

THE ROSE THAT GREW FROM CONCRETE

Did you hear about the rose that grew from a crack in the concrete?
Proving nature's law is wrong it learned to walk without having feet
Funny it seems, but keeping its dreams, it learned to breathe fresh air
Long live the rose that grew from concrete when no one else ever cared
- Tupac Shakur

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LEADERSHIP



FROM THE CEO

This has been a year of tremendous success for Buzz Energy Drink. Over the course of the past 12 months, Buzz has opened operations in all 50 states, creating jobs in low-income neighborhoods for more than 200,000 people and families.

We have also expanded our product internationally to 12 countries, including England, Spain, Mexico and China.

It's been one great year for Buzz, and it's amazing to compare 2009 to our first year in business, where the company grossed \$347.

"I believe that dedication to the needs of the consumer will set us apart."

That this company started out as three best friends from Brooklyn with a dream and a warehouse is something that we will never forget. It is our legacy.

During my time as CEO of Buzz, I've always tried to uphold the same ideals as the founders. I believe that dedication to quality and the needs of the consumer will set us apart from the competition.

That is why, this year, the theme of our report is *The Rose That Grew from Concrete*, which is the title of a poem written by the late rapper, and poet Tupac Shakur. The poem is about the unlikely growth of a rose from a crack in concrete.

My friends, we are that rose. I try to make sure that we always honor our humble beginnings. This is why, though we are only a quick subway ride away from bustling Manhattan, Buzz maintains its headquarters in a Williamsburg, Brooklyn warehouse, our original home. That will **never** change.

Now with 2009 over, it's time to look to the future! I want to take our growth to the next level. Right now, we are a rose. Soon, I hope Buzz becomes a garden. We're aiming for increased global expansion, a bigger share of the beverage industry and, most importantly, to uphold the high standards of excellence that we've become known for.

Thank you for believing, and for sticking by us. It says a lot about you.

Sincerely,

Jason Tarr
Chief Executive Officer of Buzz



GROWTH

COMPANY SUMMARY

Buzz Energy Drink Corp. develops, manufactures, markets and distributes a complete portfolio of quality beverage products throughout the United States. Incorporated in Williamsburg, Brooklyn in 1995, Buzz energy drink is a true success story. We came up from the concrete.

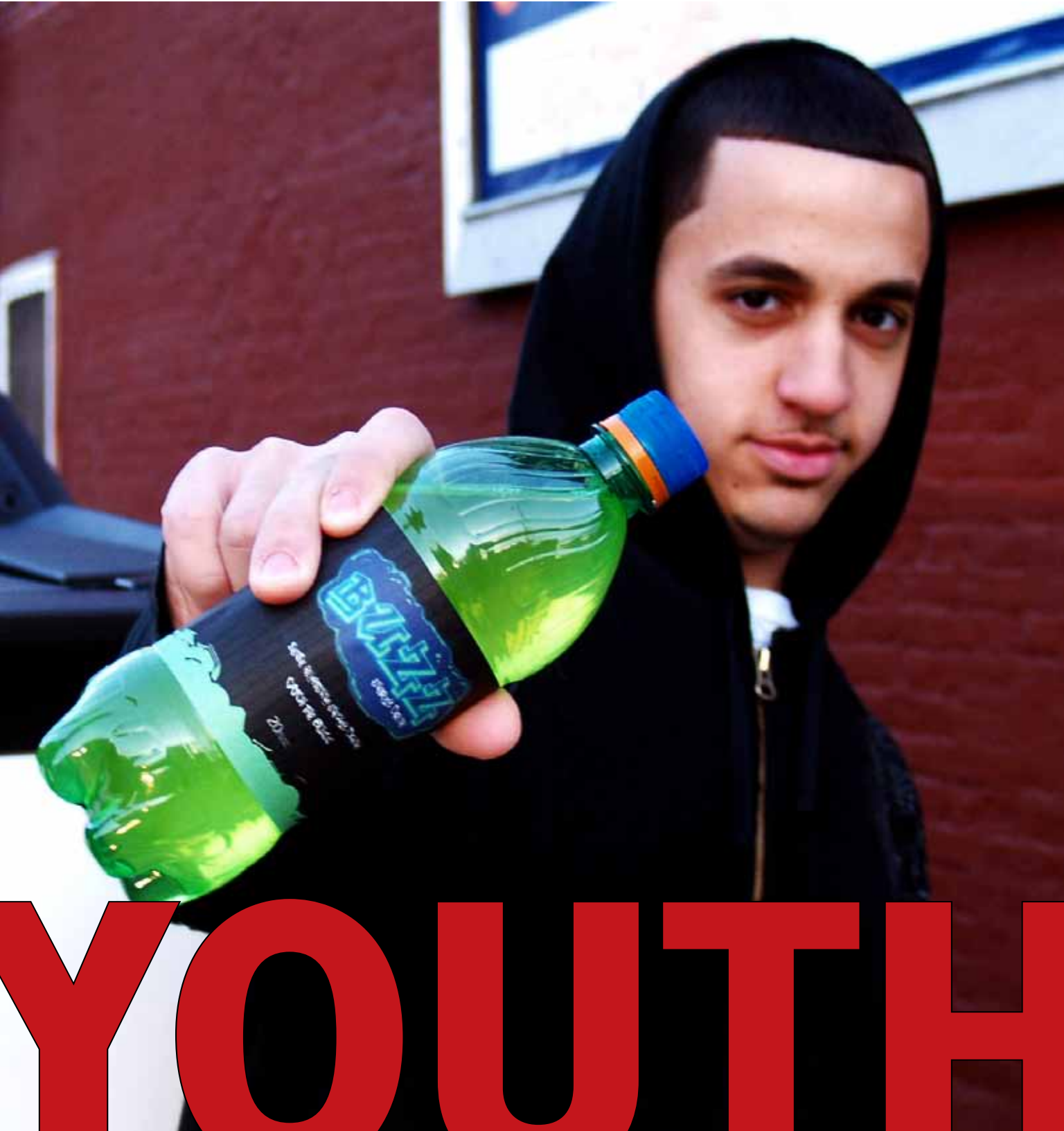
Our flagship drink, Buzz energy drink, emphasizes distinctive flavor variety. In addition, we offer an assortment of premium beverages geared to the health-conscious consumer. Our energy drinks are geared toward young, "on the go" consumers. Substantially all of our brands are produced in thirteen manufacturing facilities that are strategically located in major metropolitan markets throughout the continental United States and its outliers.

Our strategy emphasizes the growth of our products by offering a branded beverage portfolio of proprietary flavors; by supporting the franchise value of regional brands and expanding those brands with modern packaging and broader demographic emphasis; and by appealing to the "quality-price" expectations of the urban consumer.

We believe that the "regional share dynamics" of our brands perpetuate consumer loyalty within local regional markets, resulting in more retailer-sponsored promotional activities. The convenience channel is composed of convenience stores, gas stations and other smaller accounts. Because of the retail prices and margins that prevail, we have

"Our energy drinks are geared toward young, "on the go," consumers."

undertaken specific measures to expand distribution in this channel. We are confident that our measures will succeed. We intend to continue our focus on enhancing growth in the convenience channel through both specialized packaging and innovative product development.



YOUTH

STOCKHOLDER REPORT

Sales-to-retailers increased 0.8 percent since July 1, 1.8 percent since Labor Day and 2.7 percent in the fourth quarter. Our November sales-to-retailers volume was the best in our history. We are well-positioned for sales and revenue growth and we successfully implemented price increases and discount reductions on the majority of our volume early in 2009.

interest. Products like Buzz Natural, with caffeine and ginseng, encourage consumers to look at energy drinks in a new light. By driving growth in the energy drink industry as a whole, we increase the opportunities for growth in our own line of business.

Buzz is passionate about energy drinks, and we are channeling our dedication to lead a new effort to elevate the image of energy drinks. One of energy drink's advantages over alcohol beverages is its social value — authentic and unpretentious. Energy drinks are more suitable for more occasions.

Buzz sells 2.5 times as many energy drinks as our nearest competitor in the United States. We are four times as large as the third-ranked company.

Nearly 70 percent of our volume is sold through wholesalers who handle our energy drink brand exclusively. Buzz wholesalers run successful businesses in local communities across America and they are focused on our mutual success. In 2010, we will work to strengthen this partnership by providing additional growth opportunities in more segments of the beverage industry.

“Our hope is to spearhead an effort to elevate the image of energy drinks.”

With this initial progress, we have set two objectives for our domestic energy drink business in 2009: to stimulate growth in the energy drink category and to make Buzz the preferred choice for more drinking occasions and parties.

By introducing new products, new tastes and new packages, we have responded to this



CULTURE

FINANCIAL INFORMATION

Revenue reflects the net average sales price the company obtains from wholesaler customers for its products. The higher the net revenue per drink, the greater the company's gross profit dollars, with revenue per drink increases having nearly twice the impact on profits as comparable percentage increases in energy drink volume per year.

Revenue per drink is calculated as net sales generated by the company's domestic

sis, divided by the volume of energy drink shipped from the company's many distributors in places all around the country. Buzz Energy Drink strives to obtain price increases that are slightly less than increases in the U.S. Consumer Index over time.

On a constant dollar basis, energy drinks are more affordable today than they were 10 years ago, and the company believes this long-term pricing strategy allows for continuing future moderate price increases.

Buzz Energy reports energy drink sales volume based on energy drink sales to the company's network of independent wholesalers. Wholesaler sales-to-retailers volume is a leading indicator of demand for the company's products at the retail level. Higher wholesaler sales-to-retailers require increased energy drink sales-to-wholesalers to meet the demand.

Buzz has had a year of tremendous financial success, and we hope to continue this trend in the following fiscal year. Thanks for your support.

Areas of Distribution over 1 Million



energy drink operations on crates of energy drink sold, determined on a U.S. GAAP ba-



Consolidated Balance Sheets
 As of April 29, 2008 and April 30, 2009
(In thousands, except share amounts)

	2009	2008
ASSETS		
Current assets:	\$ 42,119	\$ 54,557
Cash and equivalents	48,236	46,135
Trade receivables	34,429	29,738
Inventories	1,940	1,759
Deferred income taxes—net	9,287	7,657
Prepaid and other assets	136,011	139,846
Total current assets	56,027	62,879
Property—net	13,145	13,145
Goodwill	1,653	1,939
Intangible assets—net	11,503	6,778
Other assets	\$ 98,339	\$ 79,587
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:	\$ 38,041	\$ 38,012
Accounts payable	20,576	18,290
Accrued liabilities	2,369	1,582
Income taxes payable	60,986	57,884
Total current liabilities	17,783	15,958
Deferred income taxes—net	8,710	7,449
Other liabilities		
Shareholders' equity:		
Preferred stock, 7% cumulative, \$1 par value, liquidation preference of \$15,000	415	410
Common stock, \$0.01 par value issued 41,511,193 shares and 41,018,960	23,033	19,679
Additional paid-in capital	125,262	141,057
Retained earnings		
Treasury stock—at cost:	(5,100)	(5,100)
Preferred stock—150,000 shares	(12,900)	(12,900)
Common stock—4,032,784 shares	130,860	143,296
Total shareholders' equity	\$ 98,339	\$ 74,587



EVERLAST



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ENERGY DRINK

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Annual Report 2009