

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED APRIL 30, 2005

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-14170

NATIONAL BEVERAGE CORP.

(Exact name of Registrant as specified in its charter)



Delaware

(State of incorporation)

59-2605822

(I.R.S. Employer Identification No.)

One North University Drive, Ft. Lauderdale, FL

(Address of principal executive offices)

33324

(Zip Code)

(954) 581-0922

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$.01 per share	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No .

The aggregate market value of the voting stock held by non-affiliates of Registrant computed by reference to the closing sale price on October 29, 2004 was approximately \$64,824,000.

The number of shares of Registrant's common stock outstanding as of July 15, 2005 was 37,004,476.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be filed on or before August 29, 2005 are incorporated by reference into Part III of this report.

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PART I

ITEM 1. BUSINESS

GENERAL

National Beverage Corp. develops, manufactures, markets and distributes a complete portfolio of quality beverage products throughout the United States. Incorporated in Delaware in 1985, National Beverage Corp. is a holding company for various operating subsidiaries. When used in this report, the terms “we,” “us,” “our,” “Company” and “National Beverage” mean National Beverage Corp. and its subsidiaries.

Our lines of multi-flavored soft drinks, including those of our flagship brands, Shasta® and Faygo®, emphasize distinctive flavor variety. In addition, we offer an assortment of premium beverages geared to the health-conscious consumer, including Everfresh®, Home Juice®, and Mr. Pure® 100% juice and juice-based products; and LaCROIX®, Mt. Shasta™, Crystal Bay® and ClearFruit® flavored and spring water products. We also produce specialty products, including Rip It™, an energy drink geared toward young consumers, Ohana® fruit-flavored drinks and St. Nick’s® holiday soft drinks. Substantially all of our brands are produced in fourteen manufacturing facilities that are strategically located in major metropolitan markets throughout the continental United States. To a lesser extent, we develop and produce soft drinks for retail grocery chains, warehouse clubs, mass-merchandisers and wholesalers as well as soft drinks for other beverage companies.

We utilize various means to maintain our position as a cost-effective producer of beverage products. These include centralized purchasing of raw materials, vertical integration of the manufacturing process, close proximity to customer distribution centers, regionally targeted media promotions and the use of multiple distribution systems. The strength of our brands and location of our manufacturing facilities distinguish us as a national supplier of beverages to national and regional retailers, mass merchandisers, wholesalers and discount stores.

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 new packaging and broader demographic emphasis; by developing and acquiring innovative products tailored toward healthy lifestyles; and by appealing to the “quality-price” expectations of the family 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.

PRODUCTS

Shasta and Faygo, our traditional soft drink brands that emphasize flavor variety and innovation, have been manufactured and marketed throughout the United States for a combined period of over 200 years. Established over 110 years ago and distributed nationally, Shasta is the largest of National Beverage’s brands and includes multiple flavors as well as bottled spring and drinking waters. Established almost 100 years ago, Faygo products are primarily distributed east of the Mississippi River and include a multi-flavored product line. We also produce and market other brands of soft drinks, juice and water products, including Ritz®, Everfresh, Crystal Bay and Ohana. The Company has recently introduced Rip It and Rip It Sugar Free energy drinks in an effort to capture a share of the growing energy beverage category.

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The volume of the “flavor segment” of the soft drink market continues to grow faster than cola volume and alternative beverage products are being consumed with greater frequency. We believe that we will continue to benefit from these trends, which are consistent with our “fantasy of flavors” strategy emphasizing our distinctive flavored soft drinks, juices and specialty beverages. Although cola drinks account for approximately 50% of the soft drink industry’s domestic grocery channel volume, colas account for less than 16% of our Company’s total volume. We continue to emphasize expanding our beverage portfolio beyond traditional carbonated soft drinks through new product development inspired by “lifestyle enhancement” trends, innovative package enhancements, and the “dichotomization” and expansion of our brands in order to increase demand for non-carbonated and alternative beverages.

MANUFACTURING

Our Company’s fourteen plants are strategically located in major metropolitan markets across the continental United States, enabling us to efficiently manufacture and distribute beverages to substantially all geographic markets. Each plant is generally equipped to produce both canned and bottled beverage products in a variety of package sizes in each market. We utilize numerous package types and sizes, including cans ranging from eight to sixteen ounces and bottles ranging from seven ounces to three liters.

We believe that ownership of our bottling facilities provides an advantage over certain of our competitors that rely upon independent third party bottlers to manufacture and market their products. Since our Company controls the national manufacture, distribution and marketing of our brands, we can more effectively manage product quality and customer service and respond quickly to changing market conditions.

We produce a substantial portion of the flavor concentrates used in our branded products. By controlling our own formulas throughout our bottling network, we are able to assure manufacture of our product in accordance with uniform quality standards while tailoring flavors to regional taste preferences. We believe that the combination of a Company-owned bottling network servicing the United States together with uniform standards for packaging, formulations, and customer service provides us with a strategic advantage in servicing the growing presence of national retailers and mass-merchandisers. Our Company also maintains research and development laboratories at multiple locations. These laboratories continually test products for compliance with our strict quality control standards as well as conduct research for new products and flavors.

DISTRIBUTION

We utilize a hybrid distribution system to deliver our products through four primary distribution channels: take-home, convenience, food-service and vending.

The take-home distribution channel consists of national and regional grocery stores, warehouse clubs, mass-merchandisers, wholesalers and discount stores. We distribute our products to this channel through both the warehouse distribution system and the direct-store delivery system. Under the warehouse distribution system, products are shipped from our manufacturing facilities to the retailer’s centralized distribution centers and then distributed by the retailer to each of its outlet locations with other goods. Products sold through the direct-store delivery system are distributed directly to the customer’s retail outlets by our direct-store delivery fleet and by independent distributors.

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We also distribute our products to the convenience channel through our own direct-store delivery fleets and those of independent distributors. The convenience channel consists of convenience stores, gas stations, and other smaller “up-and-down-the-street” accounts. Because of the higher retail prices and margins that typically prevail, we have undertaken several measures to expand convenience channel distribution in recent years. These include development of products specifically targeted to this market, such as ClearFruit, Everfresh, Mr. Pure, Crystal Bay and Rip It. Additionally, we have created proprietary and specialized packaging for these products with distinctive graphics.

Our food-service division is responsible for sales to hospitals, schools, military bases, airlines, hotels and food-service wholesalers. Food-service products are distributed primarily through independent, specialized distributors. Additionally, our Company-owned direct-store distribution systems service certain schools and other institutions.

Each of our take-home, convenience and food-service operations use vending machines and glass-door coolers as marketing and promotional tools for our brands. We provide vending machines and coolers on a placement or purchase basis to our customers and vending operators. We believe that the vending market provides not only increased beverage sales, but also the enhancement of brand awareness and the development of brand loyalty.

SALES AND MARKETING

We sell and market our products through an internal sales force as well as selected broker networks. Our sales force is organized to serve a specific market segment, focusing either on geographic territories, distribution channels or product lines. We believe that this focus allows each sales group to provide high level, responsive service and support to the customers and markets served.

Our sales and marketing programs are directed toward maintaining and enhancing consumer brand recognition and loyalty, and typically utilize a combination of regional advertising, special event marketing, diversified packaging and consumer coupon distribution. We retain advertising agencies to assist with media advertising programs for our brands. Additionally, we offer numerous promotional programs to retail customers, including cooperative advertising support, in-store advertising materials and other incentives. We believe these elements allow us to tailor marketing and advertising programs to meet local and regional economic conditions and demographics. We also seek to maintain points of difference between our brands and those of our competitors by combining high product quality, flavor innovation and unique packaging designs with a value pricing strategy. Additionally, National Beverage sponsors special holiday promotions including St. Nick’s, which features special holiday flavors and packaging.

Our “regional share dynamics” strategy emphasizes the acquisition and support of brands that have a significant regional presence. We believe that these types of products enjoy a regional identification that fosters long-term consumer loyalty and make them less vulnerable to consumer switching. In addition, these types of “home-town” products often generate more aggressive retailer sponsored promotional activities and receive media exposure through community activities and other local events.

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RAW MATERIALS

Our centralized procurement division maintains relationships with numerous suppliers of raw materials and packaging goods. By consolidating the purchasing function for our manufacturing facilities, we believe we are able to procure more competitive arrangements with our suppliers, allowing us to compete as a low-cost producer of beverages.

The products we produce and sell are made from various materials, including sweeteners, juice concentrates, carbon dioxide, water, glass and plastic bottles, aluminum cans and ends, paper, cartons and closures. Most of our low-calorie soft drink products use aspartame or sucralose. We manufacture a substantial portion of our flavor concentrates and purchase remaining raw materials from multiple suppliers.

Substantially all of the materials and ingredients we purchase are presently available from several suppliers, although strikes, weather conditions, utility shortages, governmental control or regulations, national emergencies or other events outside our control could adversely affect the supply of specific materials. We use Splenda® sweetener in certain of our sugar-free products, which is currently available from only one supplier and may be in short supply during certain periods. Our key raw materials, including aluminum cans, plastic bottles and high fructose corn syrup, are derived from commodities. Therefore, pricing and availability tend to fluctuate based upon worldwide market conditions. Our ability to recover increased costs through higher pricing may be limited by the competitive environment in which we operate. In certain cases, we elect to enter into multi-year agreements for the supply of these materials with one or more suppliers, the terms of which may include variable or fixed pricing, minimum purchase quantities, and/or the requirement to purchase all supplies for specified locations. A significant portion of our raw material purchases is comprised of aluminum cans.

SEASONALITY

Our sales are seasonal with the highest volume typically realized during the summer months. We have sufficient production capacity to meet seasonal increases without maintaining significant quantities of inventory in anticipation of periods of peak demand. The volume of sales may be affected by weather conditions.

COMPETITION

The carbonated soft drink market and the non-carbonated beverage market are highly competitive and our competitive position varies in each of our market areas. National Beverage products compete with many varieties of liquid refreshments, including coffee, milk, tea and water. We compete with bottlers and distributors of national, regional, and private label products. Several competitors, including the two that dominate the soft drink industry, PepsiCo, Inc. and The Coca-Cola Company, have greater financial resources than us and aggressive promotion of their products can adversely affect sales of our brands. Principal methods of competition in the beverage industry are price and promotional activity, advertising and marketing programs, point-of-sale merchandising, retail space management, customer service, product differentiation, packaging innovations and distribution methods. We believe our Company differentiates itself through strong regional brand recognition, innovative flavor variety, attractive packaging, efficient distribution methods, specialized advertising and, for some product lines, value pricing.

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TRADEMARKS

We maintain registered trademarks for our brands in the United States and abroad, which are significant to the business of our Company. Shasta, Faygo, Ritz, LaCROIX, Everfresh, Big Shot®, Mr. Pure, Home Juice, ClearFruit, Mt. Shasta, Crystal Bay, Rip It, Ohana, and St. Nick's are among the trademarks of National Beverage. We intend to continue to maintain all registrations of our significant trademarks and use the trademarks in the operation of our businesses.

GOVERNMENTAL REGULATION

The production, distribution and sale of our products in the United States are subject to the Federal Food, Drug and Cosmetic Act; the Occupational Safety and Health Act; the Lanham Act; various environmental statutes; and various other federal, state and local statutes regulating the production, transportation, sale, safety, advertising, labeling and ingredients of such products. Our management believes that we are in compliance in all material respects with such existing legislation.

Certain states and localities prohibit the sale of certain beverages unless a deposit or tax is charged for containers. These requirements vary by each jurisdiction. Similar legislation has been proposed in certain other states and localities, as well as by Congress. We are unable to predict whether such legislation will be enacted or what impact its enactment would have on our business, financial condition or results of operations.

All of our facilities in the United States are subject to federal, state and local environmental laws and regulations. Compliance with these provisions has not had any material adverse effect on our financial or competitive position. We believe that our current practices and procedures for the control and disposition of toxic or hazardous substances comply in all material respects with applicable law. However, compliance with or any violation of current and future laws or regulations could require material expenditures or otherwise have a material adverse effect.

EMPLOYEES

As of April 30, 2005, we employed approximately 1,400 people, of which approximately 400 are covered by collective bargaining agreements. We believe that relations with employees are good.

AVAILABLE INFORMATION

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports, are available free of charge on our internet website at www.nationalbeverage.com as soon as reasonably practicable after such reports are electronically filed with the Securities and Exchange Commission.

Any person may obtain a copy of the Company's Code of Ethics by making a written request to the Corporate Secretary and mailing it to National Beverage Corp., One North University Drive, Fort Lauderdale, Florida 33324.

ITEM 2. PROPERTIES

Our principal properties include fourteen production facilities located in twelve states, which, in the aggregate, comprise approximately two million square feet. Twelve production facilities are owned

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and are located in the following states: Arizona, California (2), Georgia, Illinois, Kansas, Michigan (2), Ohio, Texas, Utah and Washington. Two production facilities, located in Maryland and Florida, are leased subject to agreements that expire through 2007. We believe our facilities are generally in good condition and sufficient to meet present needs. We periodically review the capabilities of our facilities and, on the basis of such review, may from time to time acquire additional facilities and/or dispose of existing facilities.

The production of beverages is capital intensive but is not characterized by rapid technological change. The technological advances that have occurred have generally been of an incremental cost-saving nature, such as the industry's conversion to lighter weight containers. We are not aware of any anticipated industry-wide changes in technology that would adversely impact our current physical production capacity or cost of production.

We own and lease delivery trucks, other trucks, vans and automobiles used in the sale and distribution of our products. In addition, we lease office space, transportation equipment, office equipment, data processing equipment and certain plant equipment.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are a party to various litigation matters arising in the ordinary course of business. In our opinion, the ultimate disposition of such matters will not have a material adverse effect on our consolidated financial position or results of operations. See Note 11 of Notes to Consolidated Financial Statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were voted upon during the fourth quarter of fiscal 2005.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of National Beverage Corp., par value \$.01 per share, ("the Common Stock") is listed on the American Stock Exchange ("AMEX") under the symbol "FIZ". The following table shows the range of high and low sale prices per share of the Common Stock as reported by the AMEX for the fiscal quarters indicated:

	Fiscal 2005		Fiscal 2004	
	High	Low	High	Low
First Quarter	\$10.29	\$7.50	\$ 7.70	\$6.75
Second Quarter	\$ 9.30	\$7.74	\$ 7.69	\$6.98
Third Quarter	\$ 9.89	\$8.06	\$ 8.37	\$7.43
Fourth Quarter	\$ 9.20	\$7.00	\$11.60	\$8.05

Excluding beneficial owners of our Common Stock whose securities are held in the names of various dealers and/or clearing agencies, there were approximately 800 shareholders of record at July 15, 2005, according to records maintained by our transfer agent.

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On April 30, 2004, the Company paid a special “one-time” cash dividend of \$1.00 per share. Currently, the Board of Directors has no plans to declare additional cash dividends. See Note 5 of Notes to Consolidated Financial Statements for certain restrictions on the payment of dividends.

ITEM 6. SELECTED FINANCIAL DATA**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**

(In thousands, except per share amounts)

	Fiscal Year Ended				
	April 30, 2005	May 1, 2004	May 3, 2003(3)	April 27, 2002	April 28, 2001
STATEMENT OF INCOME DATA:					
Net sales	\$495,572	\$512,061	\$500,430	\$502,778	\$480,415
Cost of sales	340,206	343,316	335,457	339,041	323,743
Gross profit	155,366	168,745	164,973	163,737	156,672
Selling, general and administrative expenses	130,037	139,058	136,902	136,925	131,852
Interest expense	106	132	316	857	2,110
Other income — net	1,199	544	706	867	1,506
Income before income taxes	26,422	30,099	28,461	26,822	24,216
Provision for income taxes	9,536	11,408	10,872	10,270	9,236
Net income	\$ 16,886	\$ 18,691	\$ 17,589	\$ 16,552	\$ 14,980
Net income per share (2):					
Basic	\$.45	\$.51	\$.48	\$.45	\$.41
Diluted	.44	.49	.46	.44	.40
BALANCE SHEET DATA:					
Working capital	\$ 81,962	\$ 64,967	\$ 79,785	\$ 70,164	\$ 62,444
Property — net	62,879	59,535	60,432	60,658	62,215
Total assets	224,587	205,378	218,195	205,685	203,868
Long-term debt	—	—	300	10,981	24,136
Deferred income taxes — net	15,958	14,930	14,843	12,072	10,208
Shareholders' equity (1)	143,296	125,376	143,292	125,677	108,488
Cash dividends per share (1)	\$ —	\$ 1.00	\$ —	\$ —	\$ —

(1) In April 2004, the Company paid a special “one-time” cash dividend of \$1.00 per share, aggregating \$38.4 million.

(2) Basic net income per share is computed by dividing earnings applicable to common shares by the weighted average number of shares outstanding. Diluted net income per share includes the dilutive effect of stock options. Share amounts have been adjusted for the 100% stock dividend distributed on March 22, 2004.

(3) Fiscal 2003 consisted of 53 weeks.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

National Beverage Corp. develops, manufactures, markets and distributes a complete portfolio of quality beverage products throughout the United States. Incorporated in Delaware in 1985, National Beverage Corp. is a holding company for various operating subsidiaries. When used in this report, the terms "we," "us," "our," "Company" and "National Beverage" mean National Beverage Corp. and its subsidiaries.

Our lines of multi-flavored soft drinks, including those of our flagship brands, Shasta® and Faygo®, emphasize distinctive flavor variety. In addition, we offer an assortment of premium beverages geared to the health-conscious consumer, including Everfresh®, Home Juice®, and Mr. Pure® 100% juice and juice-based products; and LaCROIX®, Mt. Shasta™, Crystal Bay® and ClearFruit® flavored and spring water products. We also produce specialty products, including Rip It™, an energy drink geared toward young consumers, Ohana® fruit-flavored drinks and St. Nick's® holiday soft drinks. Substantially all of our brands are produced in 14 manufacturing facilities that are strategically located in major metropolitan markets throughout the continental United States. To a lesser extent, we develop and produce soft drinks for retail grocery chains, warehouse clubs, mass-merchandisers and wholesalers ("allied brands") as well as soft drinks for other beverage companies.

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 new packaging and broader demographic emphasis; by developing and acquiring innovative products tailored toward healthy lifestyles; and by appealing to the "quality-price" expectations of the family 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.

Over the last several years, we have focused on increasing penetration of our brands in the convenience channel through Company-owned and independent distributors. The convenience channel is composed of convenience stores, gas stations and other smaller "up-and-down-the-street" accounts. Because of the higher retail prices and margins that typically prevail, we have undertaken specific measures to expand distribution in this channel. These include development of products specifically targeted to this market, such as ClearFruit, Everfresh, Mr. Pure, Crystal Bay, and Rip It. Additionally, we have created proprietary and specialized packaging for these products with distinctive graphics. We intend to continue our focus on enhancing growth in the convenience channel through both specialized packaging and innovative product development.

Beverage industry sales are seasonal with the highest volume typically realized during the summer months. Additionally, our operating results are subject to numerous factors, including fluctuations in the costs of raw materials, changes in consumer preference for beverage products and competitive pricing in the marketplace.

RESULTS OF OPERATIONS

Net Sales

During fiscal 2005, we initiated a series of price increases to offset unprecedented raw material cost increases, especially in the latter part of the year as sustained increases in fuel and resin continued to rise to historical new highs. Price increases tend to have an adverse effect on case volume and the industry generally experienced reduced case volume, especially for carbonated soft drinks. As a result, our branded case volume was relatively flat for the year while net pricing was up slightly, due to higher selling prices and a change in product mix. This product mix change included increased sales of our alternative beverages as obesity and other health issues caused consumers to consume less carbonated soft drinks. Also impacting sales was a nineteen percent (19%) volume decline in allied branded products related to a retailer's change in philosophy, which affected their sales and our earlier decision to eliminate certain lower margin business. Net sales included \$1.8 million received from a customer relative to the recovery of pricing and promotional allowances for product shipped in a previous year.

Net sales for fiscal 2004 increased approximately \$11.6 million, or 2.3%, to \$512.1 million. This sales growth was due primarily to increased volume of National Beverage's branded soft drinks and favorable changes in product mix. This improvement was partially offset by a decline in lower margin allied branded business.

Fiscal 2005 and fiscal 2004 consisted of 52 weeks while fiscal 2003 consisted of 53 weeks.

Gross Profit

Gross profit approximated 31.4% of net sales for fiscal 2005 and 33.0% for fiscal 2004. This decline was due to the effect of the sales decrease and higher cost of goods sold. Cost of goods sold per unit increased approximately 4%, primarily due to higher packaging and energy costs.

Gross profit, approximating 33.0% of net sales for both fiscal 2004 and 2003, increased \$3.8 million in fiscal 2004. An increase in higher margin business and a reduction in certain fixed manufacturing costs were partially offset by increases in certain raw material costs.

Shipping and handling costs are included in selling, general and administrative expenses, the classification of which is consistent with many beverage companies. However, our gross margin may not be comparable to companies that include shipping and handling costs in cost of sales. See Note 1 of Notes to Consolidated Financial Statements.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for fiscal 2005 were \$130.0 million or 26.2% of net sales compared to \$139.1 million or 27.2% of net sales for fiscal 2004. The decline in expenses was due primarily to lower selling and marketing costs of \$3.2 million and \$5.6 million, respectively, partially offset by higher energy costs.

Selling, general and administrative expenses for fiscal 2004 were \$139.1 million or 27.2% of net sales compared to \$136.9 million or 27.4% of net sales for fiscal 2003. Due to the effect of higher volume, selling, general and administrative expenses as a percent of sales marginally declined, partially offset by higher marketing costs related to new product introductions.

Interest Expense and Other Income-Net

Interest expense decreased \$26,000 in fiscal 2005 and \$184,000 in fiscal 2004 as a result of a decline in outstanding debt. Other income includes interest income of \$581,000 for fiscal 2005, \$603,000 for fiscal 2004, and \$816,000 for fiscal 2003. The decrease in interest income for fiscal

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2005 is primarily due to a decline in average investments outstanding, while the decline in fiscal 2004 is related to a reduction in investment yields. In addition, other income for fiscal 2005 includes a gain of \$633,000 related to a contract settlement with a customer.

Income Taxes

Our effective tax rate was approximately 36.1% for fiscal 2005, 37.9% for fiscal 2004, and 38.2% for fiscal 2003. The difference between the effective rate and the federal statutory rate of 35% was primarily due to the effects of state income taxes, nondeductible expenses, and nontaxable interest income. See Note 8 of Notes to Consolidated Financial Statements.

LIQUIDITY AND FINANCIAL CONDITION

Capital Resources

Our current sources of capital are cash flow from operations and borrowings under existing credit facilities. The Company maintains unsecured revolving credit facilities aggregating \$45 million of which approximately \$42 million was available for future borrowings at April 30, 2005. We believe that existing capital resources are sufficient to meet our capital requirements and those of the parent company for the foreseeable future.

Cash Flows

During fiscal 2005, cash of \$32.9 million was generated from operating activities, which was partially offset by \$3.9 million used for investing activities. Cash provided by operating activities for fiscal 2005 increased \$11.6 million due to an increase in non-cash charges and favorable changes in working capital requirements. Cash used in investing activities increased \$3.8 million primarily due to increased capital expenditures to enhance packaging capabilities and improve manufacturing efficiencies. Cash provided by financing activities of \$146,000 was comprised of proceeds from stock options exercised.

During fiscal 2004, cash of \$21.3 million was generated from operating activities, which was offset by \$39.2 million used for financing activities. Cash provided by operating activities for fiscal 2004 decreased \$14.7 million due to an increase in working capital requirements. Cash used in investing activities declined \$25.6 million due to changes in net marketable securities sold. Cash used in financing activities increased \$29.5 million due to cash dividends paid in April 2004, which was partially offset by a reduction in net debt repayments.

Financial Position

During fiscal 2005, our working capital increased \$17.0 million to \$82.0 million from \$65.0 million, primarily due to an increase in cash balances generated from operating activities. Trade receivables decreased \$2.6 million due primarily to lower sales. Prepaid and other assets declined \$684,000 due to lower income tax refund receivables. At April 30, 2005, the current ratio was 2.4 to 1 compared to 2.1 to 1 for the prior year.

During fiscal 2004, our working capital decreased \$14.8 million to \$65.0 million from \$79.8 million primarily due to the cash dividend payment. The increase in trade receivables is due to the effect of higher sales volume and change in terms with certain customers. The increase in prepaid and other assets is due to a reclassification from non-current assets and an increase in income tax refund receivables. At May 1, 2004, the current ratio was 2.1 to 1 compared to 2.4 to 1 for the prior year.

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Liquidity

We continually evaluate capital projects designed to expand capacity and improve efficiency at our manufacturing facilities. In fiscal 2005, we incurred increased capital expenditures to enhance packaging capabilities and improve manufacturing efficiencies. Such programs are expected to continue in fiscal 2006; however, capital expenditures in fiscal 2006 should not exceed fiscal 2005 amounts.

In January 1998, the Board of Directors authorized the purchase of up to 800,000 shares of National Beverage common stock. In fiscal 2004 and 2003, we purchased 18,000 shares and 18,250 shares, respectively, and aggregate shares purchased since January 1998 were 502,060. There were no shares purchased in fiscal 2005.

Pursuant to a management agreement, we incurred a fee to Corporate Management Advisors, Inc. ("CMA") of approximately \$5.0 million for fiscal 2005, \$5.1 million for fiscal 2004, and \$5.0 million for fiscal 2003. At April 30, 2005, we owed \$1.2 million to CMA for unpaid fees. See Note 6 of Notes to Consolidated Financial Statements.

CONTRACTUAL OBLIGATIONS

Long-term contractual obligations at April 30, 2005 are payable as follows:

	Total	2006	(In thousands) 2007- 2008	2009- 2010	Thereafter
Operating leases	\$10,730	\$ 4,866	\$ 4,328	\$1,311	\$ 225
Purchase commitments	50,021	22,723	27,298	—	—
Total	<u>\$60,751</u>	<u>\$27,589</u>	<u>\$31,626</u>	<u>\$1,311</u>	<u>\$ 225</u>

The Company contributes to certain pension plans under collective bargaining agreements based on hours worked and to a discretionary profit sharing plan, neither of which have any long-term contractual funding requirements. Contributions were \$2.3 million for fiscal 2005, \$2.2 million for fiscal 2004, and \$2.2 million for fiscal 2003.

We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Other long-term liabilities include known claims and estimated incurred, but not reported, claims not otherwise covered by insurance, based on actuarial assumptions and historical claims experience. Since the timing and amount of claims settlement varies significantly, we are not able to reasonably estimate future payments for the periods indicated.

We have standby letters of credit aggregating \$3 million related to our self-insurance programs, which expire in fiscal 2006. We expect to renew these standby letters of credit until they are no longer required.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. We believe that the critical accounting policies described in the following paragraphs affect the most significant estimates and assumptions used in the preparation of our consolidated financial statements. For these policies, we caution that future events rarely develop exactly as estimated, and the best estimates routinely require adjustment.

Credit Risk

We sell products to a variety of customers and extend credit based on an evaluation of each customer's financial condition, generally without requiring collateral. Exposure to losses on receivables varies by customer principally due to the financial condition of each customer. We monitor our exposure to credit losses and maintain allowances for anticipated losses based on specific customer circumstances, credit conditions, and historical write-offs and collections.

Impairment of Long-Lived Assets

All long-lived assets, excluding goodwill and intangible assets not subject to amortization, are evaluated for impairment on the basis of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its estimated fair market value based on the best information available. Estimated fair market value is generally measured by discounting future cash flows. Goodwill and intangible assets not subject to amortization are evaluated for impairment annually or sooner in accordance with SFAS No. 142. An impairment loss is recognized if the carrying amount, or for goodwill, the carrying amount of its reporting unit, is greater than its fair value.

Income Taxes

Our effective income tax rate and the tax bases of assets and liabilities are based on estimates of taxes which will ultimately be payable. Deferred taxes are recorded to give recognition to temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. Valuation allowances are established when it is deemed, more likely than not, that the benefit of deferred tax assets will not be realized.

Insurance Programs

We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Accordingly, we accrue for known claims and estimated incurred but not reported claims not otherwise covered by insurance, based on actuarial assumptions and historical claims experience.

Sales Incentives

We offer various sales incentive arrangements to our customers, which require customer performance or achievement of certain sales volume targets. In those circumstances when the incentive is paid in advance, we amortize the amount paid over the period of benefit or contractual sales volume. When the incentive is paid in arrears, we accrue the expected amount to be paid over the period of benefit or expected sales volume. The recognition of expense for these incentives involves the use of judgment related to performance and sales volume estimates that are made based

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on historical experience and other factors. Sales incentives are accounted for as a reduction of revenues and actual amounts may vary from reported amounts.

FORWARD-LOOKING STATEMENTS

National Beverage and its representatives may from time to time make written or oral statements relating to future events or results relative to our financial, operational and business performance, achievements, objectives and strategies. These statements are “forward-looking” within the meaning of the Private Securities Litigation Reform Act of 1995, and include statements contained in this report and other filings with the Securities and Exchange Commission and in reports to our stockholders. Certain statements including, without limitation, statements containing the words “believes,” “anticipates,” “intends,” “expects,” and “estimates” constitute “forward-looking statements” and involve known and unknown risk, uncertainties and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the following: general economic and business conditions; pricing of competitive products; success in acquiring other beverage businesses; success of new product and flavor introductions; fluctuations in the costs of raw materials and the ability to pass along any cost increases to our customers; our ability to increase prices for our products; labor strikes or work stoppages or other interruptions or difficulties in the employment of labor; continued retailer support for our products; changes in consumer preferences and our success in creating products geared toward consumers’ tastes; success of implementing business strategies; changes in business strategy or development plans; government regulations; unseasonally cold or wet weather conditions; and other factors referenced in this Form 10-K. We disclaim an obligation to update any such factors or to publicly announce the results of any revisions to any forward-looking statements contained herein to reflect future events or developments.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodities

We purchase various raw materials, including aluminum cans, plastic bottles, high fructose corn syrup, and various juice concentrates, the prices of which fluctuate based on commodity market conditions. Our ability to recover increased costs through higher pricing may be limited by the competitive environment in which we operate.

Interest Rates

We had no outstanding debt or debt related interest rate exposure during fiscal 2005.

Our investment portfolio is comprised of highly liquid securities consisting primarily of short-term money market instruments and auction rate securities, the yields of which fluctuate based largely on short-term Treasury rates. If the yield of these instruments had changed by 100 basis points (1%), interest income for fiscal 2005 would have changed by approximately \$300,000.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****AS OF APRIL 30, 2005 AND MAY 1, 2004**

(In thousands, except share amounts)

	2005	2004
Assets		
Current assets:		
Cash and equivalents	\$ 54,557	\$ 25,365
Marketable securities	—	9,000
Trade receivables — net of allowances of \$585 (2005) and \$608 (2004)	46,135	48,776
Inventories	29,738	29,754
Deferred income taxes — net	1,759	1,622
Prepaid and other assets	<u>7,657</u>	<u>8,341</u>
Total current assets	139,846	122,858
Property — net	62,879	59,535
Goodwill	13,145	13,145
Intangible assets — net	1,939	1,948
Other assets	<u>6,778</u>	<u>7,892</u>
	<u>\$224,587</u>	<u>\$205,378</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 38,012	\$ 37,138
Accrued liabilities	18,290	18,801
Income taxes payable	<u>1,582</u>	<u>1,952</u>
Total current liabilities	57,884	57,891
Deferred income taxes — net	15,958	14,930
Other liabilities	7,449	7,181
Shareholders' equity:		
Preferred stock, 7% cumulative, \$1 par value, aggregate liquidation preference of \$15,000 - 1,000,000 shares authorized; 150,000 shares issued; no shares outstanding	150	150
Common stock, \$.01 par value — authorized 50,000,000 shares; issued 41,018,960 shares (2005) and 40,894,440 shares (2004); outstanding 36,986,176 shares (2005) and 36,861,656 shares (2004)	410	409
Additional paid-in capital	19,679	18,646
Retained earnings	141,057	124,171
Treasury stock — at cost:		
Preferred stock - 150,000 shares	(5,100)	(5,100)
Common stock - 4,032,784 shares	<u>(12,900)</u>	<u>(12,900)</u>
Total shareholders' equity	<u>143,296</u>	<u>125,376</u>
	<u>\$224,587</u>	<u>\$205,378</u>

See accompanying Notes to Consolidated Financial Statements.

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NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE FISCAL YEARS ENDED APRIL 30, 2005, MAY 1, 2004 AND MAY 3, 2003
(In thousands, except per share amounts)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net sales	\$495,572	\$512,061	\$500,430
Cost of sales	<u>340,206</u>	<u>343,316</u>	<u>335,457</u>
Gross profit	155,366	168,745	164,973
Selling, general and administrative expenses	130,037	139,058	136,902
Interest expense	106	132	316
Other income — net	<u>1,199</u>	<u>544</u>	<u>706</u>
Income before income taxes	26,422	30,099	28,461
Provision for income taxes	<u>9,536</u>	<u>11,408</u>	<u>10,872</u>
Net income	<u>\$ 16,886</u>	<u>\$ 18,691</u>	<u>\$ 17,589</u>
Net income per share —			
Basic	<u>\$.45</u>	<u>\$.51</u>	<u>\$.48</u>
Diluted	<u>\$.44</u>	<u>\$.49</u>	<u>\$.46</u>
Average common shares outstanding —			
Basic	<u>37,579</u>	<u>36,937</u>	<u>36,800</u>
Diluted	<u>38,254</u>	<u>38,166</u>	<u>38,120</u>

See accompanying Notes to Consolidated Financial Statements.

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NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE FISCAL YEARS ENDED APRIL 30, 2005, MAY 1, 2004 AND MAY 3, 2003
(In thousands, except share amounts)

	2005		2004		2003	
	Shares	Amount	Shares	Amount	Shares	Amount
Preferred Stock						
Beginning and end of year	<u>150,000</u>	<u>\$ 150</u>	<u>150,000</u>	<u>\$ 150</u>	<u>150,000</u>	<u>\$ 150</u>
Common Stock						
Beginning of year	40,894,440	409	22,250,202	223	22,209,312	222
Stock options exercised	124,520	1	338,510	3	40,890	1
100% stock dividend	—	—	18,305,728	183	—	—
End of year	<u>41,018,960</u>	<u>410</u>	<u>40,894,440</u>	<u>409</u>	<u>22,250,202</u>	<u>223</u>
Additional Paid-In Capital						
Beginning of year		18,646		16,818		16,526
Stock options exercised		506		2,011		292
Other		527		(183)		—
End of year		<u>19,679</u>		<u>18,646</u>		<u>16,818</u>
Retained Earnings						
Beginning of year		124,171		143,846		126,257
Net income		16,886		18,691		17,589
Cash dividends paid		—		(38,366)		—
End of year		<u>141,057</u>		<u>124,171</u>		<u>143,846</u>
Treasury Stock-Preferred						
Beginning and end of year	<u>150,000</u>	<u>(5,100)</u>	<u>150,000</u>	<u>(5,100)</u>	<u>150,000</u>	<u>(5,100)</u>
Treasury Stock-Common						
Beginning of year	4,032,784	(12,900)	4,014,784	(12,645)	3,996,534	(12,378)
Purchase of stock	—	—	18,000	(255)	18,250	(267)
End of year	<u>4,032,784</u>	<u>(12,900)</u>	<u>4,032,784</u>	<u>(12,900)</u>	<u>4,014,784</u>	<u>(12,645)</u>
Total Shareholders' Equity		<u>\$143,296</u>		<u>\$125,376</u>		<u>\$143,292</u>

See accompanying Notes to Consolidated Financial Statements.

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NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED APRIL 30, 2005, MAY 1, 2004 AND MAY 3, 2003
(In thousands)

	2005	2004	2003
Operating Activities:			
Net income	\$ 16,886	\$ 18,691	\$ 17,589
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	12,464	11,394	11,319
Deferred income tax provision	891	143	2,709
Loss on sale of assets	15	59	110
Changes in assets and liabilities:			
Trade receivables	2,641	(7,745)	1,924
Inventories	16	(1,059)	2,345
Prepaid and other assets	(1,165)	(7,784)	(1,834)
Accounts payable	874	2,169	4,150
Accrued and other liabilities, net	275	5,453	(2,324)
Net cash provided by operating activities	<u>32,897</u>	<u>21,321</u>	<u>35,988</u>
Investing Activities:			
Marketable securities purchased	(233,900)	(205,700)	(58,000)
Marketable securities sold	242,900	213,700	41,000
Property additions	(13,003)	(8,696)	(8,936)
Proceeds from sale of assets	152	623	312
Net cash used in investing activities	<u>(3,851)</u>	<u>(73)</u>	<u>(25,624)</u>
Financing Activities:			
Debt repayments	—	(1,450)	(9,531)
Common stock cash dividend	—	(38,366)	—
Purchase of common stock	—	(255)	(267)
Proceeds from stock options exercised	146	854	122
Net cash provided by (used in) financing activities	<u>146</u>	<u>(39,217)</u>	<u>(9,676)</u>
Net Increase (Decrease) in Cash and Equivalents	29,192	(17,969)	688
Cash and Equivalents — Beginning of Year	<u>25,365</u>	<u>43,334</u>	<u>42,646</u>
Cash and Equivalents — End of Year	<u>\$ 54,557</u>	<u>\$ 25,365</u>	<u>\$ 43,334</u>
Other Cash Flow Information:			
Interest paid	\$ 106	\$ 133	\$ 336
Income taxes paid	6,910	11,049	7,863

See accompanying Notes to Consolidated Financial Statements.

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

National Beverage Corp. develops, manufactures, markets and distributes a complete portfolio of multi-flavored soft drinks, juice drinks, water and specialty beverages throughout the United States. Incorporated in Delaware in 1985, National Beverage Corp. is a holding company for various operating subsidiaries. When used in this report, the terms “we,” “us,” “our,” “Company” and “National Beverage” mean National Beverage Corp. and its subsidiaries.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of the Company and all subsidiaries. All significant intercompany balances have been eliminated. Our fiscal year ends the Saturday closest to April 30th and, as a result, a 53rd week is added every five or six years. Fiscal 2005 and fiscal 2004 consist of 52 weeks while fiscal 2003 consists of 53 weeks.

Cash and Equivalents

Cash and equivalents are comprised of cash and highly liquid securities (consisting primarily of short-term money-market investments) with an original maturity or redemption option of three months or less.

Changes in Accounting Standards

Management has reviewed the current changes in accounting standards and does not expect any of these changes to have a material impact on the Company.

Credit Risk

We sell products to a variety of customers and extend credit based on an evaluation of each customer’s financial condition, generally without requiring collateral. Exposure to losses on receivables varies by customer principally due to the financial condition of each customer. We monitor our exposure to credit losses and maintain allowances for anticipated losses based on specific customer circumstances, credit conditions, and historical write-offs and collections. At April 30, 2005 and May 1, 2004, we did not have any customer that comprised more than 10% of trade receivables. No one customer accounted for more than 10% of net sales during any of the last three fiscal years.

Fair Value of Financial Instruments

The fair values of financial instruments are estimated based on market rates. The carrying amounts of financial instruments reflected in the balance sheets approximate their fair values.

Impairment of Long-Lived Assets

All long-lived assets, excluding goodwill and intangible assets not subject to amortization, are evaluated for impairment on the basis of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its estimated fair market value based on the best information available. Estimated fair market value is generally measured by discounting future cash flows. Goodwill and intangible assets not subject to amortization are evaluated for impairment annually or sooner in accordance with SFAS No. 142. An impairment loss is recognized if the carrying amount, or for goodwill, the carrying amount of its reporting unit, is greater than its fair value.

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Income Taxes

Our effective income tax rate and the tax bases of assets and liabilities are based on estimates of taxes which will ultimately be payable. Deferred taxes are recorded to give recognition to temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. Valuation allowances are established when it is deemed, more likely than not, that the benefit of deferred tax assets will not be realized.

Insurance Programs

We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Accordingly, we accrue for known claims and estimated incurred but not reported claims not otherwise covered by insurance, based on actuarial assumptions and historical claims experience.

Inventories

Inventories are stated at the lower of first-in, first-out cost or market. Inventories at April 30, 2005 are comprised of finished goods of \$17,411,000 and raw materials of \$12,327,000. Inventories at May 1, 2004 are comprised of finished goods of \$16,349,000 and raw materials of \$13,405,000.

Marketing Costs

We are involved in a variety of marketing programs, including cooperative advertising programs with customers, which advertise and promote our products to consumers. Marketing costs are expensed when incurred, except for prepaid advertising and production costs of future media advertising. Marketing costs, which are included in selling, general and administrative expenses, were \$35.6 million in fiscal 2005, \$41.2 million in fiscal 2004, and \$39.4 million in fiscal 2003.

Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding. Included in average common shares outstanding are shares of common stock that option holders have elected to defer physical delivery following the exercise of stock options. Diluted net income per share also includes the dilutive effect of stock options, which amounted to 675,000 shares (2005), 1,229,000 shares (2004), and 1,320,000 shares (2003).

Property

Property is recorded at cost. Property additions, replacements and betterments are capitalized, while maintenance and repairs that do not extend the useful life of an asset are expensed as incurred. Depreciation is recorded using the straight-line method over estimated useful lives of 7 to 30 years for buildings and improvements, and 3 to 15 years for machinery and equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement. When assets are retired or otherwise disposed, the cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized.

Reclassifications

Reclassifications have been made to prior year amounts to conform to the current year presentation, including reclassifying \$9 million of auction rate securities from their previously reported classification as cash equivalents to marketable securities at May 1, 2004. We have also made corresponding reclassifications to our Consolidated Statements of Cash Flows for fiscal 2004 and 2003 to reflect the gross purchases and sales of these securities as investing activities rather than as a component of cash and equivalents.

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Revenue Recognition

Revenue from product sales is recognized when title and risk of loss passes to the customer, which generally occurs upon delivery.

Sales Incentives

We offer various sales incentive arrangements to our customers, which require customer performance or achievement of certain sales volume targets. In those circumstances when the incentive is paid in advance, we amortize the amount paid over the period of benefit or contractual sales volume. When the incentive is paid in arrears, we accrue the expected amount to be paid over the period of benefit or expected sales volume. The recognition of expense for these incentives involves the use of judgment related to performance and sales volume estimates that are made based on historical experience and other factors. Sales incentives are accounted for as a reduction of revenues and actual amounts may vary from reported amounts.

Segment Reporting

We operate as a single operating segment for purposes of presenting financial information and evaluating performance. As such, the accompanying consolidated financial statements present financial information in a format that is consistent with the internal financial information used by management.

Shipping and Handling Costs

Shipping and handling costs are reported in selling, general and administrative expenses in the accompanying statements of income. Such costs aggregated \$41.4 million in fiscal 2005, \$41.4 million in fiscal 2004, and \$40.6 million in fiscal 2003.

Stock-Based Compensation

We apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), and related interpretations, in accounting for stock-based awards to employees. Under APB 25, we generally recognize no compensation expense with respect to such awards unless the exercise price of options granted is less than the market price on the date of grant.

We apply Statement of Financial Accounting Standards No. 123, "Accounting and Disclosure of Stock-Based Compensation" ("SFAS 123") for awards granted to non-employees after December 15, 1994. The fair value of option grants was estimated using the Black-Scholes option-pricing model with the following assumptions: expected life of 10 years; volatility factor of 41% for fiscal 2005, 41% for 2004, and 42% for 2003; risk-free interest rates of approximately 5% for fiscal 2005, 4% for 2004, and 4% for 2003; and no dividend payments.

Had compensation cost for options granted to employees been recorded using the Black-Scholes option-pricing model, net income and basic and diluted earnings per share for each of the last three fiscal years would have been reduced on a pro forma basis by less than \$200,000 and \$.01 per share.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and anticipated future actions, actual results may vary from reported amounts.

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2. PROPERTY

Property as of April 30, 2005 and May 1, 2004 consisted of the following:

	(In thousands)	
	2005	2004
Land	\$ 10,187	\$ 10,187
Buildings and improvements	38,743	37,693
Machinery and equipment	119,850	108,989
Total	168,780	156,869
Less accumulated depreciation	(105,901)	(97,334)
Property — net	\$ 62,879	\$ 59,535

Depreciation expense was \$9,492,000 for fiscal 2005, \$8,911,000 for fiscal 2004, and \$8,740,000 for fiscal 2003.

3. INTANGIBLE ASSETS

Intangible assets as of April 30, 2005 and May 1, 2004 consisted of the following:

	(In thousands)	
	2005	2004
Nonamortizable trademarks	\$1,654	\$1,587
Amortizable distribution rights and other	882	882
Less accumulated amortization	(597)	(521)
Net	285	361
Total — net	\$1,939	\$1,948

Amortization expense related to intangible assets was \$83,000 for fiscal 2005, \$63,000 for fiscal 2004, and \$59,000 for fiscal 2003.

4. ACCRUED LIABILITIES

Accrued liabilities as of April 30, 2005 and May 1, 2004 consisted of the following:

	(In thousands)	
	2005	2004
Accrued compensation	\$ 5,383	\$ 5,539
Accrued promotions	4,971	5,490
Other accrued liabilities	7,936	7,772
Total	\$18,290	\$18,801

5. DEBT

A subsidiary of the Company maintains unsecured revolving credit facilities aggregating \$45 million (the “Credit Facilities”) with banks. The Credit Facilities expire through May 1, 2007 and bear interest at $\frac{1}{2}\%$ below the banks’ reference rate or $\frac{3}{4}\%$ above LIBOR, at the subsidiary’s election. At April 30, 2005, there was no outstanding debt under the Credit Facilities and approximately \$42 million was available for future borrowings.

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The Credit Facilities require the subsidiary to maintain certain financial ratios and contain other restrictions, none of which are expected to have a material impact on our operations or financial position. Significant financial ratios and restrictions include: fixed charge coverage; net worth ratio; and limitations on incurrence of debt. At April 30, 2005, we were in compliance with all loan covenants and approximately \$25 million of retained earnings were restricted from distribution.

6. CAPITAL STOCK AND TRANSACTIONS WITH RELATED PARTIES

On March 22, 2004, the Company distributed a 100% stock dividend to shareholders of record on March 8, 2004. As a result of the stock dividend, approximately \$183,000, representing the par value of the shares issued, was reclassified from additional paid-in capital to common stock. Average shares outstanding, stock option data and per share data presented in these financial statements have been adjusted retroactively for the effects of the stock dividend.

On April 30, 2004, the Company paid a special "one-time" cash dividend of \$1.00 per share to shareholders of record on March 26, 2004, including holders of deferred shares and vested stock options.

In January 1998, the Board of Directors authorized the purchase of up to 800,000 shares of National Beverage common stock. In fiscal 2004 and 2003, we purchased 18,000 shares and 18,250 shares, respectively, which are classified as treasury stock. There were no shares purchased in fiscal 2005. Aggregate shares purchased since January 1998 were 502,060.

National Beverage is a party to a management agreement with Corporate Management Advisors, Inc. ("CMA"), a corporation owned by the Company's Chairman and Chief Executive Officer. Under the agreement, the employees of CMA provide our Company with corporate finance, strategic planning, business development and other management services for an annual base fee equal to one percent of consolidated net sales plus incentive compensation based on certain factors to be determined by the Compensation Committee of our Company's Board of Directors. We incurred fees to CMA of \$5.0 million for fiscal 2005, \$5.1 million for fiscal 2004, and \$5.0 million for fiscal 2003. No incentive compensation has been incurred or approved under the management agreement since its inception. Included in accounts payable at April 30, 2005 and May 1, 2004 were amounts due CMA of \$1.2 million and \$1.3 million, respectively.

7. OTHER INCOME

Other income consisted of the following:

	2005	(In thousands) 2004	2003
Interest income	\$ 581	\$603	\$ 816
Loss on sale of assets, net	(15)	(59)	(110)
Gain on contract settlement	633	—	—
Total	<u>\$1,199</u>	<u>\$544</u>	<u>\$ 706</u>

[Table of Contents](#)**8. INCOME TAXES**

The provision for income taxes consisted of the following:

	2005	(In thousands) 2004	2003
Current	\$8,645	\$11,265	\$ 8,163
Deferred	891	143	2,709
Total	<u>\$9,536</u>	<u>\$11,408</u>	<u>\$10,872</u>

The reconciliation of the statutory federal income tax rate to our effective tax rate was as follows:

	2005	2004	2003
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	3.0	3.0	2.9
Other differences	(1.9)	(.1)	.3
Effective income tax rate	<u>36.1%</u>	<u>37.9%</u>	<u>38.2%</u>

Deferred taxes are recorded to give recognition to temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. Valuation allowances are established when it is deemed, more likely than not, that the benefit of deferred tax assets will not be realized. Our deferred tax assets and liabilities as of April 30, 2005 and May 1, 2004 consisted of the following:

	(In thousands) 2005	2004
Deferred tax assets:		
Accrued expenses and other	\$ 2,280	\$ 3074
Inventory and amortizable assets	279	388
Total deferred tax assets	2,559	3462
Deferred tax liabilities:		
Property	16,492	14,861
Intangibles and other	266	1,909
Total deferred tax liabilities	16,758	16,770
Net deferred tax liabilities	<u>\$14,199</u>	<u>\$13,308</u>
Current deferred tax assets — net	<u>\$ 1,759</u>	<u>\$ 1,622</u>
Noncurrent deferred tax liabilities — net	<u>\$15,958</u>	<u>\$14,930</u>

9. INCENTIVE AND RETIREMENT PLANS

The 1991 Omnibus Incentive Plan (the "Omnibus Plan") provides for compensatory awards consisting of (i) stock options or stock awards for up to 4,000,000 shares of common stock, (ii) stock appreciation rights, dividend equivalents, other stock-based awards in amounts up to 4,000,000 shares of common stock and (iii) performance awards consisting of any combination of the above. The Omnibus Plan is designed to provide an incentive to the officers (including those who are also directors) and certain other key employees and consultants of our Company by making available to them an opportunity to acquire a proprietary interest or to increase such interest in National Beverage. The number of shares or options which may be issued under stock-based awards to an individual is limited to 1,400,000 during any year. Awards may be granted for no cash

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consideration or such minimal cash consideration as may be required by law. Options generally vest over a five-year period and expire after ten years.

Pursuant to a Special Stock Option Plan, National Beverage has authorized the issuance of options to purchase up to an aggregate of 1,500,000 shares of common stock. Options may be granted for such consideration as determined by the Board of Directors. National Beverage also authorized the issuance of options to purchase up to 100,000 shares of common stock to be issued at the direction of the Chairman.

The Key Employee Equity Partnership Program (“KEEP Program”) provides for the granting of stock options to purchase up to 200,000 shares of common stock to key employees, consultants, directors and officers of the Company. Participants who purchase shares of stock in the open market receive grants of stock options equal to 50% of the number of shares purchased, up to a maximum of 12,000 shares in any two-year period. Options under the KEEP Program are automatically forfeited in the event of the sale of shares originally acquired by the participant. The options are granted at an initial exercise price of 60% of the purchase price paid for the shares acquired and reduces to the par value of the stock at the end of the six-year vesting period. The difference between the exercise price and the fair market value of the stock on date of grant is amortized over the vesting period.

The 1991 Stock Purchase Plan provides for the purchase of up to 1,280,000 shares of common stock by employees who (i) have been employed by our Company for at least two years, (ii) are not part-time employees and (iii) are not owners of five percent or more of National Beverage common stock. As of April 30, 2005, no shares have been issued under the plan.

The following is a summary of stock option activity:

	2005		(Shares in thousands) 2004		2003	
	Shares	(1) Price	Shares	(1) Price	Shares	(1) Price
Outstanding at beginning of year	1,033	\$2.82	1,869	\$2.17	1,993	\$2.30
Options granted	15	4.61	15	5.33	1	4.21
Options exercised	(56)	2.60	(748)	1.14	(82)	1.48
Options canceled	(16)	2.99	(103)	2.19	(43)	2.33
Outstanding at year-end	<u>976</u>	2.81	<u>1,033</u>	2.82	<u>1,869</u>	2.17
Exercisable at year-end	791	\$2.75	817	\$2.74	1,629	\$2.03
Available for grant at year-end	2,960		2,459		2,351	
Weighted average fair value of options granted		\$6.01		\$5.37		\$4.59

(1) Reflects weighted average exercise price except where noted.

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The following is a summary of stock options outstanding as of April 30, 2005:

Range of Exercise Price	(Shares in thousands)			Options Exercisable	
	Options Outstanding				
	Remaining Life (1)	Shares	Exercise Price (2)	Shares	Exercise Price (2)
\$.01—\$1.91	4 years	235	\$.92	212	\$.92
\$2.07—\$2.84	5 years	388	2.60	292	2.53
\$3.20—\$3.69	7 years	185	3.67	142	3.69
\$4.06—\$6.82	9 years	168	4.98	145	4.94
	7 years	<u>976</u>	2.81	<u>791</u>	2.75

(1) Reflects weighted average remaining contractual life.

(2) Reflects weighted average exercise price.

During fiscal 2005, 2004 and 2003, approximately \$361,000, \$1,160,000, and \$171,000, respectively, of accrued compensation and tax benefits related to stock options exercised was credited to additional paid-in capital. In addition, tax benefits related to cash dividends paid to holders of deferred shares and vested stock options aggregating \$527,000 was credited to additional paid-in capital in fiscal 2005.

The Company contributes to certain pension plans under collective bargaining agreements based on hours worked and to a discretionary profit sharing plan, neither of which have any long-term contractual funding requirements. Contributions were \$2.3 million for fiscal 2005, \$2.2 million for fiscal 2004, and \$2.2 million for fiscal 2003.

10. COMMITMENTS AND CONTINGENCIES

We lease buildings, machinery and equipment under various non-cancelable operating lease agreements expiring at various dates through 2012. Certain of these leases contain scheduled rent increases and/or renewal options. Contractual rent increases are taken into account when calculating the minimum lease payment and recognized on a straight-line basis over the lease term. Rent expense under operating lease agreements totaled approximately \$9,298,000 for fiscal 2005, \$8,828,000 for fiscal 2004, and \$8,934,000 for fiscal 2003.

Our minimum lease payments under non-cancelable operating leases as of April 30, 2005 are as follows:

	(In thousands)
Fiscal 2006	\$ 4,866
Fiscal 2007	2,720
Fiscal 2008	1,608
Fiscal 2009	1,024
Fiscal 2010	287
Thereafter	<u>225</u>
Total minimum lease payments	<u>\$10,730</u>

From time to time, we are a party to various litigation matters arising in the ordinary course of business. In our opinion, the ultimate disposition of such matters will not have a material adverse effect on our consolidated financial position or results of operations.

[Table of Contents](#)**11. SUBSEQUENT EVENTS**

In June 2005, we received approximately \$7.7 million from the settlement of our claim in a class action lawsuit known as “In re: High Fructose Corn Syrup Antitrust Litigation Master File No. 95-1477 in the United States District Court for the Central District of Illinois”. The lawsuit related to purchases of high fructose corn syrup made by the Company and others. The settlement amount was allocated to each class action recipient based on the proportion of its purchases to total purchases by all class action recipients. The proceeds less certain offsets and expenses will be recorded in our first quarter ended July 30, 2005. The amount received to date represents approximately 90% of the expected recovery and payment of the remaining balance is subject to final resolution of all claims.

12. QUARTERLY FINANCIAL DATA (UNAUDITED)

	(In thousands, except per share amounts)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2005				
Net sales	\$146,512	\$124,858	\$103,511	\$120,691
Gross profit	48,337	39,482	32,542	35,005
Net income	8,856	4,120	586	3,324
Net income per share — basic	\$.24	\$.11	\$.02	\$.09
Net income per share — diluted	\$.23	\$.11	\$.02	\$.09
Fiscal 2004				
Net sales	\$145,665	\$129,373	\$107,026	\$129,997
Gross profit	48,628	42,342	35,164	42,611
Net income	8,450	4,021	1,356	4,864
Net income per share — basic	\$.23	\$.11	\$.04	\$.13
Net income per share — diluted	\$.22	\$.11	\$.04	\$.13

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of National Beverage Corp.:

In our opinion, the consolidated financial statements listed in the accompanying index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of National Beverage Corp. and its subsidiaries at April 30, 2005 and May 1, 2004, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 2005, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Fort Lauderdale, Florida
July 29, 2005

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

National Beverage's Chief Executive Officer and Principal Financial Officer have concluded that disclosure controls and procedures are effective, based on their evaluation of these controls and procedures as of April 30, 2005. There has been no change in the Company's internal control over financial reporting during the year ended April 30, 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning directors and the nominees for director of National Beverage Corp. is included under the caption "Election of Directors", "Information as to Nominees and Other Directors", "Information Regarding Meetings and Committees of the Board" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's 2005 Proxy Statement and is incorporated herein by reference.

The following table sets forth certain information with respect to the officers of the Registrant as of April 30, 2005.

<u>Name</u>	<u>Age</u>	<u>Position with Company</u>
Nick A. Caporella (1)	69	Chairman of the Board and Chief Executive Officer
Joseph G. Caporella (2)	45	President
George R. Bracken (3)	60	Senior Vice President — Finance
Dean A. McCoy (4)	48	Senior Vice President and Chief Accounting Officer

- (1) Mr. Nick A. Caporella has served as Chairman of the Board, Chief Executive Officer, and Director since the Company's inception in 1985. Also, he serves as Chairman of the Nominating Committee. Since January 1, 1992, Mr. Caporella's services have been provided to the Company by Corporate Management Advisors, Inc., a company which he owns.
- (2) Mr. Joseph G. Caporella has served as President since September 2002 and, prior to that, as Executive Vice President and Secretary since January 1991. Also, he has served as a Director since January 1987. Joseph G. Caporella is the son of Nick A. Caporella.
- (3) Mr. George R. Bracken was named Senior Vice President — Finance in October 2000 and, prior to that date, served as Vice President and Treasurer since October 1996.

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- (4) Mr. Dean A. McCoy was named Senior Vice President and Chief Accounting Officer in October 2003 and, prior to that date, served as Senior Vice President — Controller since October 2000. Prior to October 2000, he served as Vice President — Controller since July 1993.

All officers serve until their successors are chosen and may be removed at any time by the Board of Directors. Officers are normally elected each year at the first meeting of the Board of Directors after the annual meeting of shareholders.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is included under the captions “Executive Compensation and Other Information”, “Compensation Committee Interlocks and Insider Participation”, “Compensation Committee Report” and “Performance Graph” in the Company’s 2005 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning security ownership of certain beneficial owners and management and related stockholder matters is included under the captions “Security Ownership” and “Equity Compensation Plan Information” in the Company’s 2005 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions is included under the caption “Certain Relationships and Related Party Transactions” in the Company’s 2005 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning principal accountant fees and services is included under the caption “Independent Auditors’ Fees” in the Company’s 2005 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

- (a) The following documents are filed as part of this report:

	Page
1. Financial Statements	
Consolidated Balance Sheets	15
Consolidated Statements of Income	16
Consolidated Statements of Shareholders’ Equity	17
Consolidated Statements of Cash Flows	18
Notes to Consolidated Financial Statements	19
Report of Independent Registered Certified Public Accounting Firm	28

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	Page
2. Financial Statement Schedules	
Schedule II — Valuation and Qualifying Accounts	34
Schedules other than those listed above have been omitted since they are either not applicable, not required or the information is included elsewhere herein.	
3. Exhibits	
See Exhibit Index which follows.	
(b) Reports on Form 8-K	
On March 16, 2005, the Company filed a Form 8-K Current Report regarding a press release issued March 16, 2005, announcing the Company's earnings for the fiscal quarter ended January 29, 2005.	
(c) Exhibits	
See Item 15(a)3.	
(d) Financial Statement Schedules	
See Item 15(a)2.	

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Restated Certificate of Incorporation (1)
3.2	Amended and Restated By-Laws (1)
10.1	Management Agreement between the Company and Corporate Management Advisors, Inc. (2)
10.2	National Beverage Corp. Investment and Profit Sharing Plan (1)
10.3	National Beverage Corp. 1991 Omnibus Incentive Plan (2)
10.4	National Beverage Corp. 1991 Stock Purchase Plan (2)
10.5	Credit Agreement, dated as of September 23, 1993, between NewBevCo, Inc. and the lender therein (3)
10.6	First Amendment to Credit Agreement, dated November 10, 1994, between NewBevCo and lender therein (4)
10.7	Second Amendment to Credit Agreement, dated November 21, 1995, between NewBevCo and lender therein (5)
10.8	Third Amendment to Credit Agreement, dated February 29, 1996, between NewBevCo and lender therein (6)
10.9	Fourth Amendment to Credit Agreement, dated April 24, 1996, between NewBevCo and lender therein (6)
10.10	Fifth Amendment to Credit Agreement, dated November 14, 1996, between NewBevCo and lender therein (7)
10.11	Amendment No. 1 to the National Beverage Corp. Omnibus Incentive Plan (6)
10.12	Special Stock Option Plan (8)
10.13	Amendment No. 2 to the National Beverage Corp. Omnibus Incentive Plan (9)
10.14	Key Employee Equity Partnership Program (9)
10.15	Amended and Restated Credit Agreement, dated December 10, 1998, between NewBevCo and lender therein (10)
10.16	Tenth Amendment to Credit Agreement, dated April 26, 2002, between NewBevCo and lender therein (11)

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<u>Exhibit No.</u>	<u>Description</u>
10.17	Amendment No. 4 to Amended and Restated Credit Agreement, dated April 26, 2002, between NewBevCo and lender therein (11)
21.1	Subsidiaries of Registrant (12)
23.1	Consent of Independent Registered Certified Public Accounting Firm (12)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (12)
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (12)
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (12)
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (12)

-
- (1) Previously filed with the Securities and Exchange Commission as an exhibit to the Form S-1 Registration Statement (File No. 33-38986) on February 19, 1991 and is incorporated herein by reference.
 - (2) Previously filed with the Securities and Exchange Commission as an exhibit to Amendment No. 1 to Form S-1 Registration Statement (File No. 33-38986) on July 26, 1991 and is incorporated herein by reference.
 - (3) Previously filed with the Securities and Exchange Commission as an exhibit to Quarterly Report on Form 10-Q for the fiscal period ended October 30, 1993 and is incorporated herein by reference.
 - (4) Previously filed with the Securities and Exchange Commission as an exhibit to Quarterly Report on Form 10-Q for the fiscal period ended October 29, 1994 and is incorporated herein by reference.
 - (5) Previously filed with the Securities and Exchange Commission as an exhibit to Quarterly Report on Form 10-Q for the fiscal period ended January 27, 1996 and is incorporated herein by reference.
 - (6) Previously filed with the Securities and Exchange Commission as an exhibit to Annual Report on Form 10-K for the fiscal year ended April 27, 1996 and is incorporated herein by reference.
 - (7) Previously filed with the Securities and Exchange Commission as an exhibit to Quarterly Report on Form 10-Q for the fiscal period ended January 25, 1997 and is incorporated herein by reference.
 - (8) Previously filed with the Securities and Exchange Commission as an exhibit to Registration Statement on Form S-8 (File No. 33-95308) on August 1, 1995 and is incorporated herein by reference.
 - (9) Previously filed with the Securities and Exchange Commission as an exhibit to Annual Report on Form 10-K for the fiscal year ended May 3, 1997 and is incorporated herein by reference.
 - (10) Previously filed with the Securities and Exchange Commission as an exhibit to Annual Report on Form 10-K for the fiscal year ended May 1, 1999 and is incorporated herein by reference.
 - (11) Previously filed with the Securities and Exchange Commission as an exhibit to Annual Report on Form 10-K for the fiscal year ended April 27, 2002 and is incorporated herein by reference.
 - (12) Filed herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

National Beverage Corp.
(Registrant)

/s/ Dean A. McCoy

Dean A. McCoy
Senior Vice President and
Chief Accounting Officer
Date: July 29, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Nick A. Caporella

Nick A. Caporella
Chairman of the Board and
Chief Executive Officer
Date: July 29, 2005

/s/ Samuel C. Hathorn, Jr.

Samuel C. Hathorn, Jr.
Director
Date: July 29, 2005

/s/ Joseph G. Caporella

Joseph G. Caporella
President and Director
Date: July 29, 2005

/s/ S. Lee Kling

S. Lee Kling
Director
Date: July 29, 2005

/s/ George R. Bracken

George R. Bracken
Senior Vice President — Finance
(Principal Financial Officer)
Date: July 29, 2005

/s/ Joseph P. Klock, Jr.

Joseph P. Klock, Jr.
Director
Date: July 29, 2005

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Schedule II

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
FOR THE FISCAL YEARS ENDED APRIL 30, 2005, MAY 1, 2004 AND MAY 3, 2003**
(In thousands)

Description	Balance at Beginning of Year	Charged (Credited) to Expenses	Net (Charge-Offs) Recoveries	Balance at End of Year
Year Ended April 30, 2005:				
Allowance for doubtful trade receivables	<u>\$ 608</u>	<u>\$ 271</u>	<u>\$ (294)</u>	<u>\$ 585</u>
Year Ended May 1, 2004:				
Allowance for doubtful trade receivables	<u>\$ 562</u>	<u>\$ (660)</u>	<u>\$ 706</u>	<u>\$ 608</u>
Year Ended May 3, 2003:				
Allowance for doubtful trade receivables	<u>\$ 593</u>	<u>\$ 63</u>	<u>\$ (94)</u>	<u>\$ 562</u>

Exhibit 21.1**SUBSIDIARIES OF REGISTRANT**

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Percentage of Voting Stock Owned</u>
BevCo Sales, Inc.	Delaware	100%
Beverage Corporation International, Inc.	Delaware	100%
Big Shot Beverages, Inc.	Delaware	100%
Everfresh Beverages, Inc.	Delaware	100%
Faygo Beverages, Inc.	Michigan	100%
Home Juice Corp.	Delaware	100%
National Beverage Vending Company	Delaware	100%
National Retail Brands, Inc.	Delaware	100%
NewBevCo, Inc.	Delaware	100%
PACO, Inc.	Delaware	100%
Shasta Beverages, Inc.	Delaware	100%
Shasta Beverages International, Inc.	Delaware	100%
Shasta Midwest, Inc.	Delaware	100%
Shasta Northwest, Inc.	Delaware	100%
Shasta Sales, Inc.	Delaware	100%
Shasta Sweetener Corp.	Delaware	100%
Shasta West, Inc.	Delaware	100%
Sundance Beverage Company	Delaware	100%

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 0-19447) of National Beverage Corp. of our report dated July 29, 2005 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Fort Lauderdale, Florida
July 29, 2005

Exhibit 31.1

CERTIFICATION

I, Nick A. Caporella, certify that:

1. I have reviewed this annual report on Form 10-K of National Beverage Corp.;
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 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)) 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) 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
 - c) 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 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 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: July 29, 2005

National Beverage Corp.

By: /s/ Nick A. Caporella
Nick A. Caporella
Chairman of the Board and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, George R. Bracken, certify that:

1. I have reviewed this annual report on Form 10-K of National Beverage Corp.;
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 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)) 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. 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
 - c. 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 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 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: July 29, 2005

National Beverage Corp.

By: /s/ George R. Bracken
George R. Bracken
Senior Vice President — Finance
(Principal Financial Officer)

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 Annual Report of National Beverage Corp. (the "Company") on Form 10-K for the period ended April 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nick A. Caporella, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (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: July 29, 2005

/s/ Nick A. Caporella

Nick A. Caporella
Chairman of the Board 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 Annual Report of National Beverage Corp. (the "Company") on Form 10-K for the period ended April 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George R. Bracken, Senior Vice President — Finance of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (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 result of operations of the Company.

Date: July 29, 2005

/s/ George R. Bracken

George R. Bracken
Senior Vice President — Finance
(Principal Financial Officer)