

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 MAY 3, 1997

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 or other jurisdiction of  
 incorporation or organization)

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: Common Stock, par  
 value \$.01 per share

(Title of class)

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 (x)                      No ( )

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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. [x]

The aggregate market value of the voting stock held by non-affiliates of the  
 Registrant computed by reference to the closing price on July 28, 1997 was  
 approximately \$40,349,000.

The number of shares of Registrant's common stock outstanding as of July 28,  
 1997 was 18,465,628.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Meeting of  
 Shareholders to be filed on or before September 2, 1997 are incorporated by  
 reference into Part III of this report.

## PART I

## ITEM 1. BUSINESS

## GENERAL

National Beverage Corp. ("NBC") develops, manufactures, markets and distributes its full line of branded cola and multi-flavored soft drinks, juice products and bottled water under the brand names Shasta(r), Faygo(r), Everfresh(r), La CROIX(r), Big Shot(r), nuance(r), Body Works(r), `a Sante'(r), Spree(r), Creepy Coolers(tm) and St. Nick's(tm). Substantially all of the Company's brands are produced in its fourteen manufacturing facilities which are strategically located throughout the continental United States. NBC also produces branded soft drinks for retail grocery chains, warehouse clubs, mass merchandisers and wholesalers ("allied brands") as well as soft drinks for other beverage companies. NBC and its consolidated subsidiaries are referred to herein as the "Company".

Various strategies, including vertical integration of the supply of raw materials for the manufacturing process, bulk delivery to customer distribution centers, decentralized sales-marketing efforts, regional, in lieu of national, media promotion, and multiple distribution systems, are utilized by the Company to maintain its position as a cost-effective producer of its soft drink products. The Company believes the retailer is offered a higher profit margin on Company branded products than is typically available from the sale of nationally distributed products.

## PRODUCTS

The Company's principal branded soft drink products, Shasta and Faygo, have been developed and marketed throughout the United States for over a combined 200 years. Established over 100 years ago and distributed nationally, Shasta is the largest of the Company's brands and includes approximately 50 flavors as well as bottled spring water. Currently celebrating its 90th anniversary, Faygo products are primarily distributed east of the Mississippi River and include over 45 flavors. In addition, the Company produces Big Shot, a regional multi-flavored soft drink line established in 1935; Everfresh, a full line of juice products distributed primarily in the Midwest and certain eastern markets; LaCROIX, a sparkling and still water product line sold mainly in the Midwest and by airlines; nuance, a new age beverage product; Body Works, an isotonic sports drink; `a Sante', a domestic sparkling mineral water; and Spree, an all natural carbonated soft drink.

Although cola drinks account for approximately 58% of the domestic soft drink grocery channel volume, the Company's "fantasy of flavors" strategy emphasizes its non-cola products. As a result, colas account for only 25% of the Company's total branded volume. The Company believes it is well-suited to compete in the flavor category due to the long established brand awareness of Shasta and Faygo, which are synonymous with flavor, along with its continued innovative "flavor-enhancement" philosophy. Additionally, NBC's structure permits regional manufacturing of products targeted toward specific demographics that may be unattractive for the national competitors to create and produce efficiently.

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The Company continually develops new flavors and packaging for its brands. A variety of package sizes, including 18-pack and 24-pack "suitcases" of 12-ounce cans, single-serve 20 ounce plastic bottles, 24 ounce single-serve Everfresh juice bottles targeted toward the convenience store channel, and one, two and three liter "family size" bottles are produced by the Company's fourteen manufacturing facilities. Additionally, the Company sponsors special holiday promotions including Creepy Coolers for Halloween and St. Nick's, which features traditional cola and special Christmas flavors and colors. During the fiscal year ended May 3, 1997 ("fiscal 1997"), the Company introduced, among other flavors, Shasta Strawberry-Watermelon, Faygo Honeydew Mist, Big Shot Lime-Lemon Twist and Everfresh Lemon Tea and Cherry Lemonade.

During the fiscal year ended April 27, 1996 ("fiscal 1996"), the Company completed the acquisition of Everfresh, a regional juice and juice added beverage line, and during fiscal 1997, the Company concluded the acquisition of LaCROIX, a sparkling and still water product line.

#### MANUFACTURING

The Company's fourteen bottling plants are strategically located across the continental United States, enabling the Company to cost effectively manufacture and distribute beverages to most geographic markets. Each facility is generally equipped to produce canned and bottled beverage products in a variety of package sizes in each regional market. From time to time, the Company will shift manufacturing equipment among its facilities to increase cost efficiencies or maximize the utilization of equipment.

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

The Company manufactures a majority of its flavor concentrates at its own facilities which are then distributed throughout its bottling network for use in manufacturing products. Utilizing the same formulas throughout its own bottling plants, the Company seeks to ensure that all products are manufactured in accordance with uniform standards and specifications. The Company also maintains research and development labs at multiple locations. These labs test the Company's flavors as well as conduct research for new products and flavors.

#### DISTRIBUTION

The Company's products are sold primarily through the "take-home" channel as well as the convenience, food service and vending distribution channels. The take-home channel consists of grocery, warehouse club, mass merchandiser, wholesaler and discount stores.

The Company distributes its products primarily through the warehouse distribution centers of its customers and through a direct-store delivery system in certain geographic markets. Shasta is primarily sold through the warehouse distribution system; the product is shipped from the Company's manufacturing facility to the retailer's centralized distribution centers and then

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shipped by the retailer to each of its retail outlet locations with other consumer goods. Faygo, Big Shot, Everfresh, and LaCROIX are mainly distributed directly to the customer's retail outlets through the Company's bulk delivery and direct-store-delivery fleet and independent distributors.

The Company also provides distribution to the convenience store and retail gas station market. The Company uses its own direct-store-delivery fleet or that of independent distributors to service this channel. Faygo, Big Shot, Everfresh and LaCROIX are the Company's principal brands that are distributed to this market segment. The Company has placed an emphasis on increasing distribution through this higher-margin channel.

The Company's food service division is responsible for sales to hospitals, schools, military bases, airlines, hotels and food service wholesalers. The Company's food service division primarily distributes Shasta, Everfresh and LaCROIX products.

Each of the Company's take-home, convenience and food service operations uses vending machines and visi-coolers as marketing and promotional tools for the Company's brands. The Company provides Shasta, Faygo, Big Shot and Everfresh machines and coolers on a placement or purchase basis to its customers and vending operators. The Company believes that the vending market provides not only increased beverage sales but also the enhancement of brand awareness and development of brand loyalty.

## SALES and MARKETING

The Company sells and markets its products through an internal sales network, as well as selected broker networks. The Company currently employs over two hundred sales representatives. Each sales company is established to serve a specific market segment, focusing either on geographic territories, distribution channels or product line segments. This focus allows each sales group to provide high level, responsive service and support to the customers and markets that it serves.

The Company's sales and marketing program is directed toward maintaining and enhancing consumer brand recognition and loyalty, and typically utilizes a combination of regional advertising, special event marketing, diversified packaging and consumer coupon distribution. The Company retains advertising agencies to assist with media advertising programs for its brands. The Company also offers numerous promotional programs to its retail customers, including cooperative advertising support, in-store offers and volume incentives. The Company believes these elements allow it to tailor marketing and advertising programs for demographic and economic lifestyles to meet local and regional requirements. In addition, the Company seeks to maintain points of difference between its brands and those of its competitors by combining high product quality, flavor innovation and unique packaging designs with a value pricing strategy.

The Company's "regional share dynamics" strategy emphasizes the acquisition and support of brands that have a significant regional presence. The Company believes that these types of

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products are less subject to attack by the larger national brands because of the strong, regional consumer loyalty developed over time and because of their relatively small national market share. Additionally, brands that have regional consumer recognition do not require costly mass media advertising and are effectively promoted by the Company's regionally targeted marketing programs and retailer-based sales incentives.

Beginning in the latter part of fiscal 1996, the Company commenced entering into long-term contractual relationships which join its sales and marketing and manufacturing expertise with national and regional retailer sales and marketing expertise. These "Strategic Alliances" provide for retailer promotional support for the Company's brands through in-store and point-of-sale advertising, and provide nationally integrated manufacturing and distribution services for the retailer's own branded products.

## RAW MATERIALS

The Company maintains relationships with several suppliers of raw materials and packaging goods, and utilizes a centralized procurement division to purchase raw materials and packaging supplies. By consolidating the purchasing function for its fourteen bottling facilities, the Company believes it is able to procure more competitive arrangements with its suppliers, allowing it to compete as a low-cost producer of soft drinks.

Products produced and sold by the Company are made from various materials, including sweeteners, juice concentrates, carbon dioxide, water, glass, resin used in plastic bottles, aluminum, paper, cartons and caps. Most of the Company's low-calorie soft drink products use aspartame. The Company manufactures a majority of its own flavor concentrates and purchases the remainder of its raw materials from multiple suppliers. In the ordinary course of its business, the Company enters into commitments for the supply of certain raw materials, none of which are material to the Company's financial position.

All of the materials or ingredients used by the Company are presently available, although the supply of specific materials could be adversely affected by strikes, weather conditions, governmental controls, national emergencies or other events outside the Company's control. Additionally, pricing and availability of certain of the Company's raw materials are based on commodities, primarily aluminum, resin, corn, linerboard and juice concentrates, which tend to fluctuate based upon world-wide market conditions.

#### SEASONALITY

Soft drink sales are seasonal with the highest volume typically realized during the summer months. The Company has 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.

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#### COMPETITION

The production and sale of non-alcoholic beverages is highly competitive and the Company's competitive position varies in each of its market areas. The Company is not considered dominant in any market. Products produced and marketed by the Company compete with national soft drinks delivered directly to the retail customers by franchised bottlers, local and regional soft drink products (including other warehouse and retailer brands) and other beverages, including water, juice and juice-based drinks, "new age" beverage products, sports drinks, coffee and tea. Several competitors, including the two that dominate the soft drink industry, PepsiCo, Inc. and The Coca-Cola Company, have greater financial resources than the Company. Competition is based upon taste, quality, price, availability, promotion, packaging, advertising and service to the customer. Price competition by national brand soft drink companies as well as other regional soft drink producers has been intense over recent years and the Company expects that such competitive conditions will continue.

#### TRADEMARKS

The Company maintains various registered trademarks for its proprietary brands in the United States and abroad, which are significant to the business of the Company. The Company intends to continue to maintain all registrations of its significant trademarks and continue to use the trademarks in the operation of its businesses.

#### GOVERNMENTAL REGULATION

The production, distribution and sale in the United States of the Company's products 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. Certain states and localities prohibit, or may in the future enact legislation to prohibit, the sale of certain beverages unless a deposit or tax is charged for containers. The Company believes that it is in compliance in all material respects with such existing legislation.

All of the Company's facilities in the United States are subject to federal, state and local environmental laws and regulations. Compliance with these provisions has not had, and the Company does not expect such compliance to have, any material adverse effect on the Company's financial or competitive position.

#### EMPLOYEES

As of May 3, 1997, the Company employed approximately 1,200 people, of which 400 are in professional, technical, managerial, sales, administrative, and clerical job classifications and 800 are production/hourly employees. Of the Company's hourly employees, approximately 300 are covered by collective bargaining agreements which expire through 2001. Management of the Company believes that the Company's relations with its employees are good.

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The principal properties of the Company include fourteen production and warehouse facilities located in twelve states which, in the aggregate, comprise approximately two million square feet. Eleven facilities are owned by the Company and are located in the following states: Ohio, Michigan (2), Georgia, California (2), Texas, Kansas, Arizona, Utah and Washington. Three production facilities, located in Louisiana, Maryland and Florida, are leased subject to agreements which expire through 2000. The Company believes its facilities are generally in good condition and sufficient to meet its present needs.

The production of soft drinks is capital intensive but is not characterized by rapid technological change. The technological advances which have occurred have generally been of an incremental cost-saving nature, such as the industry's conversion to lower-weight can lids. The Company is not aware of any anticipated industry-wide improvements in technology which would adversely impact the Company's current physical production capacity or cost of production.

At May 3, 1997, the Company operated 190 vehicles that include delivery trucks, other trucks, vans and automobiles used in the sale and distribution of soft drink products. In addition, the Company leases office space, transportation equipment, office equipment, data processing equipment and some plant equipment.

### ITEM 3. LEGAL PROCEEDINGS

Albert H. Kahn v. Nick A. Caporella, et al., Civil Action No. 11890 was filed in December 1990 by a shareholder of Burnup & Sims Inc. ("BSI"), now MasTec, Inc., in the Court of Chancery of the State of Delaware in and for New Castle County against NBC, the members of the Board of Directors of BSI and against BSI. In May 1993, plaintiff amended its class action and shareholder derivative complaint (the "Amended Complaint"). The class action claims allege, among other things, that the Board of Directors of BSI, and NBC, as its largest shareholder, breached their respective fiduciary duties in approving (i) the dividend by BSI of its shares of NBC common stock (the "Distribution") and (ii) the exchange of certain shares of BSI's common stock held by NBC for certain indebtedness of NBC held by BSI (the "Exchange"; the Distribution and the Exchange are hereafter referred to as the "1991 Transaction"), in allegedly placing the interests of NBC ahead of the interests of other shareholders of BSI. The derivative action claims allege, among other things, that the Board of Directors of BSI breached their fiduciary duties by approving executive officer compensation arrangements, by financing NBC's operations on a current basis, and by permitting the interests of BSI to be subordinated to those of NBC. In the lawsuit, plaintiff seeks to rescind the 1991 Transaction and to recover unspecified damages. The defendants, including the Company, have moved to dismiss the actions for failure to make a demand and state a claim upon which relief can be granted. The motion is still pending.

In November 1993, plaintiff filed a class action and derivative complaint, Civil Action No. 13248 (the "1993 Complaint") against the Company, BSI, the members of the Board of Directors of BSI, and certain other defendants (referred to as "Other Defendants"). In December 1993,

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plaintiff amended the 1993 Complaint (the "1993 Amended Complaint"). The 1993 Amended Complaint alleges, among other things, that the Board of Directors of BSI, and NBC, as BSI's largest stockholder, breached their respective fiduciary duties by approving an agreement dated October 15, 1993, as amended, between BSI and the Other Defendants (the "Acquisition Agreement") and the exchange of 3,153,847 shares of BSI common stock owned by the Company for certain indebtedness owed to BSI by the Company (the "Redemption") which, according to the allegations of the 1993 Complaint, benefits the President and Chief Executive Officer of NBC at the expense of BSI's stockholders. On November 29, 1993, plaintiff filed a motion for an order preliminarily and permanently enjoining the transactions under the Acquisition Agreement and the Redemption. On March 7, 1994, the court heard oral arguments with respect to plaintiff's motion to enjoin the transactions, and on March 10, 1994, the court denied plaintiff's request for injunctive relief finding that plaintiff had not established a likelihood of success on the merits and that, in any event, the equities did not favor the imposition of injunctive relief.

The Company believes that the allegations in the complaint, the Amended Complaint, the 1993 Complaint and the 1993 Amended Complaint are without merit, and intends to vigorously defend these actions.

The Company is a defendant in various other lawsuits arising in the ordinary course of business.

In the opinion of management, the ultimate disposition of the foregoing lawsuits will not have a material adverse effect on the Company's consolidated financial position or result of operations.

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

No matters were voted upon during the fourth quarter of fiscal 1997.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock, par value \$.01 per share, began trading on the American Stock Exchange ("AMEX") under the symbol "FIZ" on January 15, 1996. Previously, the common stock traded on the NASDAQ Stock Market ("NASDAQ") under the symbol "POPS". The high and low closing quotations of the Company's common stock for each quarter of the last two fiscal years, as reported by AMEX and NASDAQ, are set forth below:

	1997		1996	
	High	Low	High	Low
	-----	-----	-----	-----
First Quarter	\$ 7 7/16	\$4 3/4	\$7	\$5 1/2
Second Quarter	10 1/16	6 11/16	7 1/4	5 3/4
Third Quarter	9	7 1/2	6 5/8	5
Fourth Quarter	12 5/8	7 5/8	9 13/16	6 1/2

On October 25, 1996, the Company paid a 100% stock dividend to its shareholders of record on September 9, 1996, effected as a 2 for 1 stock split. All share quotations shown above have been restated to reflect this split.

At July 28, 1997, there were 1,223 stockholders of record of the Company's common stock.

The Company has not paid any cash dividends with respect to its common stock during the last three fiscal years and the Company's Board of Directors has no present plans for declaring any such cash dividends. See Note 4 of Notes to Consolidated Financial Statements for certain restrictions of the payment of dividends.

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ITEM 6. SELECTED FINANCIAL DATA

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES

(In thousands, except per share and footnote amounts)

	May 3, 1997	Apr 27, 1996	(1) FISCAL YEAR ENDED		May 1, 1993
			Apr 29, 1995	Apr 30, 1994	
STATEMENT OF INCOME DATA:					
Net sales	\$385,427	\$350,431	\$348,732	\$347,727	\$332,579
Cost of sales	275,453	261,859	261,720	258,207	247,312
Gross profit	109,974	88,572	87,012	89,520	85,267
Selling, general and administrative expenses	88,921	70,029	68,563	66,775	63,660
Other charges (2)	--	--	--	9,119	--
Interest expense	4,951	4,969	5,226	7,710	8,334
Other income-net	871	950	877	243	448
Provision for income taxes	6,280	5,520	5,499	2,666	5,631
Income for continuing operations	\$ 10,693	\$ 9,004	\$ 8,601	\$ 3,493	\$ 8,090
Income from continuing operations per share(3)	\$ 0.56	\$ 0.44	\$ 0.41	\$ 0.13	\$ 0.38
BALANCE SHEET DATA (At end of period):					
Working capital	\$ 47,624	\$ 43,580	\$ 33,260	\$ 30,910	\$ 29,761
Property-net	55,436	56,226	52,075	54,250	55,316
Total assets	170,897	177,560	162,558	162,583	158,923
Long-term debt (excluding current portion)	55,026	62,568	43,185	51,699	70,360
Deferred income taxes	7,245	6,805	6,435	7,337	7,870
Shareholders' equity	56,703	47,052	43,871	36,236	18,944

- (1) Certain prior year amounts have been reclassified to conform to the fiscal 1997 presentation. Fiscal 1997 consists of 53 weeks.
- (2) Other charges includes a \$1,200,000 provision for legal claims and related expenses, \$3,468,000 of expenses associated with category development, and \$4,451,000 of costs related to compliance with the Nutrition Labeling and Education Act.
- (3) Income from continuing operations per share is computed based upon earnings applicable to common shares and the weighted average common and common equivalent shares outstanding. For periods prior to fiscal 1997, earnings applicable to common shares is comprised of net income minus preferred dividends, plus, for 1993 and 1994, NBC's equity in the preferred stock dividends received by BSI. Per share amounts are adjusted for the 2 for 1 stock split distributed on October 25, 1996 and 4 for 1 stock split distributed on November 9, 1994.

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

GENERAL OVERVIEW

National Beverage's strategy emphasizes the growth of its branded products by offering a beverage portfolio of proprietary, unique flavors; by supporting the franchise value of regional brands; by developing and acquiring innovative products tailored toward healthy lifestyles; and by appealing to the "quality-price" sensitivity factor of the family consumer.

Beginning in the latter part of fiscal 1996, the Company strengthened its brand equity and awareness through greater retailer sponsorship by entering into long-term alliances with national and regional retailers to supply both Company branded and allied branded soft drinks ("Strategic Alliances"). During the past several years, the consolidation of smaller, less competitive retail outlets into larger and highly price-sensitive, "mega-retail" businesses has occurred,

increasing the retailers' need for a single-source, high-quality, service-oriented manufacturer of beverage products. Through its Strategic Alliances, the Company has joined with these retailers to produce, manufacture, market and sell its brands and allied brands. These alliances provide additional opportunities for the Company to increase sales during promotional activity periods and reduce costs by bulk shipments directly to the retailers' store locations. The retailer also attains greater cost efficiencies by shipping branded and allied branded products together, thus decreasing costs through the elimination of partial shipments. The retailer is able to enhance distribution center inventory management and quality control by contracting with only one national supplier, which can provide consistent packaging, flavor and quality throughout the continental United States. In addition, innovation in product design and a greater variety of package alternatives have increased the retailers' reliance on a manufacturer of recognized branded products which is sensitive to these design and packaging changes. Accordingly, the Company believes that the strength of its regional brands and the location of its manufacturing facilities position it as one of the leading single-source suppliers of high-quality, high-value soft drinks, such as Shasta and Faygo, as well as allied branded soft drinks, in multiple flavors and packaging throughout the continental United States. It is the Company's intention to continue to seek additional Strategic Alliances.

The Company intends to continue its "regional share dynamics" strategy by acquiring brands and expanding its product line in response to changes in lifestyles and demographics. Most recently, the Company successfully added Everfresh and LaCROIX products to its portfolio of regional brands. These acquisitions also expanded the Company's product line to juice and additional water products. The Company plans to grow its revenues and brands by acquiring other regional beverage businesses that meet its strategic and financial objectives.

Industry soft drink sales are seasonal with the highest volume typically realized during the summer months. Additionally, the Company's 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.

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#### RESULTS OF OPERATIONS

##### Net Sales:

Net sales for fiscal 1997 increased 10% to \$385.4 million from \$350.4 million for fiscal 1996. This growth was primarily the result of a 9% increase in branded case volume due to increased sales to Strategic Alliance partners and the addition of the Everfresh and LaCROIX brands to the Company's product line. Additionally, net unit selling price improved, despite the continuing intense pricing and promotional activity within the industry, as a result of favorable changes in package and product mix. As part of the Company's Strategic Alliance program, sales of products are supported by in-store advertising and other promotions, which also had the effect of increasing both net sales and selling expenses. These increases were partially offset by reduced sales of certain low-margin products.

Net sales for fiscal 1996 increased to \$350.4 million from \$348.7 million for fiscal 1995. During this period, competitive pressure resulting from intense promotional activity by the major cola companies competing for market share and the sponsorship of private label by store-brand owners, along with significant increases in the price of certain raw materials and packaging in fiscal 1995 and the beginning of fiscal 1996, had a significant impact on the beverage industry as a whole. The Company elected to maintain profit margins notwithstanding the competitive pricing and promotional activity in the industry and chose to pass cost increases on to its customers. As a result, while case volume increased in the fourth quarter of fiscal 1996 by approximately 8% including the early effects of the new Strategic Alliances and a small impact from the Everfresh acquisition, annual case volume declined approximately 7%, principally representing a loss of low-margin products.

##### Gross Profit:

Gross profit increased to 28% of net sales for fiscal 1997 from 25% of net sales

for fiscal 1996. This increase was primarily due to increased sales of juice and other higher margin products, and the effects of the increased case volume and higher selling price noted above. Additionally, a reduction in the cost of raw materials contributed to higher gross profit margins.

Gross profit approximated 25% of net sales for fiscal 1996 and 1995, reflecting the Company's election to maintain level profit margins as described above.

The Company believes that inflationary trends do not have a significant impact on operating results since fluctuations in raw material costs are typically influenced more by commodity market conditions than inflation. Although there can be no assurances as to future predictability, the Company does not expect any significant increases in raw material costs in fiscal 1998 and has generally been successful in passing through cost increases to maintain profit margins.

**Selling, General and Administrative Expenses:**

As a percentage of net sales, selling, general, and administrative expenses approximated 23%, 20% and 20% for fiscal 1997, 1996 and 1995, respectively. The fiscal 1997 increase was primarily due to costs related to additional in-store and point of sale programs, additional marketing expense, and increases in certain administrative costs.

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**Interest Expense and Other Income-Net:**

Fiscal 1997 interest expense of \$5.0 million is relatively unchanged as compared to the prior year. During fiscal 1996, the Company made the initial principal payment of \$8.3 million on its senior indebtedness, resulting in a 5% decrease in interest expense for fiscal year 1996 as compared to fiscal 1995.

Other income, which is comprised principally of interest income, approximated \$.9 million, \$1.0 million and \$.9 million for fiscal years 1997, 1996, and 1995, respectively.

**Income Taxes:**

The Company's effective tax rate was 37% in fiscal 1997, 38% in fiscal 1996, and 39% in fiscal 1995. The variance was primarily due to the effects of state income taxes and nondeductible items. See Note 7 of Notes to Consolidated Financial Statements.

**Earnings Applicable to Common Shares and Earnings Per Share:**

In February 1996, the Company purchased all of the National Beverage Corp. preferred stock held by its single holder. The repurchase of the Company's preferred stock eliminated annual dividend payments of approximately \$1.1 million. While not affecting net income, this purchase increased earnings applicable to common shares and earnings per common share. See Note 12 of Notes to Consolidated Financial Statements.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company views earnings before interest expense, taxes, depreciation and amortization ("EBITDA") as a key indicator of the Company's financial condition and enterprise value. For fiscal 1997, the Company generated EBITDA of \$29.7 million, which represents an increase of 12% from the prior year. The Company believes that its EBITDA is sufficient to support both additional growth and additional debt capacity.

The Company's cash position increased approximately \$2 million to \$37.3 million during fiscal 1997. Cash provided by operations of \$16.6 million was comprised of net income of \$10.7 million plus non-cash charges of \$10.9 million less cash used for other working capital requirements of \$4.8 million. Cash of \$5.7 million was used in investing activities, principally for capital expenditures. Cash of \$8.9 million was used by financing activities, principally by net debt repayments of \$7.7 million. The Company's ratio of current assets to current liabilities approximated 2.0 to 1 and 1.8 to 1 at May 3, 1997 and April 27, 1996, respectively, and working capital increased to \$47.6 million from \$43.6 million for those same periods.

At May 3, 1997, the Company had credit lines of approximately \$43 million, of which \$13 million was drawn. The Company believes that its cash and equivalents,

together with funds generated from operations and borrowing capabilities, will be sufficient to meet its operating cash requirements in the foreseeable future. The Company is evaluating various capital projects to expand capacity at certain manufacturing facilities. Presently, however, the Company has no material commitments for capital expenditures and expects that fiscal 1998 capital expenditures will be comparable to or slightly higher than fiscal 1997.

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At May 3, 1997, the Company had outstanding long-term debt of \$55 million. Certain debt agreements contain restrictions which require a subsidiary to maintain certain financial ratios and minimum net worth, and limit the subsidiary with respect to incurring certain additional indebtedness, paying cash dividends and making certain loans, advances or other investments. At May 3, 1997, net assets of the subsidiary totaling approximately \$43 million were restricted from distribution. Cash balances of NBC, when combined with funds available from its subsidiary, provide sufficient liquidity to allow NBC to meet its current and expected cash obligations. The Company was in compliance with all loan covenants and restrictions at May 3, 1997 and such restrictions are not expected to have a material adverse impact on the operations of the Company. See Note 4 of Notes to Consolidated Financial Statements.

Pursuant to a management agreement, the Company incurred a fee to Corporate Management Advisers, Inc. of approximately \$3.8 million for fiscal 1997 and \$3.5 million for each of fiscal years 1996 and 1995. Payments under the management agreement did not materially impact the liquidity of the Company. See Note 6 of Notes to Consolidated Financial Statements.

#### CHANGES IN ACCOUNTING STANDARDS

In fiscal 1997, the Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS 121"). The adoption of SFAS 121, which standardizes the accounting practices for the recognition and measurement of impairment losses on certain long-lived assets, did not have a material impact on the Company's results of operations or financial position.

Additionally, the Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 "Accounting and Disclosure of Stock-Based Compensation." See Note 9 of Notes to Consolidated Financial Statements.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("SFAS 128"), which establishes standards for computing and presenting earnings per share. SFAS 128 is required to be adopted for periods ending after December 15, 1997, including interim periods. In addition to the Company's current presentation of net income per share, SFAS 128 will require the Company to present diluted net income per share, which includes the dilutive effect of stock options. The Company does not believe the additional disclosure of diluted net income per share will materially differ from its present earnings per share disclosure.

#### FORWARD LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K (this "Form 10-K"), including statements under "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements express or implied by such forward-looking

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statements. Such factors include, but are not limited to, the following: general economic and business conditions; competition; success of the Company's Strategic Alliance objective; success of the Company in acquiring other beverage businesses; fluctuations in the costs of raw materials; continued retailer support for the Company's brands; changes in consumer preferences; changes in business strategy or development plans; government regulations; regional weather conditions; and other factors referenced in this Form 10-K. The Company will not undertake and specifically declines any obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
AS OF MAY 3, 1997 AND APRIL 27, 1996  
(In thousands, except share amounts)

	1997	1996
	-----	-----
=====		
ASSETS		
- -----		
CURRENT ASSETS:		
Cash and equivalents	\$ 37,257	\$ 35,231
Trade receivables (net of allowance of \$608 in 1997 and \$694 in 1996)	27,344	33,726
Inventories	23,590	22,977
Deferred income taxes	1,759	3,630
Prepaid and other	6,214	6,056
	-----	-----
Total current assets	96,164	101,620
PROPERTY - NET	55,436	56,226
INTANGIBLE ASSETS - NET	15,503	15,207
OTHER ASSETS	3,794	4,507
	-----	-----
TOTAL	\$ 170,897	\$ 177,560
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
- -----		
CURRENT LIABILITIES:		
Accounts payable	\$ 28,544	\$ 38,201
Accrued liabilities	17,880	17,534
Income taxes payable	1,391	1,376
Current portion of long-term debt	725	929
	-----	-----
Total current liabilities	48,540	58,040
LONG-TERM DEBT	55,026	62,568
DEFERRED INCOME TAXES	7,245	6,805
ACCRUED INSURANCE - NONCURRENT PORTION	3,383	3,095
COMMITMENTS AND CONTINGENCIES		
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: 21,990,492 shares in 1997 and 12,741,488 shares in 1996; Outstanding: 18,459,768 shares in 1997 and 9,310,764 shares in 1996)	220	127
Additional paid-in capital	14,943	14,873
Retained earnings	54,871	44,178
Treasury stock - at cost:		
Preferred stock (150,000 shares)	(5,100)	(5,100)
Common stock (3,530,724 shares in 1997 and 3,430,724 shares in 1996)	(8,381)	(7,176)

Total shareholders' equity	----- 56,703 -----	----- 47,052 -----
TOTAL	\$ 170,897 =====	\$ 177,560 =====

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 MAY 3, 1997, APRIL 27, 1996, AND APRIL 29, 1995  
(In thousands, except per share and footnote amounts)

	1997	1996	1995
	-----	-----	-----
Net sales	\$ 385,427	\$ 350,431	\$ 348,732
Cost of sales	275,453	261,859	261,720
	-----	-----	-----
Gross profit	109,974	88,572	87,012
Selling, general and administrative expenses	88,921	70,029	68,563
Interest expense	4,951	4,969	5,226
Other income - net	(871)	(950)	(877)
	-----	-----	-----
Income before income taxes	16,973	14,524	14,100
Provision for income taxes	6,280	5,520	5,499
	-----	-----	-----
Net income	\$ 10,693	\$ 9,004	\$ 8,601
	=====	=====	=====
Components of earnings per share: (a)			
Income from continuing operations	\$ 0.56	\$ 0.44	\$ 0.41
Purchase of preferred shares	--	0.41	--
	-----	-----	-----
	\$ 0.56	\$ 0.85	\$ 0.41
	=====	=====	=====
Average shares outstanding	19,109	18,606	18,598

(a) - Earnings per share is computed from earnings applicable to common shares, which, for periods prior to fiscal 1997, consists of net income less preferred dividends and, for 1996, \$7,600,000 which represents the difference of the carrying value of the Company's preferred stock over its purchase price (see Note 12). Earnings applicable to common shares was \$10,693,000, \$15,816,000 and \$7,551,000 for the years ended May 3, 1997, April 27, 1996 and April 29, 1995, respectively.

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 MAY 3, 1997, APRIL 27, 1996, AND APRIL 29, 1995  
(In thousands, except share amounts)

	1997		1996		1995	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>PREFERRED STOCK</b>						
Beginning and end of year	150,000	\$ 150	150,000	\$ 150	150,000	\$ 150
<b>COMMON STOCK</b>						
Beginning of year	12,741,488	127	12,731,088	127	3,178,272	32
Stock options exercised	23,800	1	10,400	--	4,500	--
2 for 1 stock split	9,225,204	92	--	--	--	--
4 for 1 stock split	--	--	--	--	9,548,316	95
End of year	21,990,492	220	12,741,488	127	12,731,088	127
<b>ADDITIONAL PAID-IN CAPITAL</b>						
Beginning of year		14,873		14,808		14,819
Stock options exercised		162		65		84
2 for 1 stock split		(92)		--		--
4 for 1 stock split		--		--		(95)
End of year		14,943		14,873		14,808
<b>RETAINED EARNINGS</b>						
Beginning of year		44,178		35,962		28,411
Net income		10,693		9,004		8,601
Preferred stock dividends		--		(788)		(1,050)
End of year		54,871		44,178		35,962
<b>TREASURY STOCK-PREFERRED</b>						
Beginning of year	150,000	(5,100)	--	--	--	--
Preferred shares purchased	--	--	150,000	(5,100)	--	--
End of year	150,000	(5,100)	150,000	(5,100)	--	--
<b>TREASURY STOCK-COMMON</b>						
Beginning of year	3,430,724	(7,176)	3,430,724	(7,176)	857,681	(7,176)
Purchase of common stock	100,000	(1,205)	--	--	--	--
4 for 1 stock split	--	--	--	--	2,573,043	--
End of year	3,530,724	(8,381)	3,430,724	(7,176)	3,430,724	(7,176)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>\$ 56,703</b>		<b>\$47,052</b>		<b>\$43,871</b>

See accompanying Notes to Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED MAY 3, 1997, APRIL 27, 1996, AND APRIL 29, 1995  
(In thousands)

	1997	1996	1995
OPERATING ACTIVITIES:			
Net income	\$ 10,693	\$ 9,004	\$ 8,601
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,784	7,148	7,408
Deferred income tax provision	2,991	1,000	363
Loss on sale of property	120	27	9
Changes in:			
Trade receivables	7,144	(1,318)	(2,360)
Inventories	1,369	763	1,621
Prepaid and other assets	(1,531)	(666)	(2,821)
Accounts payable	(9,633)	2,252	(2,921)
Other liabilities, net	(2,335)	(3,641)	(970)
Net cash provided by operating activities	16,602	14,569	8,930
INVESTING ACTIVITIES:			
Property additions	(6,285)	(5,119)	(4,747)
Proceeds from sale of property	461	27	74
Acquisitions, net of cash acquired	145	(11,378)	--
Net cash used in investing activities	(5,679)	(16,470)	(4,673)
FINANCING ACTIVITIES:			
Debt borrowings	33,200	29,784	4,010
Debt repayments	(40,946)	(19,217)	(7,124)
Preferred stock dividends paid	--	(1,838)	(263)
Purchase of preferred stock	--	(5,100)	--
Purchase of common stock	(1,205)	--	--
Proceeds from stock options exercised	54	16	14
Net cash provided by (used in) financing activities	(8,897)	3,645	(3,363)
NET INCREASE IN CASH AND EQUIVALENTS	2,026	1,744	894
CASH AND EQUIVALENTS - BEGINNING OF YEAR	35,231	33,487	32,593
CASH AND EQUIVALENTS - END OF YEAR	\$ 37,257	\$ 35,231	\$ 33,487
OTHER CASH FLOW INFORMATION:			
Interest paid	\$ 5,069	\$ 5,085	\$ 5,258
Income taxes paid	4,227	4,863	4,276

Non-cash investing and financing activities are described in Notes 5 and 6.

See accompanying Notes to Consolidated Financial Statements.

NATIONAL BEVERAGE CORP. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

National Beverage Corp. ("NBC") develops, manufactures, markets and distributes its full line of branded cola and multi-flavored soft drinks, juice products, and bottled water under the brand names Shasta, Faygo, Everfresh, LaCROIX, Big Shot, nuance, Body Works, `a Sante', Spree, Creepy Coolers and St. Nick's. Substantially all of the Company's brands are produced in the Company's fourteen manufacturing facilities which are strategically located throughout the continental United States. NBC also produces branded soft drinks for retail grocery chains, warehouse clubs, mass merchandisers and wholesalers as well as soft drinks for other beverage companies. NBC and its consolidated subsidiaries are referred to herein as the "Company".

The consolidated financial statements include National Beverage Corp. and its wholly-owned subsidiaries. All material intercompany balances have been eliminated.

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.

The fiscal year of the Company ends the Saturday closest to April 30th. Fiscal 1997 consists of 53 weeks while fiscal 1996 and fiscal 1995 consist of 52 weeks.

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

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.

The Company sells products to a variety of customers and extends credit based on an evaluation of the 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. The Company monitors exposure to credit losses and maintains allowances for anticipated losses. No one customer accounted for more than 10% of net sales for fiscal 1997. For fiscal 1996 and 1995, sales to one customer accounted for approximately 14% and 13% of the Company's net sales, respectively, and accounted for approximately 14% of trade receivables at both May 3, 1997 and April 27, 1996. Sales to another customer accounted for approximately 12% of the Company's net sales for each of fiscal 1996 and 1995, and accounted for approximately 10% and 12% of trade receivables at May 3, 1997 and April 27, 1996, respectively.

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The Company incurs certain costs related to long-term contractual relationships with national and large regional retailers to manufacture and jointly market Company and retailer branded products. These costs are deferred and amortized based on the contractual unit volume or the straight-line method over the lesser of the period of benefit or the non-cancelable period of the contract. It is the Company's policy to periodically review and evaluate the future benefits associated with these costs to determine that deferral and amortization is justified. Of these costs, amounts associated with contracts expiring within one year are included in other current assets and all other amounts are included in other assets. All other marketing and advertising costs are expensed as incurred.

Inventories are stated at the lower of first-in, first-out cost or market. Inventories at May 3, 1997 and April 27, 1996 are comprised of the following:

	(In thousands)	
	1997	1996
	-----	-----
Finished goods	\$12,189	\$11,225
Raw materials	11,401	11,752
	-----	-----
Total	\$23,590	\$22,977
	=====	=====

Property is recorded at cost. Depreciation is computed by the straight-line method over estimated useful lives as follows: buildings and improvements, 7 to 25 years; machinery and equipment, 3 to 15 years. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized. Maintenance and repair costs are charged to expense as incurred, and renewals and improvements that extend the useful lives of assets are capitalized.

The Company provides deferred income taxes based on the difference between the financial statement and tax bases of assets and liabilities. A valuation allowance is established when it is deemed, more likely than not, that the benefit of deferred tax assets will not be realized.

Intangible assets consist of goodwill, trademarks, formulas and customer lists at costs assigned at the date of acquisition and are amortized on a straight-line basis over estimated useful lives ranging from 10 to 40 years.

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Intangible assets at May 3, 1997 and April 27, 1996 consist of the following:

	(In thousands)	
	1997	1996
	-----	-----
Goodwill	\$ 15,309	\$ 14,609
Other	4,880	4,780
	-----	-----
Total	20,189	19,389
Less accumulated amortization	(4,686)	(4,182)
	-----	-----
Net	\$ 15,503	\$ 15,207
	=====	=====

The Company periodically evaluates its non-current assets on a non-discounted cash flow basis to assess recoverability. If the estimated future cash flow associated with an asset is projected to be less than the carrying amount of the asset, a write-down to fair value measured by discounted estimated future cash flows would be recorded.

In fiscal 1997, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS 121"). SFAS 121, which standardizes the accounting practices for the recognition and measurement of impairment losses on certain long-lived assets, did not have a material impact on results of operations or financial position.

The Company maintains deductible programs for certain casualty, medical and workers' compensation exposures. The Company accrues for known claims and estimated incurred but not reported claims not otherwise covered by insurance.

Earnings per common share is computed based upon earnings applicable to common shares and the weighted average common and common equivalent shares outstanding. For periods prior to fiscal 1997, earnings applicable to common shares is comprised of net income less preferred stock dividends and, for fiscal 1996, the difference of the carrying value of the preferred stock over its purchase price. See Note 12. Weighted average common and common equivalent shares used in per share computations after giving effect to stock splits, are 19,109,000 for fiscal 1997, 18,606,000 for fiscal 1996, and 18,598,000 for fiscal 1995.

Certain prior year amounts have been reclassified to conform to the fiscal 1997 presentation.

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## 2. PROPERTY

Property at May 3, 1997 and April 27, 1996 consists of the following:

	(In thousands)	
	1997	1996
	-----	-----
Land	\$ 8,897	\$ 9,959
Building and improvements	31,213	30,654
Machinery and equipment	71,972	69,501
	-----	-----
Total	112,082	110,114
Less accumulated depreciation	(56,646)	(53,888)
	-----	-----
Property - Net	\$ 55,436	\$ 56,226
	=====	=====

Depreciation expense was \$6,266,000 for fiscal 1997, \$6,437,000 for fiscal 1996 and \$6,839,000 for fiscal 1995.

## 3. ACCRUED LIABILITIES

Accrued liabilities at May 3, 1997 and April 27, 1996 consist of the following:

	(In thousands)	
	1997	1996
	-----	-----
Accrued promotions	\$ 3,981	\$ 2,704
Accrued compensation	3,648	2,961
Container deposits	1,114	3,017
Other accrued liabilities	9,137	8,852
	-----	-----
	\$ 17,880	\$ 17,534
	=====	=====

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## 4. DEBT

Debt at May 3, 1997 and April 27, 1996 consists of the following:

	(In thousands)	
	1997	1996
	-----	-----
Senior Notes (see below)	\$ 33,333	\$ 41,667
Credit Facilities (see below)	13,000	17,783
Term Loan Facility (see below)	8,300	2,000
Other (including capital leases)	1,118	2,047
	-----	-----
Total	55,751	63,497
Less current portion	(725)	(929)
	-----	-----
Long-term portion	\$ 55,026	\$ 62,568
	=====	=====

A subsidiary of NBC has outstanding 9.95% unsecured senior notes in the original principal amount of \$50 million (the "Senior Notes") payable in annual principal installments of \$8.3 million through November 1, 2000. Additionally, the subsidiary has \$35 million unsecured revolving credit facilities (the "Credit Facilities") and a \$16.6 million unsecured term loan facility ("Term Loan Facility") with banks. The Credit Facilities expire August 31, 1998, and bear interest at 1/2% below the bank's reference rate or 1% above LIBOR, at the subsidiary's election. The Term Loan Facility is repayable in installments from February 1998 through November 1998, and bears interest at the bank's reference rate or 1 1/4% above LIBOR, at the subsidiary's election. The Company intends to utilize its existing long-term credit facilities to fund the next principal payment due on its Senior Notes.

Certain of the Company's debt agreements contain restrictions which require the subsidiary to maintain certain financial ratios and minimum net worth, and limit the subsidiary with respect to incurring certain additional indebtedness, paying cash dividends and making certain loans, advances or other investments. At May 3, 1997, net assets of the subsidiary totaling approximately \$43 million were restricted from distribution. The Company was in compliance with all loan covenants and restrictions; such restrictions are not expected to have a material adverse impact on the operations of the Company.

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The long-term portion of debt at May 3, 1997, matures as follows:

	(In thousands)
Fiscal 1999	\$ 38,360
Fiscal 2000	8,333
Fiscal 2001	8,333
	-----
Total	\$ 55,026
	=====

## 5. ACQUISITIONS

In March 1996, the Company acquired certain of the United States assets of Everfresh Beverages, Inc. ("Everfresh"), a manufacturer of a variety of juice products. The acquisition of these assets, which include a beverage manufacturing facility, the Everfresh, Sundance and Rich n' Ready trademarks, receivables and inventory, has been accounted for using the purchase method of accounting and, accordingly, the purchase price has been allocated to the assets purchased based upon the fair values at the date of acquisition. In October 1996, the Company concluded the acquisition of substantially all of the assets of Winterbrook Corporation, which has as its principal product the LaCROIX

sparkling and still water product line. The operating results of Everfresh and Winterbrook have been included in the consolidated statement of income from the dates of acquisition.

Net cash expended for acquired assets and indebtedness in fiscal year 1996 was \$11.4 million, comprised of assets purchased of \$14.4 million (including goodwill and other intangibles of \$3.7 million) less liabilities assumed of \$3.0 million.

#### 6. CAPITAL STOCK AND TRANSACTIONS WITH RELATED PARTIES

On October 25, 1996, the Company paid a 100% stock dividend to its shareholders of record on September 9, 1996, effected as a 2 for 1 stock split. As a result of the stock split, approximately \$92,000, representing the par value of the shares issued, was reclassified from additional paid-in capital to common stock. On November 9, 1994, the Company distributed three shares of common stock for each share outstanding to shareholders of record on October 24, 1994 pursuant to a 4 for 1 stock split effected as a stock dividend. As a result of the stock split, approximately \$95,000, 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 splits.

The Company accrued preferred stock dividends of \$788,000 and \$1,050,000 in fiscal years 1996 and 1995, respectively. Preferred stock dividends paid in fiscal year 1996 include \$1,050,000 of dividends accrued in fiscal 1995. In February 1996, the Company purchased all of its outstanding preferred stock for \$5,100,000, which has been classified as held in treasury. See Note 12.

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In June 1996, the Company purchased 100,000 shares of common stock on the open market. Such shares are classified as held in treasury.

Since May 1, 1992, the Company has been party to a management agreement with Corporate Management Advisers, Inc. ("CMA"), a corporation owned by the Company's Chairman and Chief Executive Officer. Under the agreement, the employees of CMA provide the Company and its subsidiaries 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 the Company's Board of Directors. The Company incurred a fee to CMA of \$3,854,000 for fiscal 1997, \$3,504,000 for fiscal 1996, and \$3,487,000 for fiscal 1995. No incentive compensation has been incurred or approved under the management agreement since its inception. The management agreement, pursuant to its terms, currently expires on December 31, 1997. Included in accounts payable in the accompanying consolidated balance sheets at May 3, 1997 and at April 27, 1996 were amounts due CMA of \$1,001,000 and \$708,000, respectively.

#### 7. INCOME TAXES

The provision for income taxes (principally federal) consists of the following:

	(In thousands)		
	1997	1996	1995
	-----	-----	-----
Current	\$3,289	\$4,520	\$5,136
Deferred	2,991	1,000	363
	-----	-----	-----
Total	\$6,280	\$5,520	\$5,499
	=====	=====	=====

In the following table, the statutory federal income tax rate is reconciled to the Company's effective tax rates:

	1997	1996	1995
	-----	-----	-----
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes	1.7	2.2	2.3
Goodwill and other permanent differences	.9	.9	.6
Other, net	(.6)	(.1)	1.1
	----	----	----
Effective income tax rate	37.0%	38.0%	39.0%
	=====	=====	=====

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The following table is a summary of the significant components of the Company's deferred tax assets and liabilities as of May 3, 1997 and April 27, 1996:

	(In thousands)	
	1997	1996
	-----	-----
Deferred tax assets:		
Accrued expenses	\$ 3,699	\$ 4,575
Property and intangibles	588	339
Capital loss carryforward	826	833
Valuation allowance	(826)	(833)
	-----	-----
Total deferred tax assets	4,287	4,914
Deferred tax liabilities:		
Property and intangibles	9,773	8,089
	-----	-----
Net deferred tax liabilities	\$ 5,486	\$ 3,175
	=====	=====

Capital loss carryforwards, including accrued expenses, total \$2,359,000 and \$2,379,000 for fiscal 1997 and 1996, respectively, and expire at various dates, the earliest of which is April 1999. A valuation allowance has been recorded to offset the deferred tax assets resulting from capital losses since management deems it is more likely than not that the related deferred tax assets will not be realized.

#### 8. LEASES

Future minimum rental commitments for noncancelable operating and capital leases at May 3, 1997 are as follows:

	(In thousands)	
	Operating	Capital
	-----	-----
1998	\$ 3,278	\$207
1999	2,579	61
2000	2,198	-
2001	1,893	-
2002	1,764	-
	-----	----
Total minimum lease payments	\$11,712	268
	=====	
Less: Amounts representing interest		(17)
		----

Rental expense was \$3,907,000 for fiscal 1997, \$3,132,000 for fiscal 1996, and \$2,116,000 for fiscal 1995.

#### 9. INCENTIVE AND RETIREMENT PLANS

Long-term incentive compensation for executives is administered through the Company's 1991 Omnibus Incentive Plan (the "Omnibus Plan"), which provides for compensatory awards consisting of (i) stock options or stock awards for up to 1,400,000 shares of common stock of the Company, (ii) stock appreciation rights, dividend equivalents, other stock-based awards in amounts up to 1,400,000 shares of common stock of the Company 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 of the Company by making available to them an opportunity to acquire a proprietary interest or to increase such interest in the Company. The number of shares which may be issued under stock based awards to an individual is limited to 700,000 during any year. Awards may be granted for no cash 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.

In addition, pursuant to a Special Stock Option plan, the Company has authorized the issuance of options to purchase up to an aggregate of 240,000 shares of common stock. Options may be granted for such consideration as determined by the Board or a Committee of the Board. The Company has also authorized on an annual basis the issuance of options to purchase up to 25,000 shares of common stock to be issued at the direction and discretion of the Chairman.

The following is a summary of stock option activity:

	1997			
	-----			
	Shares	Weighted Average Exercise Price	1996 Shares	1995 Shares
	-----	-----	-----	-----
Options outstanding at beginning of year	965,900	\$1.82	883,200	363,600
Options granted	192,700	5.00	174,100	555,600
Options exercised	(38,240)	1.41	(20,800)	(36,000)
Options canceled	--	--	(70,600)	--
	-----			-----
Options outstanding at end of year	1,120,360	2.38	965,900	883,200
	=====		=====	=====
Options exercisable at end of year	479,340		361,600	276,400
Options available for grant at end of year	449,600		642,300	745,800

The following is a summary of stock options outstanding at May 3, 1997:

Range of Exercise Price	Options Outstanding			Options Exercisable	
	Weighted Average Remaining Contractual Life	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
\$.13	5 years	56,000	\$.13	56,000	\$.13
\$.38-\$.63	5 years	89,600	.51	89,600	.51
\$1.25	5 years	56,000	1.25	56,000	1.25
\$1.97-\$2.56	7 years	726,060	2.18	277,740	2.15
\$5.00	9 years	192,700	5.00	-	-
		1,120,360	2.38	479,340	1.50

The option price range for all options outstanding at the end of the fiscal year was \$.13 to \$5.00 for 1997, \$.13 to \$2.56 for 1996 and \$.13 to \$2.25 for 1995. The option price range for options exercised during the fiscal year was \$.63 to \$2.38 for 1997, \$.63 to \$2.10 for 1996 and \$.13 to \$1.25 for 1995. The weighted average fair value of options granted during the fiscal year was \$3.61 for 1997 and \$1.71 for 1996.

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As permitted under Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123, "Accounting and Disclosure of Stock-Based Compensation" ("SFAS 123"), the Company has elected to follow 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, the Company generally recognizes 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.

Pro forma information regarding net income and earnings per share is required by SFAS 123 for awards granted after December 15, 1994, as if the Company had accounted for its stock-based awards to employees under the fair value method of SFAS 123. The fair value of the Company's stock option grants to employees was estimated using a Black-Scholes option pricing model with the following assumptions used for grants: expected life of 10 years; volatility factor of 53%, risk free interest rates of 6.06% and 6.84% for fiscal 1997 and 1996, respectively; and no dividend payments. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, the Black-Scholes model requires the input of highly subjective assumptions including the expected stock price volatility and the expected holding period of options. Because the Company's stock options granted to employees have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models may not necessarily provide a reliable single measure of the fair value of its stock option grants to employees.

Had compensation cost for the Company's options plans been determined and recorded consistent with the Black-Scholes option pricing model in accordance with SFAS 123, the Company's net income and earnings per share for both fiscal 1997 and 1996 would have been reduced on a pro forma basis by less than \$100,000, or \$.01 per share.

The fiscal 1997 and 1996 pro forma effect on net income and earnings per share is not necessarily indicative of the pro forma effect in the future years because it does not take into consideration pro forma compensation expense related to grants made prior to fiscal 1996. In addition, the Company anticipates granting additional options in future years.

In March 1997, the Company's Board of Directors adopted the Key Employee Equity Partnership Program ("KEEP"), which provides for the granting of stock options to key employees and officers of the Company. Participants who purchase shares

of the Company's stock in the open market receive grants of stock options equal to 50% of the number of shares purchased, up to a maximum of 6,000 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 Company's stock at the end of the six-year vesting period. No options were granted as of May 3, 1997. The Company does not expect the impact of the KEEP program to be material to its financial position or results of operations.

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The Company's 1991 Stock Purchase Plan (the "Stock Purchase Plan") adopted on January 20, 1991 provides for the purchase of up to 640,000 shares of common stock by employees of the Company who (1) have been employed by the Company for two years, (2) are not part-time employees of the Company and (3) are not owners of five percent (5%) or more of the common stock of the Company. As of May 3, 1997, no shares have been issued under the Stock Purchase Plan.

The Company contributes to various defined contribution retirement plans (which cover employees under various collective bargaining agreements) and discretionary profit sharing plans (which cover all non-union employees). Contributions were \$1,095,000 for fiscal 1997, \$1,173,000 for fiscal 1996 and \$1,118,000 for fiscal 1995.

#### 10. FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments", requires disclosure of fair value information about financial instruments. Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of May 3, 1997. Such amounts have not been comprehensively reviewed or updated since that date and, therefore, may not represent current estimates of fair value.

The fair value of debt has been estimated using discounted cash-flow models incorporating discount rates based on current market interest rates for similar types of instruments or quoted market prices, when applicable. At May 3, 1997 and April 27, 1996, the difference between the estimated fair value and the carrying value of debt instruments was not material.

#### 11. COMMITMENTS AND CONTINGENCIES

Albert H. Kahn v. Nick A. Caporella, et al., Civil Action No. 11890 was filed in December 1990 by a shareholder of Burnup & Sims Inc. ("BSI"), now MasTec, Inc., in the Court of Chancery of the State of Delaware in and for New Castle County against NBC, the members of the Board of Directors of BSI and against BSI. In May 1993, plaintiff amended its class action and shareholder derivative complaint (the "Amended Complaint"). The class action claims allege, among other things, that the Board of Directors of BSI, and NBC, as its largest shareholder, breached their respective fiduciary duties in approving (i) the dividend by BSI of its shares of NBC common stock (the "Distribution") and (ii) the exchange of certain shares of BSI's common stock held by NBC for certain indebtedness of NBC held by BSI (the "Exchange"; the Distribution and the Exchange are hereafter referred to as the "1991 Transaction"), in allegedly placing the interests of NBC ahead of the interests of other shareholders of BSI. The derivative action claims allege, among other things, that the Board of Directors of BSI breached their fiduciary duties by approving executive officer compensation arrangements, by financing NBC's operations on a current basis, and by permitting the interests of BSI to be subordinated to those of NBC. In the lawsuit, plaintiff seeks to rescind the 1991 Transaction and to recover unspecified damages. The defendants, including the Company, have moved to dismiss the

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actions for failure to make a demand and state a claim upon which relief can be granted. The motion is still pending.

In November 1993, plaintiff filed a class action and derivative complaint, Civil Action No. 13248 (The "1993 Complaint") against the Company, BSI, the members of the Board of Directors of BSI, and certain other defendants (referred to as "Other Defendants"). In December 1993, plaintiff amended the 1993 Complaint (the "1993 Amended Complaint"). The 1993 Amended Complaint alleges, among other things, that the Board of Directors of BSI, and NBC, as BSI's largest stockholder, breached their respective fiduciary duties by approving an agreement dated October 15, 1993, as amended, between BSI and the Other Defendants (the "Acquisition Agreement") and the exchange of 3,153,847 shares of BSI common stock owned by the Company for certain indebtedness owed to BSI by the Company (the "Redemption") which, according to the allegations of the 1993 Complaint, benefits the President and Chief Executive Officer of NBC at the expense of BSI's stockholders. On November 29, 1993, plaintiff filed a motion for an order preliminarily and permanently enjoining the transactions under the Acquisition Agreement and the Redemption. On March 7, 1994, the court heard oral arguments with respect to plaintiff's motion to enjoin the transactions, and on March 10, 1994, the court denied plaintiff's request for injunctive relief finding that plaintiff had not established a likelihood of success on the merits and that, in any event, the equities did not favor the imposition of injunctive relief.

The Company believes that the allegations in the complaint, the Amended Complaint, the 1993 Complaint and the 1993 Amended Complaint are without merit, and intends to vigorously defend these actions.

The Company is a defendant in various other lawsuits arising in the ordinary course of business.

In the opinion of management, the ultimate disposition of the foregoing lawsuits will not have a material adverse effect on the Company's consolidated financial position or results of operations.

In the ordinary course of its business, the Company enters into commitments for the supply of certain raw materials, none of which are material to the Company's financial position.

## 12. EARNINGS PER SHARE

For periods prior to fiscal 1997, earnings applicable to common shares is comprised of net income less preferred dividends and, for fiscal 1996, a non-recurring, non-cash component of \$7.6 million arising from the Company's purchase of all of its outstanding preferred stock. This amount represents the difference of the carrying value of the preferred stock over its purchase price. The accounting treatment of the realized discount on the preferred stock purchase is based upon the SEC staff's interpretation of generally accepted accounting principles relating to such transactions.

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The following table provides a breakdown of the components of earnings applicable to common shares and earnings per share for each of the fiscal years ended May 3, 1997, April 27, 1996 and April 29, 1995:

	(In thousands, except per share amounts)		
	1997	1996	1995
	-----	-----	-----
Income from continuing operations	\$10,693	\$ 9,004	\$ 8,601
Preferred dividends	--	(788)	(1,050)
	-----	-----	-----
	10,693	8,216	7,551

Difference of carrying value of preferred shares over cost of shares purchased	--	7,600	--
	-----	-----	-----
Earnings applicable to common shares	\$10,693	\$ 15,816	\$ 7,551
	=====	=====	=====
Components of earnings per common shares arising from:			
Income from continuing operations	\$ . 56	\$ .44	\$ .41
Purchase of preferred shares	--	.41	--
	-----	-----	-----
	\$ .56	\$ .85	\$ .41
	=====	=====	=====
Average shares outstanding	19,109	18,606	18,598
	=====	=====	=====

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"), which establishes standards for computing and presenting earnings per share. SFAS 128 is required to be adopted for periods ending after December 15, 1997, including interim periods. In addition to the Company's current presentation of net income per share, SFAS 128 will require the Company to present diluted net income per share, which includes the dilutive effect of stock options. The Company does not believe the additional disclosure of diluted net income per share will materially differ from its present earnings per share disclosures.

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### 13. QUARTERLY FINANCIAL DATA (UNAUDITED)

(In thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	-----	-----	-----	-----
1997				
Net sales	\$110,204	\$94,968	\$75,113	\$105,142
Gross profit	32,293	27,404	21,881	28,396
Net income	5,050	2,627	628	2,388
Earnings per common share	\$ .27	\$ .14	\$ .03	\$ .12
1996				
Net sales	\$101,660	\$84,564	\$67,245	\$ 96,962
Gross profit	25,401	21,248	16,608	25,315
Net income	4,375	2,181	440	2,008
Components of earnings per common share:				
Income from continuing operations	\$ .22	\$ .10	\$ .01	\$ .11
Purchase of preferred shares*	--	--	--	.41
	-----	-----	-----	-----
	\$ .22	\$ .10	\$ .01	\$ .52
	=====	=====	=====	=====

\* Fourth quarter earnings per share includes the difference of the carrying value of the Company's preferred stock over its purchase price. See Note 12.

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Shareholders and Board of Directors  
National Beverage Corp.:

We have audited the accompanying consolidated balance sheets of National Beverage Corp. and subsidiaries as of May 3, 1997 and April 27, 1996, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended May 3, 1997. Our audits also included the financial statement schedules for each of the three years in the period ended May 3, 1997 listed in Item 14(a)2 herein. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Beverage Corp. and subsidiaries as of May 3, 1997 and April 27, 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended May 3, 1997, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Miami, Florida  
July 31, 1997

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

None

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ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning directors and the nominees for director of NBC is included under the caption "Election of Directors" and "Information as to Nominees and Other Directorships" in NBC's Proxy Statement for the Annual Meeting of Shareholders to be filed on or before September 2, 1997, and is hereby incorporated by reference.

The following table sets forth certain information with respect to the officers of the Registrant as of May 3, 1997.

Name	Age	Position with Company
Nick A. Caporella (1)	61	Chairman of the Board, Chief Executive Officer, President and Chief Financial Officer

Joseph G. Caporella (2)	37	Executive Vice President and Secretary
George R. Bracken (3)	52	Vice President and Treasurer
Dean A. McCoy (4)	40	Vice President - Controller
Keith R. Brockman (5)	41	Director of Taxes

- (1) Mr. Nick A. Caporella has served as Chairman of the Board, Chief Executive Officer, Chief Financial Officer, and Director since the Company's inception in 1985. Mr. Caporella also serves as Chairman of the Nominating Committee. Prior to March 11, 1994, Mr. Caporella served as President and Chief Executive Officer (since 1976) and Chairman of the Board (since 1989) of Burnup & Sims Inc. Since January 1, 1992, Mr. Caporella's services are provided to the Company by Corporate Management Advisers, Inc., a company which he owns.
- (2) Mr. Joseph G. Caporella has served as Executive Vice President and Secretary since January 1991 and Director since January 1987. From January 1990 to January 1991, he served as Executive Vice President of BevCo Sales, Inc., a wholly-owned subsidiary of the Company. Joseph G. Caporella is the son of Nick A. Caporella.
- (3) Mr. George R. Bracken was named Vice President and Treasurer in October 1996. Since 1994, Mr. Bracken's services have been provided to the Company by Corporate Management Advisers, Inc. Prior to that date, Mr. Bracken served as Vice President & Treasurer of Burnup & Sims Inc.

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- (4) Mr. Dean A. McCoy was named Vice President - Controller in July 1993 and, prior to that, served as Controller since joining the Company in December 1991. Prior to joining the Company, Mr. McCoy served as Controller of Steego Corporation since December 1988.
- (5) Mr. Keith R. Brockman has served as Director of Taxes since joining the Company in July 1991. Prior to joining the Company, Mr. Brockman served as Director of Taxes of Milton Roy Company since January 1988.

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.

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- ITEM 11. EXECUTIVE COMPENSATION  
National Beverage Corp. 1997 Proxy Statement, which will be filed on or before September 2, 1997, is incorporated herein by reference.
- ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT  
National Beverage Corp. 1997 Proxy Statement, which will be filed on or before September 2, 1997, is incorporated herein by reference.
- ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS  
National Beverage Corp. 1997 Proxy Statement, which will be filed

on or before September 2, 1997, is incorporated herein by reference.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)	1. Financial Statements	Page
	The following consolidated financial statements of National Beverage Corp. and subsidiaries are included herein:	
	Consolidated Balance Sheets	18
	Consolidated Statements of Income	19
	Consolidated Statements of Shareholders' Equity	20
	Consolidated Statements of Cash Flows	21
	Notes to Consolidated Financial Statements	22
	Report of Independent Accountants	37
	2. Financial Statement Schedules	
	The following are included herein:	
	Schedule I - Condensed Financial Information of Registrant	47
	Schedule II - Valuation and Qualifying Accounts	51
	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 Index to Exhibits which follows.	
(b)	Reports on Form 8-K	
	No reports on Form 8-K were filed for the quarter ended May 3, 1997.	

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EXHIBIT INDEX

Exhibit No.	Description
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 Advisers, 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	Note Purchase Agreement, dated June 5, 1992, among NewBevCo, Inc. and Purchasers (3)
10.6	Credit Agreement, dated as of September 23, 1993, between NewBevCo, Inc. and the lender therein (4)
10.7	Agreement, dated March 11, 1994, between Burnup & Sims Inc. and National Beverage Corp. (5)
10.8	First Amendment to Credit Agreement, dated November 10, 1994, between NewBevCo and lender therein (6)
10.9	Second Amendment to Credit Agreement, dated November 21, 1995, between NewBevCo and lender therein (7)
10.10	Third Amendment to Credit Agreement, dated February 29, 1996, between NewBevCo and lender therein (8)
10.11	Fourth Amendment to Credit Agreement, dated April 24,

1996, between NewBevCo and lender therein (8)

- 10.12 Fifth Amendment to Credit Agreement, dated November 14, 1996, between NewBevCo and lender therein (9)
- 10.13 Term Loan Credit Agreement, dated February 29, 1996, between NewBevCo and lender therein (8)

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- 10.14 Letter Modification to Term Loan Credit Agreement dated April 24, 1996, between NewBevCo and lender therein (8)
- 10.15 Term Note dated February 18, 1997, between NewBevco and lender therein (11)
- 10.16 First Amendment to Term Loan Credit Agreement dated February 18, 1997, between NewBevco and lender therein (11)
- 10.17 Asset Purchase Agreement of Everfresh Beverages, Inc. (8)
- 10.18 Amendment No. 1 to the National Beverage Corp. Omnibus Incentive Plan (8)
- 10.19 Special Stock Option Plan (10)
- 10.20 Amendment No. 2 to the National Beverage Corp. Omnibus Incentive Plan (11)
- 10.21 Key Employee Equity Partnership Program (11)
- 21.1 Subsidiaries of Registrant (11)
- 23.1 Consent of Independent Accountants (11)
- 27.0 Financial Data Schedule (for SEC use only) (11)

- (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 Annual Report on Form 10-K for the fiscal year ended May 2, 1992 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 30, 1993 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 29, 1994 and is incorporated herein by reference.

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- (6) 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.

- (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 27, 1996 and is incorporated herein by reference.
- (8) 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.
- (9) Previously filed with the Securities and Exchange Commission as an exhibit to Quarterly Report of Form 10-Q for the fiscal period ended January 25, 1997 and is incorporated herein by reference.
- (10) 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.
- (11) Filed herein.

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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 Date: July 31, 1997  
-----  
Dean A. McCoy  
Vice President - Controller  
(Principal Accounting Officer)

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 Date: July 31, 1997  
-----  
Nick A. Caporella  
President and Chief Executive Officer and  
Chairman of the Board (Principal Executive and  
Financial Officer)

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\s\ Joseph G. Caporella Date: July 31, 1997  
-----  
Joseph G. Caporella  
Executive Vice President and Secretary

\s\ S. Lee Kling Date: July 31, 1997  
-----  
S. Lee Kling  
Director

\s\ Joseph P. Klock, Jr. Date: July 31, 1997

-----  
Joseph P. Klock, Jr.  
Director

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Schedule I

NATIONAL BEVERAGE CORP. (PARENT COMPANY)  
CONDENSED BALANCE SHEETS  
AS OF MAY 3, 1997 AND APRIL 27, 1996  
(In thousands, except share amounts)  
=====

	1997	1996
	-----	-----
ASSETS		
- -----		
CURRENT ASSETS:		
Cash and equivalents	\$ 219	\$ 620
Deferred and refundable income taxes	3,150	4,009
	-----	-----
Total current assets	3,369	4,629
INVESTMENT IN SUBSIDIARIES - NET	64,197	52,734
	-----	-----
TOTAL	\$ 67,566	\$ 57,363
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
- -----		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 2,227	\$ 2,129
Income taxes payable	1,391	1,377
	-----	-----
Total current liabilities	3,618	3,506
DEFERRED INCOME TAXES	7,245	6,805
COMMITMENTS AND CONTINGENCIES		
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: 21,990,492 shares in 1997 and 12,741,488 shares in 1996; Outstanding: 18,459,768 shares in 1997 and 9,310,764 shares in 1996)	220	127
Additional paid-in capital	14,943	14,873
Retained earnings	54,871	44,178
Treasury stock-at cost:		
Preferred stock (150,000 shares)	(5,100)	(5,100)
Common stock (3,530,724 shares in 1997 and 3,430,724 shares in 1996)	(8,381)	(7,176)
	-----	-----
Total shareholders' equity	56,703	47,052
	-----	-----
TOTAL	\$ 67,566	\$ 57,363
	=====	=====

See accompanying Notes to Condensed Financial Statements.

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Schedule I  
(Continued)

NATIONAL BEVERAGE CORP. (PARENT COMPANY)  
CONDENSED STATEMENTS OF INCOME  
FOR THE FISCAL YEARS ENDED MAY 3, 1997, APRIL 27, 1996, AND APRIL 29, 1995  
(In thousands, except per share amounts)

	1997	1996	1995
	----	----	----
Equity in Pre-tax Earnings of Consolidated Subsidiaries	\$16,973	\$14,581	\$14,164
Interest Expense, Net	--	57	64
	-----	-----	-----
Income Before Income Taxes	16,973	14,524	14,100
Provision for Income Taxes	6,280	5,520	5,499
	-----	-----	-----
Net Income	\$10,693	\$ 9,004	\$ 8,601
	=====	=====	=====
Components of Earnings Per Share (a):			
Income From Continuing Operations	\$ 0.56	\$ 0.44	\$ 0.41
Purchase of Preferred Shares	-	0.41	--
	-----	-----	-----
	\$ 0.56	\$ 0.85	\$ 0.41
	=====	=====	=====
Average Shares Outstanding	19,109	18,606	18,598

(a) - Earnings per share is computed from earnings applicable to common shares, which, for periods prior to fiscal 1997, consists of net income less preferred dividends and, for 1996, \$7,600,000 which represents the difference of the carrying value of the Company's preferred stock over its purchase price (see Note 12 of Notes to Consolidated Financial Statements). Earnings applicable to common shares was \$10,693,000, \$15,816,000, and \$7,551,000 for the years ended May 3, 1997, April 27, 1996, and April 29, 1995, respectively.

See accompanying Notes to Condensed Financial Statements.

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Schedule I  
(Continued)

NATIONAL BEVERAGE CORP. (PARENT COMPANY)  
CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED MAY 3, 1997, APRIL 27, 1996, AND APRIL 29, 1995  
(In thousands)

	1997	1996	1995
	-----	-----	-----
OPERATING ACTIVITIES:			
Net income	\$ 10,693	\$ 9,004	\$ 8,601
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Deferred income tax provision	2,991	1,000	363
Undistributed equity in net income of			

consolidated subsidiaries	(10,693)	(9,041)	(8,510)
Changes in accounts payable and accrued liabilities	98	(300)	461
	-----	-----	-----
Net cash provided by operating activities	3,089	663	915
	-----	-----	-----
FINANCING ACTIVITIES:			
Advances from (to) subsidiaries	(2,339)	7,278	(637)
Debt repayments	--	(703)	--
Purchase of common stock	(1,205)	--	--
Preferred stock dividends paid	--	(1,838)	(263)
Purchase of preferred stock	--	(5,100)	--
Proceeds from stock options exercised	54	16	14
	-----	-----	-----
Net cash used in financing activities	(3,490)	(347)	(886)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS			
	(401)	316	29
CASH AND EQUIVALENTS - BEGINNING OF YEAR			
	620	304	275
	-----	-----	-----
CASH AND EQUIVALENTS - END OF YEAR			
	\$ 219	\$ 620	\$ 304
	=====	=====	=====

Non-cash financing activities are described in Note 6 of Notes to the Consolidated Financial Statements.

See accompanying Notes to Condensed Financial Statements.

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Schedule I  
(Continued)

NATIONAL BEVERAGE CORP. (PARENT COMPANY)  
NOTES TO CONDENSED FINANCIAL STATEMENTS

The accompanying parent company financial statements of National Beverage Corp. ("NBC") should be read in conjunction with the consolidated financial statements of NBC and its consolidated subsidiaries (the "Company").

- 1. Basis of Presentation**  
NBC is a holding company for various wholly-owned subsidiaries which are engaged in the manufacture and distribution of soft drinks and other beverages. NBC's investments in its wholly-owned subsidiaries are reported in these parent company financial statements using the equity method of accounting.
- 2. Long-Term Debt**  
No long-term debt was outstanding at May 3, 1997 or at April 27, 1996.

A subsidiary of NBC has unsecured senior notes and bank credit facilities outstanding. See Note 4 of Notes to Consolidated Financial Statements. Certain of these debt agreements contain restrictions which, among other things, limit the subsidiary from paying cash dividends to the parent. As of May 3, 1997, net assets of the subsidiary totaling approximately \$43 million were restricted from distribution.
- 3. Capital Stock and Transactions with Related Parties**  
See Note 6 of Notes to Consolidated Financial Statements for information related to capital stock and transactions with related parties.
- 4. Commitments and Contingencies**  
See Note 11 of Notes to the Consolidated Financial Statements for information related to legal proceedings.

## Schedule II

## NATIONAL BEVERAGE CORP. AND SUBSIDIARIES

## VALUATION AND QUALIFYING ACCOUNTS

For the Fiscal Years Ended May 3, 1997, April 27, 1996, and April 29, 1995

(In thousands)

Description -----	Balance at Beginning of Period -----	Additions Charged (Credited) to Expenses -----	Deductions: Net (Charge-offs) Recoveries -----	Balance at end of Period -----
Year Ended May 3, 1997:				
Allowance for doubtful accounts receivable	\$694 =====	\$ 51 =====	\$ (137) =====	\$608 =====
Year Ended April 27, 1996:				
Allowance for doubtful accounts receivable	\$708 =====	\$ (31) =====	\$ 17 =====	\$694 =====
Year Ended April 29, 1995:				
Allowance for doubtful accounts receivable	\$828 =====	\$ 93 =====	\$ (213) =====	\$708 =====

This instrument was made, executed and delivered outside the State of Florida, and no Florida Documentary Stamp tax is due hereon in accordance with F.A.C. 12B-4.053 (35).

NEWBEVCO, INC.

TERM NOTE

\$16,600,000.00

February 18, 1997

FOR VALUE RECEIVED, the undersigned, NewBevco, Inc., a Delaware corporation ("Borrower"), promises to pay to the order of Barnett Bank, N.A. successor by merger to Barnett Bank of Broward County, N.A., a national banking association ("Bank"), at the offices of Bank in Fort Lauderdale, Florida, or at such other place as the holder of this note may from time to time designate, the principal sum of SIXTEEN MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS (\$16,600,000.00) or the aggregate unpaid principal amount of all advances made by Bank to the undersigned under this Note, if different, in lawful money of the United States of America, and to pay interest on the principal amount remaining from time to time outstanding from the date hereof until due at the rates selected by Borrower for each advance hereunder as described in the Credit Agreement dated February 29, 1996 executed by Borrower and Bank as may be amended from time to time ("Credit Agreement"). After the due date of this Note, whether by acceleration or otherwise, interest shall accrue on the principal amount remaining unpaid at a rate equivalent to five percent (5%) per annum above the Prime Rate until paid (the "Default Rate").

Notwithstanding the foregoing, however, in no event shall the interest rate applicable to principal outstanding under this note exceed the maximum rate of interest allowed by applicable law, as amended from time to time. Bank does not intend to charge any amount of interest or other fees or charges in the nature of interest that exceeds the maximum rate allowed by applicable law. If any payment of interest or in the nature of interest hereunder would cause the foregoing interest rate limitation to be exceeded, then such excess payment shall be credited as a payment of principal unless the undersigned notifies the Bank in writing that the undersigned wishes to have such excess sum returned, together with interest at the rate specified in Section 687.04 (2), Florida Statutes, or any successor statute.

The term "LIBOR Rate" shall have the meaning set forth in the Credit Agreement.

The term "Prime Rate" shall mean the annual rate of interest announced from time to time by Barnett Banks, Inc. as its "prime rate". The Prime Rate is a reference rate for the information and use of Bank in establishing actual rates to be charged its borrowers. The interest rates applicable to this Note shall be adjusted daily to reflect changes in the Prime

Rate, effective as of the date each such change occurs. Interest shall be computed on the basis of a year of 360 days but charged for the actual number of days elapsed.

Payments of this Note (other than prepayments) shall first be credited to interest and lawful charges then accrued and the remainder to principal, and prepayments in the ordinary course shall first be credited to principal, unless otherwise determined by Bank in its sole discretion.

Interest shall be payable monthly in arrears beginning on February 1, 1997, and continuing on the like day of each month thereafter, as long as any principal amount remains outstanding hereunder, and at maturity.

Principal payments, based on a five year amortization schedule, in the amount of \$830,000.00 shall be due and payable on February 1, 1998 and continuing quarterly thereafter until the Termination Date, as defined in the Credit Agreement, at which time the outstanding balance of the Loan plus any and all accrued and unpaid interest shall be due and payable.

If any payment of interest is more than ten (10) days late, the undersigned agrees to pay Bank a late charge equal to five percent (5%) of the payment (the "Late Fee"). The provisions of this Note establishing a Late Fee shall not be deemed to extend the time for any payment or to constitute as "grace period" giving the undersigned a right to cure such default.

This Note is issued pursuant to, and is subject to, the provisions of the Credit Agreement between the undersigned and Bank. Reference is made to the Credit Agreement for a description of the relative rights and obligations of the undersigned and Bank, including rights and obligations of prepayment, events of default, and rights of acceleration of maturity in the Event of Default. In the case of a conflict between the terms of this Note and the terms of the Credit Agreement, the terms of the Credit Agreement shall control.

The undersigned shall be entitled to prepay this Note in whole or in part, at any time, without premium or penalty, subject to the provisions of the Credit Agreement.

The undersigned agrees to pay or reimburse Bank for all of its costs and expenses incurred in connection with administration, supervision, collection, or enforcement, or preservation of any rights under, this Note, including, without limitation, the reasonable fees and disbursements of counsel for Bank, including reasonable attorneys' fees out of court, in trial, on appeal, in bankruptcy proceedings, or otherwise.

All persons now or at any time liable for payment of this Note hereby waive presentment, protest, notice of protest, and notice of dishonor. The undersigned expressly consents to any extensions and renewals of this Note, in whole or in part, and all delays in time of payment or other performance under this Note which Bank may grant at any time and from time to time, without limitation and without any notice or further consent of the

undersigned. All notices, demands, and other communications required or permitted in connection with this Note shall be given in the manner specified in the Credit Agreement.

The remedies of Bank, as provided herein, or in any other agreement between the undersigned and Bank are cumulative and concurrent (except as may be provided in the Credit Agreement) and may be pursued singularly, successively, or together, and may be exercised as often as the occasion therefor shall arise.

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed as of the day and year first above written.

NEWBEVCO, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(SEAL)

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

The foregoing instrument, was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1997 by \_\_\_\_\_ of NewBevco, Inc., a Delaware corporation, on behalf of the corporation who ( ) is personally known to me, or who ( ) has produced \_\_\_\_\_ as identification and who ( ) did ( ) did not take an oath.

-----  
Signature of Person Taking Acknowledgment

-----  
Name of Acknowledger Typed, Printed or Stamped  
(Title or Rank)  
(Serial Number, if any)

## FIRST AMENDMENT TO TERM LOAN CREDIT AGREEMENT

This First Amendment to Term Loan Credit Agreement ("Amendment"), dated February 18, 1997, is by and between NEWBEVCO, INC., a Delaware corporation ("Borrower"), and BARNETT BANK, N.A. successor by merger to BARNETT BANK OF BROWARD COUNTY, N.A., a national banking association ("Bank").

## WITNESETH

WHEREAS, Bank and Borrower have previously executed and entered into that certain Term Loan Credit Agreement dated February 29, 1996 ("Original Credit Agreement") and certain other loan documents in connection therewith including that term note also dated February 29, 1996 in the original principal amount of \$16,600,000.00;

WHEREAS, pursuant to the Original Credit Agreement, Bank had previously extended a term loan to Borrower of Sixteen Million Six Hundred Thousand and 00/100 Dollars (\$16,600,000.00) ("Term Loan");

WHEREAS, on April 24, 1996, Bank and Borrower modified the terms of the Original Credit Agreement in that letter agreement ("Letter Agreement");

WHEREAS, Borrower has requested that the Term Loan be further modified and Bank is willing to do so upon the terms and conditions set forth in this Agreement (the Original Credit Agreement as modified by the Letter Agreement and this Amendment are collectively referred to as the "Credit Agreement"); and

WHEREAS, in connection with this modification, Borrower has executed a new Term Note dated of even date herewith in the original principal amount of Sixteen Million Six Hundred Thousand and 00/100 Dollars (\$16,600,000.00) ("Note").

NOW, THEREFORE, in consideration of the mutual covenants, the parties agree, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as follows:

1. Incorporation and Recitals. The above recitals are true and correct and are incorporated herein by reference as though set forth in full.
2. Definitions. All capitalized terms used herein shall, except as modified herein, have meanings ascribed to them in the Credit Agreement.
3. Amendments to Credit Agreement.

(a) Section 1.1 of the Credit Agreement is amended to revise the definition of loan Documents to read as follows: "Loan Documents" mean the Credit Agreement, the Note, the Guaranties, the Documentary Stamp and Intangible Tax Indemnification Agreement, the Reaffirmations of Guaranty of the Guaranties, the Letter Agreement and this Amendment.

(b) Section 2.1 (a) is hereby deleted and the following is substituted in its place: Prior to November 1, 1998 (the "Termination Date"), subject to the terms and conditions of this Agreement and so long as there exists no Event of Default or circumstance which with the giving of notice or passage of time would become an Event of Default, the Bank shall upon the request of the Borrower make advances under the Term Loan, in accordance with the provisions hereof. Notwithstanding anything contained herein, no advance under the Term Loan shall be made which, when aggregated with all other advances under the Term Loan, the amounts of any letters of credit issued and outstanding pursuant to the

Revolving Credit and any principal amounts outstanding under the Revolving Credit (which amounts shall include all unreimbursed amounts paid by the Bank and amounts of drafts accepted by the Bank under letters of credit), would exceed the sum of (i) eighty-five percent (85%) of Eligible Receivables plus (ii) seventy-five percent (75%) of Eligible Inventory ("Inventory Calculation") (collectively "Borrowing Base"). Further, notwithstanding anything to the contrary contained herein, the total amount of advances under the Term Loan and the Revolving Credit which are based on the Inventory Calculation shall not exceed \$15,000,000.00

(c) Section 2.4 is hereby deleted and the following is substituted in its place:

Note. The Term Loan shall be evidenced by a promissory note of the Borrower, payable to order of the Bank in substantially the form of Exhibit "A" hereto, in an aggregate principal amount equivalent to \$16,600,000.00, and dated the date of this Amendment (as may be amended, renewed, increased, restated, replaced or otherwise modified from time to time, the "Term Note").

(d) Section 2.6 (a) is hereby deleted and the following is substituted in its place:

Principal under the Term Loan shall be due and payable, based on a five year amortization schedule, in the amount of \$830,000.00 on February 1, 1998 and continuing quarterly thereafter until the Termination Date. Interest shall be payable monthly in arrears beginning on February 1, 1997, and continuing on the like day of each month thereafter, as long as any principal amount remains outstanding under the Term Loan. On the Termination Date the outstanding balance of the Term Note plus any and all accrued and unpaid interest shall be due and payable.

4. Representations and Warranties. To induce Bank to enter into this Amendment and to perform the transactions described herein, Borrower hereby makes the representations and warranties to Bank contained in the Credit Agreement on and as of the date of this Amendment.

5. Reliance Upon, Survival of and Materially of Representations and Warranties, Agreements, and Covenants. All representations and warranties, agreements, and covenants made by Borrower herein are material and shall be deemed to have been relied upon by Bank, notwithstanding any investigation heretofore or hereafter made by Bank, shall survive the execution and delivery of this Amendment, and shall continue in full force and effect so long as any indebtedness subject to the Credit Agreement is owed to Bank. All statements contained in a certificate or other writing delivered to Bank at any time by or on behalf of Borrower pursuant hereto shall constitute representations and warranties by Borrower hereunder.

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6. Required Documents. On or prior to the date of the execution of this Amendment, Bank shall have received from Borrower the following:

(a) Reaffirmations of Continuing and Unconditional Guaranties by each Restricted Subsidiary ("Reaffirmations"); and

(b) Evidence satisfactory to Bank that the Term Note incorporating the modifications described herein has been executed out of the State of Florida, or evidence that all documentary stamps required to be paid in connection with its execution in the State of Florida have been paid.

7. Incorporation by Reference. Except as modified herein, the terms and conditions of the Credit Agreement are hereby incorporated by reference and remain in full force and effect, enforceable in accordance with the terms hereof.

8. WAIVER OF JURY TRIAL. BORROWER AND BANK HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN



personally known to me or has produced \_\_\_\_\_ as  
identification.

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Notary Public  
Name of Notary Printed:

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(NOTARY SEAL)

My commission expires:  
My commission number is:

AMENDMENT #2 TO THE  
NATIONAL BEVERAGE CORP.  
1991 OMNIBUS INCENTIVE PLAN

Set forth below is a new Section 7(f) to the National Beverage Corp. 1991 OMNIBUS INCENTIVE PLAN adopted by the Board of Directors of National Beverage Corp. :

(f) CHANGE IN CONTROL. Notwithstanding anything in this Plan to the contrary, any Awards granted hereunder and then outstanding shall become immediately exercisable and/or vested in full if any of the following events (each of which shall be deemed a "Change in Control") shall occur:

(i) any "person" within the meaning of Section 14(d) of the Exchange Act becomes the "beneficial owner" as defined in Rule 13d-3 thereunder, directly or indirectly, of more than 50% of the issued and outstanding Shares (provided, however, that this provision shall not apply to any person who on the date of adoption of the Plan is the "beneficial owner" as defined in Rule 13d-3 of the Exchange Act of more than 50% of the issued and outstanding Shares);

(ii) any "person" acquires by proxy or otherwise the right to vote more than 50% of the issued and outstanding Shares for the election of directors (provided, however, that this provision shall not apply to (1) any person who on the date of the adoption of the Plan has the right by proxy or otherwise to vote more than 50% of the issued and outstanding Shares, or (2) the Incumbent Board (as defined herein) or any person designated by the Incumbent Board);

(iii) during any two-year period, individuals who constitute the Board (the "Incumbent Board") as of the beginning of the period cease for any reason to constitute at least a majority thereof, provided that any person becoming a Director during such period who is appointed by the Incumbent Board or whose election or nomination for election by the Company's stockholders was approved by a vote of at least three quarters of the Incumbent Board (either by specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for Director without objection to such nomination) shall be, for purposes of this clause (iii), considered as though such person were a member of the Incumbent Board;

(iv) the consummation of a sale of all or substantially all of the assets of the Company; or

(v) the consummation of any merger, consolidation, reorganization or other change in corporate structure in which the Company is not the surviving entity or as a result of which there shall occur a "Change in Control" under subparagraph (i), (ii) or (iii) above.

Notwithstanding the foregoing, a Change of Control shall not occur if the event causing the Change of Control is a repurchase by the Company of its own Shares (although subsequent acquisitions of Shares by any "person" owning more than the percentage interest set forth above shall constitute a Change in Control).

NATIONAL BEVERAGE CORP.  
KEY EMPLOYEE EQUITY PARTNERSHIP PROGRAM

SECTION 1. PURPOSE; DEFINITIONS.

(a) Purpose. The purpose of the Program is to enable the Corporation to attract, retain and reward officers, directors and key employees of and consultants to the Corporation and its Subsidiaries and Affiliates, to encourage such individuals to acquire and retain ownership of the Corporation's Common Stock, and to strengthen the mutuality of interests between such individuals and the Corporation's shareholders, by offering such officers, directors, key employees and consultants Options to purchase shares of Common Stock of the Corporation on the terms set forth herein. The creation of the Program shall not diminish or prejudice other compensation programs approved from time to time by the Board.

(b) Definitions. For purposes of the Program, the following terms are defined as set forth below:

(i) "Affiliate" means any entity other than the Corporation and its Subsidiaries designated by the Board as a participating employer under the Program, provided that the Corporation directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity or at least 20% of the ownership interests in such entity.

(ii) "Board" means the Board of Directors of the Corporation.

(iii) "Capital Transaction" has the meaning provided in Section 3(b) of the Program.

(iv) "Cause" has the meaning provided in Section 5(b) (ix) of the Program.

(v) "Change of Control" has the meaning set forth in Section 3(c) of the Program.

(vi) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

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(vii) "Commission" means the Securities and Exchange Commission.

(viii) "Committee" means the Committee referred to in Section 2 of the Program.

(ix) "Common Stock" means the Corporation's Common Stock, par value of \$0.01 per share.

(x) "Consultant" shall include any employee or director of Corporate Management Advisers, Inc. ("CMA"). For purposes of the Program, so long as CMA is providing management services to the Corporation, service with CMA will be deemed to be a consulting arrangement with the Corporation.

(xi) "Corporation" means National Beverage Corp., a

corporation organized under the laws of the State of Delaware, or any successor corporation.

(xii) "Disability" means disability as reasonably determined by the Committee.

(xiii) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(xiv) "Fair Market Value" means the reported closing price of shares of the Common Stock on the American Stock Exchange on the relevant date or, if no shares of Common Stock are traded on that date, the reported closing price on the next preceding date on which shares were traded. In the event that trading in the shares of Common Stock is no longer reported on the American Stock Exchange, Fair Market Value shall be determined by such other method as the Committee in good faith deems appropriate without regard to any restriction other than a restriction which, by its terms, will never lapse.

(xv) "Legend" has the meaning set forth in Section 6 of the Program.

(xvi) "Nonemployee Director" has the meaning set forth in Rule 16b-3(b)(3)(i) as promulgated under the Exchange Act, or any successor definition adopted by the Commission.

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(xvii) "Option" means any option to purchase shares of Common Stock granted pursuant to Section 5 below.

(xviii) "Owned Shares" has the meaning provided in Section 5(b)(i) of the Program.

(xix) "Program" means this National Beverage Corp. Key Employee Equity Partnership Program, as amended from time to time in accordance herewith.

(xx) "Purchase Price" has the meaning set forth in Section 5(b)(ii) of the Program.

(xxi) "Retirement" for purposes of this Program means (i) retirement from active employment or other service (including service as a Consultant) with the Corporation and any Subsidiary or Affiliate on or after age 65 or (ii) retirement from active employment or other service (including service as a Consultant) with the Corporation and any Subsidiary or Affiliate prior to age 65 with the express consent of the Corporation at or before the time of such retirement.

(xxii) "Subsidiary" means any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

## SECTION 2. ADMINISTRATION.

(a) The Committee. The Program shall be administered by a Committee of not less than two (2) Nonemployee Directors, who shall be appointed by the Board and who shall serve at the pleasure of the Board. The functions of the Committee specified in the Program may be exercised by an existing Committee of the Board composed exclusively of Nonemployee Directors. The initial Committee shall be

(b) Authority of the Committee. The Committee shall have authority to grant Options, pursuant to the terms of the Program, to officers, directors, key employees and Consultants eligible under Section 4 hereof.

In particular, the Committee shall have the authority, consistent with the terms of the Program:

(i) to select the officers, directors and key employees of and Consultants to the Corporation and its Subsidiaries and Affiliates to whom Options may from time to time be granted hereunder;

(ii) to determine whether and to what extent Options are to be granted hereunder to one or more eligible persons;

(iii) to determine the terms and conditions, not inconsistent with the terms of the Program, of any award granted hereunder (including, but not limited to, any restriction or limitation, or any vesting, acceleration of vesting or waiver of forfeiture restrictions regarding any Option or other award or the shares of Common Stock relating thereto, based in each case on such factors as the Committee shall determine, in its sole discretion) and to amend or waive any such terms and conditions to the extent permitted by Section 7 hereof;

(iv) to determine any conditions and restrictions on the holding of Owned Shares and the terms and circumstances under which such shares may be released to the optionee;

(v) to determine whether, to what extent and under what circumstances shares of Common Stock and other amounts payable with respect to an award under this Program may be deferred either automatically or at the election of the participant (including providing for and determining the amount (if any) of any deemed earnings on any deferred amount during any deferral period); and

(vi) to determine whether to require payment of any withholding requirements in shares of Common Stock.

The Committee shall have the authority to adopt, alter and repeal such rules, guidelines and practices governing the Program as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Program and any award issued under the Program (and any agreements relating thereto); and to otherwise supervise the administration of the Program.

All decisions made by the Committee pursuant to the provisions of the Program shall be made in the Committee's sole discretion and shall be final and binding on all persons, including the Corporation and Program participants.

SECTION 3. SHARES OF COMMON STOCK SUBJECT TO PROGRAM.

(a) Shares of Common Stock Reserved Under Program. The aggregate number of shares of Common Stock reserved and available for distribution under the Program shall be 50,000 shares. Such shares of Common Stock may consist, in whole or in part, of authorized and unissued shares or treasury shares. The Committee may at any time grant Options (i) to any officer, director, key employee or Consultant having at the time of grant of the Options at least three years of service with or to the Corporation or any of its Subsidiaries or Affiliates, provided that the number of Options then granted to such person, when aggregated with the number of Options granted to such person under the Program during the preceding two year period, may not exceed 3,000 Options, and (ii) to any officer, director, key employee or Consultant having at the time of grant of the Options at least 18 months but less than three years of services with or to the Corporation or any of its Subsidiaries or Affiliates provided that the number of Options then granted to such person, when aggregated with the number of Options granted to such person under the Program during the preceding two year period, may not exceed 2,000 Options. If any Option expires or is forfeited without exercise, such shares shall again be available for distribution in connection with future awards under the Program.

(b) Adjustment in Certain Events. In the event of any merger, reorganization, consolidation, recapitalization, extraordinary cash dividend, stock dividend, stock split, or other change in corporate structure affecting the Common Stock (a "Capital Transaction"), the Committee shall substitute or adjust (i) the aggregate number of shares reserved and available for issuance under the Program, (ii) the maximum number of Options which may be granted to any eligible person under the Program, and (iii) the number and price (if applicable) of shares subject

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to outstanding Options granted under the Program, so as to provide each holder of an award under this Program with the same rights on exercise or distribution of the benefits of such award that such holder would have received if such holder had exercised or received a distribution of the benefits of such award immediately prior to the occurrence of such Capital Transaction; provided, however, that the number of shares subject to any award shall always be a whole number. In the event of any dispute as to any substitution or adjustment made under this Section 3(b), the decision of the Committee shall be final and binding on all persons, including the Corporation and Program participants.

(c) Change in Control. Notwithstanding anything in this Program to the contrary, any Options granted hereunder and then outstanding shall become immediately exercisable in full at the then applicable exercise price if any of the following events (each of which shall be deemed a "Change in Control") shall occur:

(i) any "person" within the meaning of Section 14(d) of the Exchange Act becomes the "beneficial owner" as defined in Rule 13d-3 thereunder, directly or indirectly, of more than 50% of the issued and outstanding shares of Common Stock (provided, however, that this provision shall not apply to any person who on the date of adoption of the Program is the "beneficial owner" as defined in Rule 13d-3 of the Exchange Act of more than 50% of the issued and outstanding shares of Common Stock);

(ii) any "person" acquires by proxy or otherwise the right to vote more than 50% of the issued and outstanding shares of Common Stock for the election of directors (provided, however, that this provision shall not apply to (1) any person who on the date of the adoption of the Program has the right by proxy or otherwise to vote more than 50% of the issued and outstanding shares of Common Stock, or (2) the Incumbent Board (as defined herein) or any person designated by the

Incumbent Board);

(iii) during any two-year period, individuals who constitute the Board (the "Incumbent Board") as of the beginning of the period cease for any reason to constitute at least a majority thereof, provided that any person becoming a Director during such period who is appointed by the Incumbent Board or whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least three quarters of the

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Incumbent Board (either by specific vote or by approval of the proxy statement of the Corporation in which such person is named as a nominee for Director without objection to such nomination) shall be, for purposes of this clause (iii), considered as though such person were a member of the Incumbent Board;

(iv) the consummation of a sale of all or substantially all of the assets of the Corporation; or

(v) the consummation of any merger, consolidation, reorganization or other change in corporate structure in which the Corporation is not the surviving entity or as a result of which there shall occur a "Change in Control" under subparagraph (i), (ii) or (iii) above.

Notwithstanding the foregoing, a Change of Control shall not occur if the event causing the Change of Control is a repurchase by the Corporation of its own shares (although subsequent acquisitions of shares of Common Stock by any "person" owning more than the percentage interest set forth above shall constitute a Change in Control).

#### SECTION 4. ELIGIBILITY.

Officers, directors and key employees of and Consultants to the Corporation and its Subsidiaries and Affiliates who have served with the Corporation or any of its Subsidiaries or Affiliates for at least 18 months and are responsible for or contribute to the management, growth or profitability of the business of the Corporation and its Subsidiaries and Affiliates as determined by the Committee are eligible to be granted awards under the Program.

#### SECTION 5. OPTIONS.

(a) Administration. The Committee shall have the authority to grant Options on the terms and conditions set forth in Section 5(b) below. Any Option granted under the Program shall be in such form as the Committee may from time to time approve.

(b) Terms and Conditions. Options granted under the Program shall be subject to the following terms and conditions and shall contain such additional

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terms and conditions, not inconsistent with the terms of the Program, as the Committee shall deem desirable.

(i) Grant of Option. The Committee may, in its discretion (but is not required to) grant Options to any person eligible to participate in the Program if such person (A) acquires at least 500 shares of Common Stock of the Corporation pursuant to an open market transaction at any time after January 1, 1996 and continues to hold such shares on the date on which the Options relating thereto are granted, and (B) except as otherwise determined by the Committee, submits the stock certificates representing such shares (the "Owned Shares") to the Corporation or its transfer agent and agrees to the imposition thereon of the Legend pursuant to Section 6 of this Program. Notwithstanding anything else to the contrary set forth in this Program, the Committee may not grant to any person Options to acquire shares of Common Stock which exceed 50% of the number of Owned Shares delivered to the Company by such person. As a condition to the grant of the Option, the grantee must deliver to the Corporation such evidence as the Committee shall deem appropriate of the date on which the Owned Shares were purchased and the price at which such shares were purchased.

(ii) Exercise Price. The initial exercise price per share of Common Stock purchasable under an Option shall be 60% of the Purchase Price of the Owned Shares. On the date that is eighteen months after the grant of the Option, the exercise price will be reduced to 45% of the Purchase Price of the Owned Shares. On the date that is thirty-six months after grant of the Option, the exercise price will be reduced to 30% of the Purchase Price of the Owned Shares. On the date that is fifty-four months after the grant of the Option, the exercise price will be reduced to 15% of the Purchase Price of the Owned Shares. On the date that is seventy-two months after the grant of the Option, the exercise price will be the par value of the Shares of Common Stock underlying such Option, and at no time will the exercise price be permitted to fall below the par value of such shares. For purposes of this Program, the term "Purchase Price" means the purchase price paid by the Program participant for the Owned Shares in the open market transaction in which such shares were purchased; provided that the Purchase Price for any Owned Shares acquired prior to March 14, 1997 shall be fixed at the closing price on the American Stock Exchange of Common Stock on March 14, 1997.

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(iii) Option Term. The term of each Option shall be fixed by the Committee, but no Option will be exercisable more than ten years after the date of grant.

(iv) Exercisability. Unless otherwise determined by the Committee, no Option shall be exercisable until the third anniversary of the date of grant. On or after the third anniversary of the date of grant, the Option will be exercisable for a total of 40% of the shares of Common Stock underlying the Option. On and after the sixth anniversary of the date of grant, the Option will be exercisable with respect to all of the shares of the Common Stock underlying the Option.

(v) Method of Exercise. Subject to the installment exercise restrictions under Section 5 (b) (iv) hereof, Options may be exercised in whole or in part at any time during the option period, by giving

written notice of exercise to the Corporation specifying the number of shares to be purchased. Such notice shall be accompanied by (1) evidence of the continued uninterrupted ownership of the Owned Shares, and (2) payment in full of the exercise price, either by check or a note or such other instrument as the Committee may accept. As determined by the Committee, in its sole discretion, at or after grant, payment in full or in part may also be made in the form of shares of Common Stock already owned by the optionee (based in each case, on the Fair Market Value of the Common Stock on the date the Option is exercised). No shares of Common Stock shall be issued until full payment therefor has been made. An optionee shall generally have the rights to dividends or other rights of a shareholder with respect to shares subject to the Option when the optionee has given written notice of exercise, has paid in full for such shares, and, if requested, has given the representation described in Section 9(a) hereof.

(vi) Termination by Death. If an optionee's employment by or other service with the Corporation and any Subsidiaries or Affiliates terminates by reason of death, any Option held by such optionee may thereafter be exercised, to the extent such Option was exercisable at the time of death or on such accelerated basis as the Committee may determine at or after grant (or as may be determined in accordance with procedures established by the Committee) by the legal representative of the estate or by the legatee of the optionee under the will of the optionee, for a period of three years (or such

shorter period as the Committee may specify at grant) from the date of such death or until the expiration of the stated term of such Option, whichever period is the shorter.

(vii) Termination by Reason of Disability. If an optionee's employment by or other service with the Corporation and any Subsidiaries or Affiliates terminates by reason of Disability, any Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of termination or on such accelerated basis as the Committee may determine at or after grant (or as may be determined in accordance with procedures established by the Committee), for a period of three years (or such shorter period as the Committee may specify at grant) from the date of such termination of employment or until the expiration of the stated term of such Option, whichever period is the shorter; provided, however, that, if the optionee dies within the period specified above (or such other period as the Committee shall specify at grant), any unexercised Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death (or on such accelerated basis as may be determined by the Committee) by the legal representative of the estate or by the legatee of the optionee under the will of the optionee for the balance of such three year period or until the expiration of the stated term of such Option, whichever period is the shorter.

(viii) Termination by Reason of Retirement. If an optionee's employment by the Corporation and any Subsidiaries or Affiliates terminates by reason of Retirement, any Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of such Retirement or on such accelerated basis as the Committee may determine at or such after grant (or as may be determined in accordance with procedures established by the Committee), for a period of six months (or such shorter period as the Committee may specify at grant) from the date of such termination of employment or the expiration of the stated term of such Option, whichever period is

the shorter; provided, however, that, if the optionee dies within the period specified above (or such shorter period as the Committee may specify at grant), any unexercised Option held by such optionee shall thereafter be exercisable, to the extent to which it was exercisable at the time of death (or on such accelerated basis as may be determined by the Committee) by the legal representative of the estate or by

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the legatee of the optionee under the will of the optionee for the balance of such six month period or until the expiration of the stated term of such Option.

(ix) Resignation or Other Termination. Unless otherwise determined by the Committee (or pursuant to procedures established by the Committee) at or after grant, (a) if an optionee's employment by the Corporation and any Subsidiaries or Affiliates is involuntarily terminated other than for Cause (as defined below) or if the employee voluntarily resigns, in each case, for any reason other than death, Disability or Retirement, the Option shall thereupon terminate, except that such Option may be exercised, to the extent otherwise then exercisable, or on such accelerated basis as the Committee may determine on or after grant, for the lesser of three months from the date of termination or the balance of such Option's term, and (b) if an optionee's employment by the Corporation and any Subsidiaries or Affiliates is involuntarily terminated for Cause, the Option shall thereupon terminate and may not thereafter be exercised. For purposes of this Program, "Cause" means (A) a felony conviction of a participant or the failure of a participant to contest prosecution for a felony, or (B) a participant's willful misconduct or dishonesty, which is directly and materially harmful to the business or reputation of the Corporation or any Subsidiary or Affiliate.

(x) Forfeiture on Transfer of Owned Shares. Unless otherwise determined by the Committee, an Option will terminate automatically upon any transfer of the Owned Shares to which such Options relate other than a transfer upon the death of the optionee to the optionee's estate or legatee of the optionee under the will of the optionee.

#### SECTION 6. PLACEMENT AND REMOVAL OF LEGEND ON OWNED SHARES.

Except as otherwise may be determined by the Committee, prior to receipt of any Option to be granted to an optionee under this Program, the optionee shall submit to the Corporation or its transfer agent the stock certificate(s) representing the Owned Shares, and thereby agree to the inscription thereon of the following legend (the "LEGEND"):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE NATIONAL

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BEVERAGE CORP. KEY EMPLOYEE EQUITY PARTNERSHIP PROGRAM  
AND MAY NOT BE TRANSFERRED WITHOUT THE PRIOR WRITTEN  
CONSENT OF THE CORPORATION.

The Legend shall remain on the stock certificate representing the Owned Shares until the exercise, forfeiture or expiration of the Option relating thereto. If an Option is exercised with regard to which the Owned Shares relate, the optionee shall submit the share certificate(s) representing such Owned Shares to the Corporation or its transfer agent and the Corporation or transfer agent shall issue a new share certificate representing such shares which does not bear the Legend. If an Option is exercised with respect to which a portion of the Owned Shares relate, the optionee shall submit the share certificate(s) which includes the Owned Shares to the Corporation or its transfer agent and the Corporation or transfer agent shall issue (a) a share certificate representing a proportionate number of Owned Shares to which such Option relates which does not bear the Legend, and (b) a share certificate representing a proportionate number of Owned Shares which relate to unexercised Options which bears the Legend. Upon expiration or forfeiture of Options to which the Owned Shares relate, the optionee may submit the share certificate representing the Owned Shares to the Corporation or its transfer agent and the Corporation or transfer agent shall issue a share certificate representing such Owned Shares which does not bear the Legend.

While the stock certificates representing the Owned Shares bear the Legend, the optionee shall not have the right to transfer the Owned Shares (other than upon exercise, expiration or forfeiture of an Option to which such Owned Shares relate). If an optionee wishes to transfer the Owned Shares, the optionee shall submit the stock certificate(s) representing the Owned Shares to the Company or its transfer agent and request that the Legend be removed therefrom, and the Company or transfer agent will issue a new stock certificate representing such Owned Shares and the Option to which the Owned Shares relate will, except as otherwise determined by the Committee, be automatically forfeited.

SECTION 7. AMENDMENTS AND TERMINATION.

The Board may amend, alter or discontinue the Program, but no amendment, alteration or discontinuation shall be made which would impair the rights of an optionee under an Option theretofore granted, without the optionee's or participant's

consent. The Committee may amend the terms of any Option theretofore granted, prospectively or retroactively, but, subject to Section 3(b) above, no such amendment shall impair the rights of any holder without the holder's consent. The Committee may also substitute new Options for previously granted Options (on a one for one or other basis). Subject to the above provisions, the Board shall have broad authority to amend the Program to take into account changes in applicable securities and tax laws and accounting rules, as well as other developments.

SECTION 8. UNFUNDED STATUS OF PROGRAM.

The Program is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a participant or optionee by the Corporation, nothing contained herein shall give any such participant or optionee any rights that are greater than those of a general creditor of the Corporation. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations

created under the Program to deliver shares of Common Stock or payments in lieu of or with respect to awards hereunder; provided, however, that, unless the Committee otherwise determines with the consent of the affected participant, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Program.

#### SECTION 9. GENERAL PROVISIONS.

(a) Securities Law Restrictions. The Committee may require each person purchasing shares of Common Stock pursuant to an Option or other award under the Program to represent to and agree with the Corporation in writing that the optionee or participant is acquiring the shares for investment, without a view to distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer. All certificates for shares of Common Stock or other securities delivered under the Program shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Commission, any stock exchange upon which the Common Stock is then listed, and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

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(b) Other Compensation Arrangements. Nothing contained in this Program shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required and such arrangement may be either generally applicable or applicable only in specific cases.

(c) No Right to Continued Employment. The adoption of the Program shall not confer upon any employee of or consultant to the Corporation or any Subsidiary or Affiliate any right to continued employment or a continued consulting arrangement with the Corporation or a Subsidiary or Affiliate, as the case may be, nor shall it interfere in any way with the right of the Corporation or a Subsidiary or Affiliate to terminate the employment or consulting arrangement of any of its employees or consultants at any time.

(d) Withholding. No later than the date as of which an amount first becomes includible in the gross income of the participant for Federal income tax purposes with respect to any award under the Program, the participant shall pay to the Corporation, or make arrangements satisfactory to the Committee regarding the payment of, any Federal, state or local taxes of any kind required by law to be withheld with respect to such amount. Withholding obligations may be settled with shares of Common Stock, including shares of Common Stock that are a part of the award that gives rise to the withholding requirement (based on the Fair Market Value of the Common Stock on the date as of which an amount first becomes includible in the gross income of the participant for federal income tax purposes). The obligations of the Corporation under the Program shall be conditional on such payment or arrangements for payment and the Corporation and its Subsidiaries or Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant.

(e) Restrictions on Transfer. Unless otherwise provided in the applicable award agreement, no Option issued under this Program is transferable by the participant other than by will or the laws of decent and distribution. The designation of a beneficiary will not constitute a transfer.

(f) Governing Law. The Program and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law

thereof.

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(g) Buy-out Provisions. The Committee may at any time offer to buy out for a payment in cash or shares of Common Stock an Option previously granted, based on such terms and conditions as the Committee shall establish and communicate to the optionee at the time that such offer is made.

(h) Award Provisions May Differ. The provisions of awards need not be the same with respect to each recipient.

(i) Liability and Indemnification of Board and Committee Members. The members of the Committee and the Board shall not be liable to any employee, consultant or other person with respect to any determination made hereunder in a manner that is not inconsistent with their legal obligations as members of the Board. In addition to such other rights of indemnification that they may have as directors or as members of the Committee, the members of the Committee shall be indemnified by the Corporation against the reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Program or any option granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Corporation) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee member is liable for negligence or misconduct in the performance of his duties; provided that within sixty (60) days after institution of any such action, suit or proceeding, the Committee member shall in writing offer the Corporation the opportunity, at its own expense, to handle and defend the same.

(j) Notices. Any notice, request, demand or other communication related to the Program shall be in writing and shall be delivered by certified or registered mail (first class postage pre-paid, return receipt requested) or by guaranteed overnight delivery (i) if to the Corporation, to it at One North University Drive, Fort Lauderdale, Florida 33324, Attention: General Counsel, or if the Corporation should move its principal office, to such principal office, and (ii) if to any officer, director or key employee of or Consultant to the Corporation granted Options hereunder, to him or her at the last permanent address shown on the Corporation's records.

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SECTION 10. EFFECTIVE DATE OF PROGRAM.

The Program shall be effective on and after March 14, 1997, the date of its adoption by the Board.

SECTION 11. TERM OF PROGRAM.

No Option shall be granted pursuant to the Program on or after the tenth anniversary of the date of adoption of the Program by the Board, but awards granted prior to such tenth anniversary may be extended beyond that date.

## Exhibit 21.1

## SUBSIDIARIES OF REGISTRANT

Name of Subsidiary -----	Jurisdiction of Incorporation -----	Percentage of Voting Stock Owned -----
BevCo Sales, Inc.	Delaware	100%
Everfresh Beverages, Inc.	Delaware	100%
Faygo Beverages, Inc.	Michigan	100%
Faygo Sales Company	Texas	100%
Hayward Enterprises, Inc.	North Carolina	100%
LaCROIX Beverages, Inc.	Florida	100%
National Retail Brands, Inc.	Delaware	100%
NewBevCo, Inc.	Delaware	100%
PACO, Inc.	Delaware	100%
PETCO, Inc.	Delaware	100%
Shasta West, 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%
Winnsboro Beverage Packers, Inc.	Delaware	100%

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of National Beverage Corp. on Form S-8 File No. 0-19447 of our report dated July 31, 1997, on our audit of the consolidated financial statements and financial statement schedules of National Beverage Corp. as of May 3, 1997 and April 27, 1996 and for the three years in the period ended May 3, 1997, which report is included in the Company's Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Miami, Florida  
July 31, 1997

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED FINANCIAL STATEMENTS OF THE FILER FOR THE YEAR ENDED MAY 3, 1997 INCLUDED IN ITS ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED MAY 3, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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