S. operations. Under current tax laws, if funds in excess of intercompany amounts owed were repatriated to our U.S. operations, we would be required to accrue and pay additional income taxes on such excess funds at the tax rates then in effect.

We believe that cash available from operations, including our cash resources and access to credit, will be sufficient for our working capital needs, including purchase commitments for raw materials and inventory, increases in accounts receivable, payments of tax liabilities, expansion and development needs, purchases of shares of our common stock, as well as any purchases of capital assets, equipment and properties, through at least the next 12 months. Based on our current plans, at this time we estimate that capital expenditures are likely to be less than $100.0 million through June 30, 2015. However, future business opportunities may cause a change in this estimate.

The following represents a summary of the Company’s contractual commitments and related scheduled maturities as of June 30, 2014:

	Payments due by period (in thousands)				
Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years

Contractual Obligations[1]	$ 70,629	$ 47,701	$ 22,835	$ 93	$ -
Capital Leases	789	789	-	-	-
Operating Leases	13,078	4,856	7,239	533	450
Purchase Commitments[2]	32,811	32,811	-	-	-
	$ 117,307	$ 86,157	$ 30,074	$ 626	$ 450

[1]Contractual obligations include our obligations related to sponsorships and other commitments.

[2]Purchase commitments include obligations made by us and our subsidiaries to various suppliers for raw materials used in the production of our products. These obligations vary in terms, but are generally satisfied within one year.

In addition, approximately $0.9 million of unrecognized tax benefits have been recorded as liabilities as of June 30, 2014. It is expected that the amount of unrecognized tax benefits will not significantly change within the next 12 months. We have also recorded a liability for potential penalties and interest of $0.4 million as of June 30, 2014.

Sales

The table below discloses selected quarterly data regarding sales for the three- and six-months ended June 30, 2014 and 2013, respectively. Data from any one or more quarters or periods is not necessarily indicative of annual results or continuing trends.

Sales of beverages are expressed in unit case volume. A "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings). Unit case volume means the number of unit cases (or unit case equivalents) of beverages sold by us.

Our quarterly results of operations reflect seasonal trends that are primarily the result of increased demand in the warmer months of the year. It has been our experience that beverage sales tend to be lower during the first and fourth quarters of each calendar year. Because the primary historical market for our products is California, which has a year-long temperate climate, the effect of seasonal fluctuations on quarterly results may have been somewhat mitigated; however, such fluctuations may become more pronounced with the expansion of the distribution of our products outside of California. In addition, our experience with our energy drink products suggests they may be less seasonal than the seasonality expected from traditional beverages. Quarterly fluctuations may also be affected by other factors including the introduction of new products, the opening of new markets where temperature fluctuations are more pronounced, the addition of new bottlers, customers and distributors, changes in the sales mix of our products and changes in advertising and promotional expenses.

(In thousands, except average net sales per case)	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2014	2013	2014	2013
Net sales	$ 687,199	$ 630,934	$ 1,223,329	$ 1,115,158
Case sales (192-ounce case equivalents)	65,587	61,615	117,514	109,364
Average net sales per case	$ 10.48	$ 10.24	$ 10.41	$ 10.20

See Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Our Business" for additional information related to the increase in sales.

Critical Accounting Policies

There have been no material changes to our critical accounting policies from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our Form 10-K for the fiscal year ended December 31, 2013.

Recent Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-12, "Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force)". ASU 2014-12 clarifies that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718 as it relates to awards with performance conditions that affect vesting to account for such awards. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. ASU 2014-12 is effective for annual periods, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted. ASU 2014-12 may be applied either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The adoption of ASU 2014-12 is not expected to have a material impact on the Company's financial position, results of operations or liquidity.

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In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers", which supersedes previous revenue recognition guidance. ASU 2014-09 requires that a company recognize revenue at an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring goods or services to a customer. In applying the new guidance, a company will (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the contract's performance obligations; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016 and can be adopted using either a full retrospective or modified approach. The Company is currently evaluating the impact of ASU 2014-09 on its financial position, results of operations and liquidity.

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements and Property, Plant, and Equipment - Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity". ASU 2014-08 provides new guidance related to the definition of a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This new guidance is effective for fiscal years beginning on or after December 15, 2014 and interim periods within those years. The adoption of ASU 2014-08 is not expected to have a material impact on the Company's financial position, results of operations or liquidity.

Inflation

We believe inflation did not have a significant impact on our results of operations for the periods presented.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. Certain statements made in this report may constitute forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) (the "Exchange Act") regarding the expectations of management with respect to revenues, profitability, adequacy of funds from operations and our existing credit facility, among other things. All statements containing a projection of revenues, income (loss), earnings (loss) per share, capital expenditures, dividends, capital structure or other financial items, a statement of management's plans and objectives for future operations, or a statement of future economic performance contained in management's discussion and analysis of financial condition and results of operations, including statements related to new products, volume growth and statements encompassing general optimism about future operating results and non-historical information, are forward-looking statements within the meaning of the Act. Without limiting the foregoing, the words "believes," "thinks," "anticipates," "plans," "expects," and similar expressions are intended to identify forward-looking statements.

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

- Disruption in distribution or sales and/or decline in sales due to the termination and/or appointment of existing and/or new domestic and/or international distributors;
- Lack of anticipated demand for our products in international markets;
- Unfavorable regulations, including taxation requirements, product registration requirements, tariffs and/or trade restrictions;

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- The effect of inquiries from and/or actions by state attorneys general, the Federal Trade Commission (the "FTC"), the FDA, municipalities or city attorneys and/or other government agencies and/or quasi-government agencies and/or government officials, including members of Congress, into the advertising, marketing, promotion, ingredients, sale and/or consumption of our energy drink products, including voluntary changes to our business practices;
- Our ability to achieve profitability from our operations outside the United States;
- Our ability to manage legal and regulatory requirements in foreign jurisdictions, potential difficulties in staffing and managing foreign operations, potentially higher incidence of fraud or corruption and credit risk of foreign customers and distributors;
- Our ability to produce our products in international markets in which they are sold, thereby reducing freight costs and/or product damages;
- Our ability to effectively manage our inventories and/or our accounts receivables;
- Our foreign currency exchange rate risk with respect to our sales, expenses, profits, assets and liabilities denominated in currencies other than the U.S. dollar, which will continue to increase as foreign sales increase;
- Changes in accounting standards may affect our reported profitability;
- Any proceedings which may be brought against us by the Securities and Exchange Commission (the "SEC"), the FDA, the FTC or other governmental agencies or bodies;
- The outcome of shareholder securities litigation and/or shareholder derivative actions filed against us and/or against certain of our officers and directors, and the possibility of other private shareholder litigation;
- The possibility of future shareholder derivative actions or shareholder securities litigation filed against us;
- The outcome of product liability litigation and/or class action litigation regarding the safety of our products and/or the ingredients in and/or claims made in connection with our products and/or alleging false advertising, marketing and/or promotion, and the possibility of future product liability and/or class action lawsuits;

- The current uncertainty and volatility in the national and global economy;
- Our ability to address any significant deficiencies or material weakness in our internal control over financial reporting;
- Our ability to continue to generate sufficient cash flows to support capital expansion plans and general operating activities;
- Decreased demand for our products resulting from changes in consumer preferences and/or from decreased consumer discretionary spending power and/or from high gasoline prices;
- Changes in demand that are weather related, particularly in areas outside of California;
- Competitive products and pricing pressures and our ability to gain or maintain our share of sales in the marketplace as a result of actions by competitors;
- Our ability to introduce new products;
- An inability to achieve volume growth through product and packaging initiatives;
- Our ability to sustain the current level of sales and/or increase the sales of our Monster Energy® brand energy drinks and/or our Peace Tea® iced teas and/or our other products;
- The impact of criticism of our energy drink products and/or the energy drink market generally and/or legislation enacted, whether as a result of such criticism or otherwise, that restrict the sale of energy drinks (including prohibiting the sale of energy drinks at certain establishments or pursuant to certain governmental programs), limit caffeine content in beverages, require certain product labeling disclosures and/or warnings, impose excise and/or sales taxes, limit product sizes or impose age restrictions for the sale of energy drinks;
- Our ability to comply with and/or resulting lower consumer demand for energy drinks due to proposed and/or future U.S. federal, state and local laws and regulations and/or proposed or existing laws and regulations in certain foreign jurisdictions and/or any changes therein, including changes in taxation requirements (including tax rate changes, new tax laws, new and/or increased excise and/or sales and/or other taxes on our products and revised tax law interpretations) and environmental laws, as well as the FFDC Act, including as amended by the Dietary Supplement Health and Education Act, and regulations

made thereunder or in connection therewith, as well as changes in any other food, drug or similar laws in the United States and internationally, especially those that may restrict the sale of energy drinks (including prohibiting the sale of energy drinks at certain establishments or pursuant to certain governmental programs), limit caffeine content in beverages, require certain product labeling disclosures and/or warnings, impose excise taxes, limit product sizes, or impose age restrictions for the sale of energy drinks, as well as laws and regulations or rules made or enforced by the FDA, and/or the Bureau of Alcohol, Tobacco and Firearms and Explosives, and/or the Federal Trade Commission;
- Our ability to satisfy all criteria set forth in any model energy drink guidelines, including, without limitation, those adopted by the American Beverage Association, of which the Company is a member, and the impact on the Company of such guidelines;
- The effect of unfavorable press and/or articles, comments and/or media attention;
- Changes in the cost, quality and availability of containers, packaging materials, raw materials, other ingredients and juice concentrates, and our ability to obtain and/or maintain favorable supply arrangements and relationships and procure timely and/or sufficient production of all or any of our products to meet customer demand;
- Our ability to pass on to our customers all or a portion of the increasing costs of fuel and/or raw materials and/or ingredients and/or commodities affecting our business;
- Our ability to achieve both domestic and international forecasts, which may be based on projected volumes and sales of many product types and/or new products, certain of which are more profitable than others; there can be no assurance that we will achieve projected levels of sales as well as forecasted product and/or geographic mixes;
- Our ability to penetrate new domestic and/or international markets and/or gain approval or mitigate the delay in securing approval for the sale of our products in various countries;
- Economic or political instability in one or more of our international markets;
- Our ability to secure and/or retain competent and/or effective distributors internationally;
- The effectiveness of sales and/or marketing efforts of distributors of our products, most of which distribute products that are competitive with our products;
- Unilateral decisions by distributors, convenience chains, grocery chains, specialty chain stores, club stores and other customers to discontinue carrying all or any of our products that they are carrying at any time and/or restrict the range of our products they carry and/or devote less resources to the sale of our products;
- The costs and/or effectiveness, now or in the future, of our advertising, marketing and promotional strategies;
- Changes in product category consumption;
- Unforeseen economic and political changes;
- Possible recalls of our products and/or defective production;
- Our ability to make suitable arrangements for the co-packing of any of our products both domestically and internationally and/or the timely replacement of discontinued co-packing arrangements;
- Our ability to make suitable arrangements for the procurement of non-defective raw materials;
- Our inability to protect and/or the loss of our intellectual property rights and/or our inability to use our trademarks and/or trade names or designs in certain countries;
- Volatility of stock prices which may restrict stock sales, stock purchases or other opportunities;
- Provisions in our organizational documents and/or control by insiders which may prevent changes in control even if such changes would be beneficial to other stockholders;
- The failure of our bottlers and contract packers to manufacture our products on a timely basis or at all;
- Exposure to significant liabilities due to litigation, legal or regulatory proceedings;
- Any disruption in and/or lack of effectiveness of our information technology systems that disrupts our business or negatively impacts customer relationships; and
- Recruitment and retention of senior management, other key employees and our employee base in general.

The foregoing list of important factors and other risks detailed from time to time in our reports filed with the SEC is not exhaustive. See the section entitled “Risk Factors” in our Form 10-K for the fiscal year ended December 31, 2013, for a more complete discussion of these risks and uncertainties and for other risks and uncertainties. Those factors and the other risk factors described therein are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Consequently, our actual results could be materially different from the results described or anticipated by our forward-looking statements, due to the inherent uncertainty of estimates, forecasts and projections and may be better or worse than anticipated. Given these uncertainties, you should not rely on forward-looking statements. Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, after the date of this report, in order to reflect changes in circumstances or expectations or the occurrence of unanticipated events except to the extent required by applicable securities laws.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Rate Risk

Our gross sales to customers outside of the United States were approximately 23% of consolidated gross sales for both the three- and six-months ended June 30, 2014. Our growth strategy includes expanding our international business. As a result, we are subject to risks from changes in foreign currency exchange rates. During the three- and six-months ended June 30, 2014, we entered into forward currency exchange contracts with financial institutions to create an economic hedge to specifically manage a portion of the foreign exchange risk exposure associated with certain consolidated subsidiaries non-functional currency denominated assets and liabilities. All foreign currency exchange contracts entered into by us as of June 30, 2014 have terms of one month or less. We do not enter into forward currency exchange contracts for speculation or trading purposes.

We have not designated our foreign currency exchange contracts as hedge transactions under ASC 815. Therefore, gains and losses on our foreign currency exchange contracts are recognized in interest and other income (expense), net, in the condensed consolidated statements of income, and are largely offset by the changes in the fair value of the underlying economically hedged item. We do not consider the potential loss resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates as of June 30, 2014 to be significant.

There have been no additional material changes in our market risk during the three- and six-months ended June 30, 2014 compared with the disclosures in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures — Under the supervision and with the participation of the Company’s management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are adequate and effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in rules and forms of the SEC and (2) accumulated and communicated to our management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting — There were no changes in the Company’s internal controls over financial reporting during the quarter ended June 30, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required by this Item is incorporated herein by reference to the Notes to Condensed Consolidated Financial Statements —Note 10. Commitments and Contingencies: Legal Proceedings in Part I, Item 1, of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Our Risk Factors are discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013. There have been no material changes with respect to the risk factors disclosed in our Annual Report on Form 10-K for the period ended December 31, 2013.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three-months ended June 30, 2014, 586 shares were purchased from employees in lieu of cash payments for options exercised or withholding taxes due for a total amount of $0.04 million. While such purchases are considered common stock repurchases, they are not counted as purchases against our authorized share repurchase program, including the April 2013 Repurchase Plan.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes- Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes- Oxley Act of 2002
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification by Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial information from Monster Beverage Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013, (ii) Condensed Consolidated Statements of Income for the three- and six-months ended June 30, 2014 and 2013, (iii) Condensed Consolidated Statements of Comprehensive Income for the three- and six-months ended June 30, 2014 and 2013, (iv) Condensed Consolidated Statements of Cash Flows for the three- and six-months ended June 30, 2014 and 2013, and (v) the Notes to Condensed Consolidated Financial Statements.

*** Filed herewith**

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MONSTER BEVERAGE CORPORATION
Registrant

Date: August 8, 2014

/s/ RODNEY C. SACKS
Rodney C. Sacks
Chairman of the Board of Directors
and Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rodney Sacks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Monster Beverage Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2014

/s/Rodney C. Sacks

Rodney C. Sacks
Chairman of the Board of Directors
and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Hilton Schlosberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Monster Beverage Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 8, 2014

/s/ Hilton H. Schlosberg
Hilton H. Schlosberg
Vice Chairman of the Board of Directors,
President, Chief Operating Officer, Chief
Financial Officer and Secretary

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Monster Beverage Corporation (the “Company”) on Form 10-Q for the quarter ended June 30, 2014 as filed with the Securities and Exchange Commission (the “Report”), the undersigned, Rodney C. Sacks, Chairman of the Board of Directors and Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2014

/s/ Rodney C. Sacks
Rodney C. Sacks
Chairman of the Board of Directors
and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Monster Beverage Corporation (the “Company”) on Form 10-Q for the quarter ended June 30, 2014 as filed with the Securities and Exchange Commission (the “Report”), the undersigned, Hilton H. Schlosberg, Vice Chairman of the Board of Directors, President, Chief Operating Officer, Chief Financial Officer and Secretary of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	August 8, 2014	/s/ Hilton H. Schlosberg
		Hilton H. Schlosberg Vice Chairman of the Board of Directors, President, Chief Operating Officer, Chief Financial Officer and Secretary