

**America's
Flavor
Choice**

Nick A. Caporella
Chairman and
Chief Executive Officer

Dear Fellow Shareholder . . .

We have decided to accompany our Annual Report with this letter – to convey to you several things. First, that we are very proud to present FY 2007's results and then, to update you on the more current events concerning our Company.

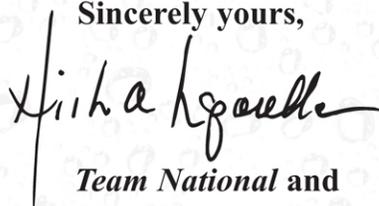
FY 2007 was our best year ever . . . with sales of \$539 million and profits of \$24.7 million. Shortly after our year end, we again distributed additional common stock to shareholders – on the basis of one new share for each five shares held. Additionally, we rewarded shareholders with *another* special cash dividend of nearly \$40 million. This . . . being the third such special cash payment in 39 months.

Our first quarter results reflected industry challenges that continued to impact our performance. As of *this* writing, the pricing volatility of raw materials continues but we are witnessing positive signs of improvement in second quarter case volume. The price initiatives within the last two quarters of FY 2007 resulted in retailers and consumers alike, delaying acceptance . . . thus producing softer than normal volumes throughout the past few months. This softening is beginning to subside providing us with a more positive trend. Our flavor diversity and quality/value recognition will provide our Shasta/Faygo brands continued growth opportunities and, additionally, we are nearing various alternatives to deliver a healthier, less caloric, super refreshing, great-tasting carbonated soft drink!

We are extremely displeased with the first quarter results, and most regrettably apologize! Notwithstanding this *miss*, National Beverage Corp. is an excellent company . . . its performance these past 21 years, plus stock appreciation and cash dividends, would grade it so! The Company's real estate – manufacturing facilities, combined with surplus production capacities and earnings potential, are NOT reflected on our balance sheet – and it's a fine balance sheet! Our enterprise value is not reflected in our market capitalization, and yes – we have no debt!

In conclusion, *Team National* is a highly seasoned, time tested, very capable management team . . . 'yet we missed now' – you say. Yes, we did, but look at our past record-performance and judge us . . . fairly.

Sincerely yours,



Team National and
Nick A. Caporella

P.S. 'Say Opportunity' . . .

Think . . . *National Beverage Corp.!*

