Ingenious Designs

NATIONAL BEVERAGE CORP.
2015 ANNUAL REPORT

"Imagination is the beginning of creation. You imagine what you desire, you will what you imagine and, at last, you create what you will."

George Bernard Shaw

NATURALLY CREATIVE, DYNAMICALLY INNOVATIVE AND . . . MINDSET!

FUELING MOMENTUM . . .

Each time I come to this breeding place of creativity, with its seagulls, rising tides and aromas of seaweed and brine, time passage seems to ease the mind into peaceful reflections. But, the truth be told, no one in challenge mode ever masterfully succeeds unless both adrenaline glands are in high gear! Certainly, that is as absolute as the spirit from which all things are passionately ignited – here at National Beverage.

Our Company is in a stage of metamorphic transition, evolving while creating momentum. This particular report will reflect and portray some of that evolution showcasing brand transformation. Ultimately, this evolution will generate our true value while significantly improving the health of our society! What a gratifying bouquet of goodness for everyone . . . *Team National*, our *healthy* consumers and *healthy* shareholders.

From the beginning of time, public companies were judged by their ability to make money; today that is changing. We at National Beverage began to write in our earnings releases, eons ago, that we wanted to be judged differently, but quarterly earnings' protocol – leveraged sounder strategies. It takes years to research and develop; with costs having to be reflected immediately. Some of these regulations must advance . . . as well.

Today our Company has more aggressively taken the position to positively affect our consumer, our industry, the health of our society and, yes, certainly our devoted shareholders. If every reader was thoroughly informed, our size would be viewed as a superior advantage at this time in our industry. Why? Because opportunity does not use a timepiece – its control is oriented to conditions and circumstances. So, vision and gut instincts far surpass the clock for us opportunity seekers. There is an atom at the core of this Company; its essence and function is creativity – all forms! What neons that difference is – that atom has been confirmed by the culmination of distinctive innovation. Operationally, we are on course to effectuate a change in our industry as no other company can . . . and our 'new mindset' more than amplifies our ability to profoundly change the health of America! What an incredible side effect! National Beverage and that beautiful butterfly on this cover have a more exciting life as a result of this evolution . . .

FY2016 is our 'break-out' year. Each and every month, *momentum is fueled* through innovation, magnifying distribution, controlled launching of theme extensions, healthier beverages and the luring into our fold . . . 'cola converts' – an immeasurable segment of the soft-drink industry.

Quite paradoxically and extremely advantageous, there are several conditions aligning! America is aging and that is giving rise to health costs. This is provoking our society to seek better lifestyles and become more health conscious, thus driving the demand for healthier beverages.

Our Company, with its healthier brands, has a timing advantage plus a creative and innovative edge. The large beverage and snack food companies are so labored with their unyielding, bureaucratic calories that our agility and speed to market with LaCroix, Shasta sparkling waters and Everfresh juice products – give National Beverage an additional advantage.

As a Company, we are reminded of our 'mindset' and the accompanying abilities necessary to fulfill our leadership role in the health and wellness segment. LaCroix, with its theme concept and Shasta's famous flavors (now in 0-calorie, 0-sweetener, 0-sodium and wholesome-as-ever tasting sparkling waters) are dynamically stimulating the marketplace. We have worked extremely hard to create this place of segment leadership.

Just believe . . . if we, who produce for 'stomachs', are conscious enough while conscience-guided to use our billboards and factories to give wholesome choices . . . isn't that our patriotic purpose? I know so . . .

"Operationally sound; Strategically near perfect," our major shareholder was quoted speaking to an industry reporter recently. "Is it true" he was asked "that within National is a billion-dollar brand?" Professional as ever, he was heard to say: "As a well-seasoned corporate operator, covering nearly a half century and respecting the unspoken code within which public companies are governed . . .

I recently read a couple of articles about National Beverage Corp., one by Bloomberg and the other by Seeking Alpha. Both articles were clearly well written; they express the authors' opinions on value that I should not – and I suggest you read them," he responded.

The last stage of a butterfly's metamorphosis is to fly those beautiful wings. As you can see by our cover . . . we are in sync with that *all-natural* butterfly.

So, thank you dear friend; first for your trust and, next – certainly a big hug for these joyous feelings of loyalty that your gracious purchase or investment conveys . . .

Nick A. Caporella
Chairman and Chief Executive Officer

P.S. There is one other mystery to our creativity that no one will ever be able to duplicate – the ability to insert into our packaging a command . . .

'Jump into the cart or hands of the first consumer you see!'

"Those whose imagination . . . hastened the future, named our civilization."

Evolution . . .

'Innocent'

No More Ordinary . . .

0-Calorie

0-Sweetener

0-Sodium

. . . Tomorrow Is Now!

‘Sparkling Collectibles’
Gallery of FIZZ

A Unique Mind Lives Here . . .
Gloriously Inventive Too!

Joy – Fun – Novel
Rich in Flavor Always
Tender – Refreshing, YES!
Full of Laughter and Oh So Good

. . . Taste Our Smiles!

Imagination's Vision . . . Then Art Happens!

Courage To
Innovate . . .

Cúrate Means . . .
'Cure yourself'
with its Beauty.
Treat yourself
with its Joy.
Cherish your health
with its – Innocence!

. . . Taste The Promise!

The Art of Work . . .
A Work of Art!

'THE ORIGINAL CÚRATE FAMILY'

Rip It
ENERGY FUEL

Shasta

Everfresh
Premier
VARIETALS

Cúrate™

Faygo

NiCola™

Clear fruit

SINCE 1889
SHASTA
SPARKLING WATER

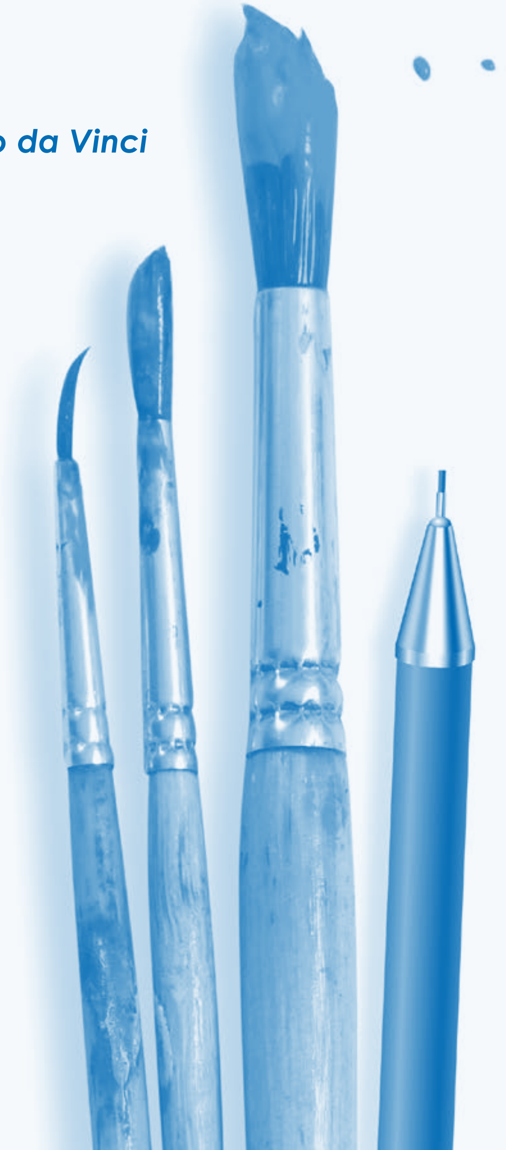
Everfresh Juice Co.
Nature's Refreshment

LaCroix

Precious Transparency
Petitions Respect . . .

"To develop a complete mind:
Study the science of art;
Study the art of science.
Learn how to see.
Realize that everything connects –
to everything else."

Leonardo da Vinci



SELECTED FINANCIAL DATA

(In thousands, except per share and footnote amounts)	Fiscal Year Ended May 2, 2015	May 3, 2014[3]	April 27, 2013	April 28, 2012	April 30, 2011
SUMMARY OF OPERATIONS:					
Net sales	**$645,825**	$641,135	$662,007	$628,886	$600,193
Cost of sales	**426,685**	423,480	444,757	415,629	381,539
Gross profit	**219,140**	217,655	217,250	213,257	218,654
Selling, general and administrative expenses	**145,157**	153,220	146,223	146,169	155,885
Interest expense	**371**	660	403	107	99
Other (income) expense—net	**(1,101)**	666	173	85	20
Income before income taxes	**74,713**	63,109	70,451	66,896	62,650
Provision for income taxes	**25,402**	19,474	23,531	22,903	21,896
Net income	**$ 49,311**	$ 43,635	$ 46,920	$ 43,993	$ 40,754
PER SHARE DATA:					
Basic earnings per common share[1]	**$ 1.06**	$ .93	$ 1.01	$ .95	$ .88
Diluted earnings per common share[1]	**1.05**	.92	1.01	.95	.88
Closing stock price	**22.42**	19.21	14.57	14.68	13.92
Dividends paid on common stock[2]	**—**	—	2.55	—	2.30
BALANCE SHEET DATA:					
Cash and equivalents[2]	**$ 52,456**	$ 29,932	$ 18,267	$ 35,626	$ 7,372
Working capital[2]	**101,478**	78,618	67,504	69,818	30,930
Property, plant and equipment—net	**60,182**	59,494	57,307	56,729	55,337
Total assets[2]	**247,750**	222,841	208,642	222,988	182,810
Long-term debt	**10,000**	30,000	50,000	—	—
Deferred income tax liability	**15,245**	13,873	14,327	14,214	14,548
Shareholders' equity[2]	**147,782**	106,201	70,316	121,636	80,336
Dividends paid on common stock[2]	**—**	—	118,139	—	106,314

(1) Basic earnings per common share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per common share includes the dilutive effect of stock options.

(2) The Company paid special cash dividends on Common Stock of $118.1 million ($2.55 per share) on December 27, 2012 and $106.3 million ($2.30 per share) on February 14, 2011.

(3) Fiscal 2014 consisted of 53 weeks.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

National Beverage Corp. is an acknowledged leader in the development, manufacturing, marketing and sale of a diverse portfolio of flavored beverage products. Our primary market focus is the United States, but our products are also distributed in Canada, Mexico, the Caribbean, Latin America, the Pacific Rim, Asia and Europe. A holding company for various operating subsidiaries, National Beverage Corp. was incorporated in Delaware in 1985 and began trading as a public company on the NASDAQ Stock Market in 1991. In this report, the terms "we," "us," "our," "Company" and "National Beverage" mean National Beverage Corp. and its subsidiaries unless indicated otherwise.

Our brands consist of (i) beverages geared toward the active and health-conscious consumer ("Power+ Brands"), including sparkling waters, energy drinks and shots, juices, and enhanced beverages, and (ii) Carbonated Soft Drinks in a variety of flavors including regular, sugar-free and reduced-calorie options. In addition, we produce soft drinks for certain retailers ("Allied Brands") that endorse the "Strategic Alliance" concept of having our brands and Allied Brands marketed to effectuate enhanced growth of both. We employ a philosophy that emphasizes vertical integration; our manufacturing model integrates the procurement of raw materials and production of concentrates with the manufacture of finished products in our twelve manufacturing facilities. To service a diverse customer base that includes numerous national retailers as well as thousands of smaller "up-and-down-the-street" accounts, we have developed a hybrid distribution system that promotes and utilizes customer warehouse distribution facilities and our own direct-store delivery fleet plus the direct-store delivery systems of independent distributors and wholesalers.

We consider ourselves to be a leader in the development and sale of flavored beverage products. The National Beverage Corp. brand portfolio contains a wide variety of beverages to meet consumer needs in a multitude of market segments. Our portfolio of Power+ Brands is targeted to consumers seeking healthier and functional alternatives to complement their active lifestyles, and includes LaCroix®, LaCroix Cúrate™ and LaCroix NiCola™ sparkling water products; Rip It® energy drinks and shots; and Everfresh® and Everfresh Premier Varietals™, 100% juice and juice-based products. Our carbonated soft drink flavor development spans more than 125 years originating with our flagship brands, Shasta® and Faygo®.

Our strategy emphasizes the growth of our products by (i) expanding our focus on healthier and functional beverages tailored toward healthy, active lifestyles, (ii) offering a beverage portfolio of proprietary flavors with distinctive packaging and broad demographic appeal, (iii) supporting the franchise value of regional brands, (iv) appealing to the "quality-value" expectations of the family consumer, and (v) responding to demographic trends by developing innovative products designed to expand distribution.

The majority of our sales are seasonal with the highest volume typically realized during the summer months. As a result, our operating results from one fiscal quarter to the next may not be comparable. Additionally, our operating results are affected by numerous factors, including fluctuations in the costs of raw materials, changes in consumer preference for beverage products, competitive pricing in the marketplace and weather conditions.

RESULTS OF OPERATIONS

Net Sales Net sales for the fiscal year ended May 2, 2015 ("Fiscal 2015") increased .7% to $645.8 million as compared to $641.1 million for the fiscal year ended May 3, 2014 ("Fiscal 2014"). The higher sales resulted from a 1.1% increase in case volume partially offset by a .4% decline in average selling price per unit. The increase in case volume reflects a 2.9% increase in branded volume, including a 15.3% case volume growth for our Power+ Brands, partially offset by a decline in Allied Brands. The decline in selling price per unit is related to changes in product mix.

Net sales for the fiscal year ended May 3, 2014 decreased 3.2% to $641.1 million as compared to $662.0 million for the fiscal year ended April 27, 2013 ("Fiscal 2013"). The lower sales resulted from a 7.5% volume decline in Carbonated Soft Drinks, principally due to extended periods of unfavorable weather conditions and industry-wide consumption decline. This volume decline was partially offset by case volume growth of 8.2% for our Power+ Brands. Average net selling price per case was approximately the same for both years.

Gross Profit Gross profit approximated 33.9% of net sales for Fiscal 2015 and Fiscal 2014. Cost of sales per unit declined .3% primarily due to product mix changes.

Gross profit was 33.9% of net sales for Fiscal 2014, which represents a 1.1% margin improvement compared to Fiscal 2013. The gross margin improvement is primarily due to favorable product mix changes and lower raw material costs. Cost of sales decreased 1.7% on a per case basis.

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

Selling, General and Administrative Expenses Selling, general and administrative expenses were $145.2 million or 22.5% of net sales for Fiscal 2015 compared to $153.2 million or 23.9% of net sales for Fiscal 2014. Fiscal 2015 expenses reflect lower selling and marketing costs.

Selling, general and administrative expenses were $153.2 million or 23.9% of net sales for Fiscal 2014 compared to $146.2 million or 22.1% of net sales for Fiscal 2013. Fiscal 2014 expenses reflect higher selling and marketing costs, primarily due to increased advertising expenses.

Interest Expense and Other (Income) Expense—Net Interest expense is comprised of interest on borrowings and fees related to maintaining lines of credit. The Company paid a special cash dividend of $118.1 million ($2.55 per common share) on December 27, 2012 from available cash and borrowings under our credit facilities. Due to repayments on borrowings, interest expense decreased to $371,000 in Fiscal 2015 from $660,000 in Fiscal 2014 and $403,000 in Fiscal 2013. Other expense is net of interest income of $30,000 for Fiscal 2015, $15,000 for Fiscal 2014 and $37,000 for Fiscal 2013. The change in interest income for Fiscal 2015, Fiscal 2014 and Fiscal 2013 is due to changes in average invested balances. Other income for Fiscal 2015 includes a $1.3 million gain on sale of property.

Income Taxes Our effective tax rate was approximately 34% for Fiscal 2015, 30.9% for Fiscal 2014 and 33.4% for Fiscal 2013. The difference between the effective rate and the federal statutory rate of 35% was primarily due to the effects of state income taxes, the manufacturing deduction and, for Fiscal 2014, adjustment of unrecognized tax benefits related to the resolution of certain open tax years. See Note 7 of Notes to Consolidated Financial Statements.

LIQUIDITY AND FINANCIAL CONDITION

Liquidity and Capital Resources Our principal source of funds is cash generated from operations and borrowings available under our credit facilities. At May 2, 2015, we maintained $100 million unsecured revolving credit facilities, of which $10 million of borrowings were outstanding and $2.2 million were reserved for standby letters of credit. We believe that existing capital resources will be sufficient to meet our liquidity and capital requirements for the next twelve months. See Note 4 of Notes to Consolidated Financial Statements.

We continually evaluate capital projects to expand our production capacity, enhance packaging capabilities or improve efficiencies at our manufacturing facilities. Expenditures for property, plant and equipment amounted to $11.6 million for Fiscal 2015. There were no material capital expenditure commitments at May 2, 2015.

On January 25, 2013, the Company sold 400,000 shares of Special Series D Preferred Stock ("Series D Preferred"), par value $1 per share for an aggregate purchase price of $20 million. On May 2, 2014, the Company redeemed 160,000 shares of Series D Preferred, representing 40% of the amount outstanding, for an aggregate price of $8 million. On August 1, 2014, The Company redeemed 120,000 shares of Series D Preferred, representing 50% of the amount outstanding, for an aggregate price of $6 million. See Note 5 of Notes to Consolidated Financial Statements.

The Company paid special cash dividends on common stock of $118.1 million ($2.55 per share) on December 27, 2012.

Pursuant to a management agreement, we incurred a fee to Corporate Management Advisors, Inc. ("CMA") of $6.5 million for Fiscal 2015, $6.4 million for Fiscal 2014 and $6.6 million for Fiscal 2013. At May 2, 2015, management fees payable to CMA were $1.6 million. See Note 5 of Notes to Consolidated Financial Statements.

Cash Flows During Fiscal 2015, $58.0 million was provided by operating activities, $9.7 million was used in investing activities and $25.8 million was used in financing activities. Cash provided by operating activities increased $5.6 million primarily due to increased earnings. Cash used in investing activities decreased $2.3 million reflecting lower capital expenditures and proceeds of $1.9 million from the sale of property. Cash used in financing activities was $25.8 million which included a $6 million redemption of preferred stock and $20 million in principal repayments under credit facilities.

During Fiscal 2014, $52.4 million was provided by operating activities, $12.1 million was used in investing activities and $28.7 million was used in financing activities. Cash provided by operating activities increased $12.1 million primarily due to changes in working capital. Cash used in investing activities increased $2.4 million reflecting higher capital expenditures in Fiscal 2014. Cash used in financing activities was $28.7 million reflecting an $8 million redemption of preferred stock and $20 million in principal repayments under credit facilities.

Financial Position During Fiscal 2015, our working capital increased $22.9 million to $101.5 million primarily due to cash generated from operating activities. Trade receivables increased $1.7 million due to higher sales activity and days sales outstanding improved from 34.7 days to 33.1 days. Inventories decreased $1.0 million and annual inventory turns improved from 9.4 to 10.2 times. At May 2, 2015, the current ratio was 2.5 to 1 as compared to 2.2 to 1 at May 3, 2014.

During Fiscal 2014, our working capital increased $11.1 million to $78.6 million primarily due to cash generated from operating activities. Trade receivables decreased $5.9 million due to lower sales activity and days sales outstanding remain unchanged at 34.7 days. Inventories increased $4.7 million primarily due to higher quantities related to new products and to support more frequent customer promotions. At May 3, 2014, the current ratio was 2.2 to 1 as compared to 2.1 to 1 at April 27, 2013.

CONTRACTUAL OBLIGATIONS

Contractual obligations at May 2, 2015 are payable as follows:

(In thousands)	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Long-term debt	$10,000	$ —	$10,000	$ —	$ —
Operating leases	22,194	5,399	8,409	5,980	2,406
Purchase commitments	53,990	53,990	—	—	—
Total	$86,184	$59,389	$18,409	$5,980	$2,406

As of May 2, 2015, we guaranteed the residual value of certain leased equipment in the amount of $4.9 million. If the proceeds from the sale of such equipment are less than the balance required by the lease when the lease terminates on August 1, 2017, the Company shall be required to pay the difference up to such guaranteed amount. The Company expects to have no loss on such guarantee.

We contribute to certain pension plans under collective bargaining agreements and to a discretionary profit sharing plan. Total contributions were $2.7 million for Fiscal 2015, $2.7 million for Fiscal 2014 and $2.6 million for Fiscal 2013. See Note 9 of Notes to Consolidated Financial Statements.

We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Other long-term liabilities include known claims and estimated incurred but not reported claims not otherwise covered by insurance, based on actuarial assumptions and historical claims experience. Since the timing and amount of claim payments vary significantly, we are not able to reasonably estimate future payments for specific periods and therefore have not been included in the table above. Standby letters of credit aggregating $2.2 million have been issued in connection with our self-insurance programs. These standby letters of credit expire through March 2016 and are expected to be renewed.

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES

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

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

Impairment of Long-Lived Assets All long-lived assets, excluding goodwill and intangible assets not subject to amortization, are evaluated for impairment on the basis of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its estimated fair market value based on the best information available. Estimated fair market value is generally measured by discounting future cash flows. Goodwill and intangible assets not subject to amortization are evaluated for impairment annually or sooner if we believe such assets may be impaired. An impairment loss is recognized if the carrying amount or, for goodwill, the carrying amount of its reporting unit, is greater than its fair value.

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

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

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

FORWARD-LOOKING STATEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodities We purchase various raw materials, including aluminum cans, plastic bottles, high fructose corn syrup, corrugated packaging and juice concentrates, the prices of which fluctuate based on commodity market conditions. Our ability to recover increased costs through higher pricing may be limited by the competitive environment in which we operate. At times, we manage our exposure to this risk through the use of supplier pricing agreements that enable us to establish the purchase prices for certain commodities. Additionally, we use derivative financial instruments to partially mitigate our exposure to changes in certain raw material costs.

Interest Rates At May 2, 2015, the Company had $10 million in borrowings outstanding under its credit facilities with a weighted average interest rate of 1.0%. Interest rate hedging products are not currently used to mitigate risk from interest fluctuations. If the interest rate on our debt changed by 100 basis points (1%), our interest expense for Fiscal 2015 would have changed by approximately $200,000.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	**May 2, 2015**	May 3, 2014
ASSETS		
Current assets:		
Cash and equivalents	**$ 52,456**	$ 29,932
Trade receivables—net	**59,951**	58,205
Inventories	**42,924**	43,914
Deferred income taxes—net	**4,348**	2,685
Prepaid and other assets	**8,050**	8,405
Total current assets	**167,729**	143,141
Property, plant and equipment—net	**60,182**	59,494
Goodwill	**13,145**	13,145
Intangible assets	**1,615**	1,615
Other assets	**5,079**	5,446
Total assets	**$247,750**	$222,841
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 44,896**	$ 45,606
Accrued liabilities	**21,257**	18,873
Income taxes payable	**98**	44
Total current liabilities	**66,251**	64,523
Long-term debt	**10,000**	30,000
Deferred income taxes—net	**15,245**	13,873
Other liabilities	**8,472**	8,244
Shareholders' equity:		
Preferred stock, $1 par value—1,000,000 shares authorized		
Series C—150,000 shares issued	**150**	150
Series D—120,000 shares (2015) and 240,000 shares (2014) issued, aggregate liquidation preference of $6,000 (2015) and $12,000 (2014)	**120**	240
Common stock, $.01 par value—75,000,000 shares authorized; 50,418,019 shares (2015) and 50,367,799 shares (2014) issued	**504**	504
Additional paid-in capital	**37,759**	42,775
Retained earnings	**129,773**	80,737
Accumulated other comprehensive loss	**(2,524)**	(205)
Treasury stock—at cost:		
Series C preferred stock—150,000 shares	**(5,100)**	(5,100)
Common stock—4,032,784 shares	**(12,900)**	(12,900)
Total shareholders' equity	**147,782**	106,201
Total liabilities and shareholders' equity	**$247,750**	$222,841

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Fiscal Year Ended May 2, 2015	 May 3, 2014	 April 27, 2013
Net sales	**$645,825**	$641,135	$662,007
Cost of sales	**426,685**	423,480	444,757
Gross profit	**219,140**	217,655	217,250
Selling, general and administrative expenses	**145,157**	153,220	146,223
Interest expense	**371**	660	403
Other (income) expense—net	**(1,101)**	666	173
Income before income taxes	**74,713**	63,109	70,451
Provision for income taxes	**25,402**	19,474	23,531
Net income	**49,311**	43,635	46,920
Less preferred dividends and accretion	**(275)**	(726)	(153)
Earnings available to common shareholders	**$ 49,036**	$ 42,909	$ 46,767
Earnings per common share:			
Basic	**$ 1.06**	$ .93	$ 1.01
Diluted	**$ 1.05**	$ .92	$ 1.01
Weighted average common shares outstanding:			
Basic	**46,353**	46,331	46,310
Diluted	**46,559**	46,519	46,482

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year Ended		
(In thousands)	**May 2, 2015**	May 3, 2014	April 27, 2013
Net income	**$49,311**	$43,635	$46,920
Other comprehensive income (loss), net of tax:			
Cash flow hedges	**(2,350)**	610	(295)
Other	**31**	149	(27)
Total	**(2,319)**	759	(322)
Comprehensive income	**$46,992**	$44,394	$46,598

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Fiscal Year Ended					
	May 2, 2015		May 3, 2014		April 27, 2013	
(In thousands)	Shares	Amount	Shares	Amount	Shares	Amount
SERIES C PREFERRED STOCK						
Beginning and end of year	150	$ 150	150	$ 150	150	$ 150
SERIES D PREFERRED STOCK						
Beginning of year	240	240	400	400	—	—
Series D preferred (redeemed) issued	(120)	(120)	(160)	(160)	400	400
End of year	120	120	240	240	400	400
COMMON STOCK						
Beginning of year	50,368	504	50,362	504	50,322	503
Stock options exercised	50	—	6	—	40	1
End of year	50,418	504	50,368	504	50,362	504
ADDITIONAL PAID-IN CAPITAL						
Beginning of year		42,775		50,398		30,425
Series D preferred (redeemed) issued		(5,791)		(7,722)		19,304
Stock options exercised		228		47		238
Stock-based compensation		307		95		230
Other		240		(43)		201
End of year		37,759		42,775		50,398
RETAINED EARNINGS						
Beginning of year		80,737		37,828		109,200
Net income		49,311		43,635		46,920
Common stock dividends		—		—		(118,139)
Preferred stock dividends & accretion		(275)		(726)		(153)
End of year		129,773		80,737		37,828
ACCUMULATED OTHER COMPREHENSIVE LOSS						
Beginning of year		(205)		(964)		(642)
Cash flow hedges		(2,350)		610		(295)
Other		31		149		(27)
End of year		(2,524)		(205)		(964)
TREASURY STOCK—SERIES C PREFERRED						
Beginning and end of year	150	(5,100)	150	(5,100)	150	(5,100)
TREASURY STOCK—COMMON						
Beginning and end of year	4,033	(12,900)	4,033	(12,900)	4,033	(12,900)
TOTAL SHAREHOLDERS' EQUITY		$147,782		$106,201		$ 70,316

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Fiscal Year Ended May 2, 2015	Fiscal Year Ended May 3, 2014	Fiscal Year Ended April 27, 2013
OPERATING ACTIVITIES:			
Net income	$ 49,311	$ 43,635	$ 46,920
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	11,580	11,708	11,002
Deferred income tax provision	1,076	79	172
(Gain) loss on disposal of property, net	(1,188)	51	63
Stock-based compensation	307	95	230
Changes in assets and liabilities:			
Trade receivables	(1,746)	5,864	(2,478)
Inventories	990	(4,680)	1,628
Prepaid and other assets	(605)	(2,548)	(2,466)
Accounts payable	(710)	1,345	(10,614)
Accrued and other liabilities	(995)	(3,167)	(4,193)
Net cash provided by operating activities	58,020	52,382	40,264
INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(11,630)	(12,124)	(9,693)
Proceeds from sale of property, plant and equipment	1,905	62	77
Net cash used in investing activities	(9,725)	(12,062)	(9,616)
FINANCING ACTIVITIES:			
Dividends paid on common stock	—	—	(118,139)
Dividends paid on preferred stock	(239)	(659)	(12)
(Repayments) borrowings under credit facilities, net	(20,000)	(20,000)	50,000
(Redemption) issuance of preferred stock	(6,000)	(8,000)	19,704
Proceeds from stock options exercised	228	47	239
Other	240	(43)	201
Net cash used in financing activities	(25,771)	(28,655)	(48,007)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	22,524	11,665	(17,359)
CASH AND EQUIVALENTS—BEGINNING OF YEAR	29,932	18,267	35,626
CASH AND EQUIVALENTS—END OF YEAR	$ 52,456	$ 29,932	$ 18,267
OTHER CASH FLOW INFORMATION:			
Interest paid	$ 380	$ 723	$ 341
Income taxes paid	$ 24,745	$ 23,079	$ 24,327

See accompanying Notes to Consolidated Financial Statements.

National Beverage Corp. develops, manufactures, markets and sells a diverse portfolio of flavored beverage products primarily in North America. Incorporated in Delaware in 1985, National Beverage Corp. is a holding company for various operating subsidiaries. When used in this report, the terms "we," "us," "our," "Company" and "National Beverage" mean National Beverage Corp. and its subsidiaries.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") and rules and regulations of the Securities and Exchange Commission. The consolidated financial statements include the accounts of National Beverage Corp. and all subsidiaries. All significant intercompany transactions and accounts have been eliminated. Our fiscal year ends the Saturday closest to April 30 and, as a result, an additional week is added every five or six years. Fiscal 2015 and Fiscal 2013 consisted of 52 weeks while Fiscal 2014 consisted of 53 weeks.

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

Derivative Financial Instruments We use derivative financial instruments to partially mitigate our exposure to changes in raw material costs. All derivative financial instruments are recorded at fair value in our Consolidated Balance Sheets. We do not use derivative financial instruments for trading or speculative purposes. Credit risk related to derivative financial instruments is managed by requiring high credit standards for counterparties and frequent cash settlements. See Note 6.

Earnings Per Common Share Basic earnings per common share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is calculated in a similar manner, but includes the dilutive effect of stock options amounting to 206,000 shares in Fiscal 2015, 188,000 shares in Fiscal 2014 and 172,000 shares in Fiscal 2013.

Fair Value The fair value of long-term debt approximates its carrying value due to its variable interest rate and lack of prepayment penalty. The estimated fair values of derivative financial instruments are calculated based on market rates to settle the instruments. These values represent the estimated amounts we would receive upon sale, taking into consideration current market prices and credit worthiness. See Note 6.

Impairment of Long-Lived Assets All long-lived assets, excluding goodwill and intangible assets not subject to amortization, are evaluated for impairment on the basis of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its estimated fair value based on the best information available.

Estimated fair value is generally measured by discounting future cash flows. Goodwill and intangible assets not subject to amortization are evaluated for impairment annually or sooner if we believe such assets may be impaired. An impairment loss is recognized if the carrying amount or, for goodwill, the carrying amount of its reporting unit, is greater than its fair value.

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

Insurance Programs We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Accordingly, we accrue for known claims and estimated incurred but not reported claims not otherwise covered by insurance based on actuarial assumptions and historical claims experience. At May 2, 2015 and May 3, 2014, other liabilities included accruals of $5.9 million and $6.1 million, respectively, for estimated non-current risk retention exposures, of which $4.7 million and $5.1 million were covered by insurance.

Intangible Assets Intangible assets as of May 2, 2015 and May 3, 2014 consisted of non-amortizable trademarks.

Inventories Inventories are stated at the lower of first-in, first-out cost or market. Inventories at May 2, 2015 were comprised of finished goods of $24.9 million and raw materials of $18.0 million. Inventories at May 3, 2014 were comprised of finished goods of $27.2 million and raw materials of $16.7 million.

Marketing Costs We are involved in a variety of marketing programs, including cooperative advertising programs with customers, to advertise and promote our products to consumers. Marketing costs are expensed when incurred, except for prepaid advertising and production costs which are expensed when the advertising takes place. Marketing costs, which are included in selling, general and administrative expenses, totaled $42.4 million in Fiscal 2015, $50.2 million in Fiscal 2014 and $44.6 million in Fiscal 2013.

New Accounting Pronouncement In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"). ASU 2014-09 requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to receive in exchange for goods or services. ASU 2014-09 is effective for our fiscal year beginning April 30, 2017. We are currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

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

Revenue Recognition Revenue from product sales is recognized when title and risk of loss pass to the customer, which generally occurs upon delivery. Our policy is not to allow the return of products once they have been accepted by the customer. However, on occasion, we have accepted returns or issued credit to customers, primarily for damaged goods. The amounts have been immaterial and, accordingly, we do not provide a specific valuation allowance for sales returns.

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

Segment Reporting We operate as a single operating segment for purposes of presenting financial information and evaluating performance. As such, the accompanying consolidated financial statements present financial information in a format that is consistent with the internal financial information used by management. We do not accumulate revenues by product classification and, therefore, it is impractical to present such information.

Shipping and Handling Costs Shipping and handling costs are reported in selling, general and administrative expenses in the accompanying consolidated statements of income. Such costs aggregated $44.4 million in Fiscal 2015 and Fiscal 2014 and $44.2 million in Fiscal 2013. Although our classification is consistent with many beverage companies, our gross margin may not be comparable to companies that include shipping and handling costs in cost of sales.

Stock-Based Compensation Compensation expense for stock-based compensation awards is recognized over the vesting period based on the grant-date fair value estimated using the Black-Scholes model. See Note 8.

Trade Receivables We record trade receivables at net realizable value, which includes an appropriate allowance for doubtful accounts. We extend credit based on an evaluation of each customer's financial condition, generally without requiring collateral. Exposure to credit losses varies by customer principally due to the financial condition of each customer. We monitor our exposure to credit losses and maintain allowances for anticipated losses based on specific customer circumstances, credit conditions and historical write-offs. Activity in the allowance for doubtful accounts was as follows:

(In thousands)	Fiscal 2015	Fiscal 2014	Fiscal 2013
Balance at beginning of year	$ 399	$ 454	$399
Net charge to expense	117	95	96
Net charge-off	(186)	(150)	(41)
Balance at end of year	$ 330	$ 399	$454

As of May 2, 2015 and May 3, 2014, we did not have any customer that comprised more than 10% of trade receivables. No one customer accounted for more than 10% of net sales during any of the last three fiscal years.

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

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of May 2, 2015 and May 3, 2014 consisted of the following:

(In thousands)	2015	2014
Land	$ 9,500	$ 9,779
Buildings and improvements	50,405	51,494
Machinery and equipment	156,702	148,699
Total	216,607	209,972
Less accumulated depreciation	(156,425)	(150,478)
Property, plant and equipment—net	$ 60,182	$ 59,494

Depreciation expense was $10.2 million for Fiscal 2015, $9.8 million for Fiscal 2014 and $9.0 million for Fiscal 2013.

3. ACCRUED LIABILITIES

Accrued liabilities as of May 2, 2015 and May 3, 2014 consisted of the following:

(In thousands)	2015	2014
Accrued compensation	$ 7,473	$ 7,049
Accrued promotions	3,801	3,812
Accrued insurance	1,651	2,238
Other	8,332	5,774
Total	$21,257	$18,873

4. DEBT

At May 2, 2015, a subsidiary of the Company maintained unsecured revolving credit facilities with banks aggregating $100 million (the "Credit Facilities"). The Credit Facilities expire from October 10, 2017 to June 18, 2018 and current borrowings bear interest at .9% above one-month LIBOR (1.0% at May 2, 2015).

Borrowings outstanding under the Credit Facilities were $10 million at May 2, 2015 and $30 million at May 3, 2014. At May 2, 2015, $2.2 million of the Credit Facilities were reserved for standby letters of credit and $87.8 million were available for borrowings.

The Credit Facilities require the subsidiary to maintain certain financial ratios, principally debt to net worth and debt to EBITDA (as defined in the Credit Facilities), and contain other restrictions, none of which are expected to have a material effect on our operations or financial position. At May 2, 2015, we were in compliance with all loan covenants.

5. CAPITAL STOCK AND TRANSACTIONS WITH RELATED PARTIES

The Company paid special cash dividends on common stock of $118.1 million ($2.55 per share) on December 27, 2012.

On January 25, 2013, the Company sold 400,000 shares of Special Series D Preferred Stock, par value $1 per share ("Series D Preferred") for an aggregate purchase price of $20 million. Series D Preferred has a liquidation preference of $50 per share and accrues dividends on this amount at an annual rate of 3% through April 30, 2014 and, thereafter, at an annual rate equal to 370 basis points above the 3-Month LIBOR. Dividends are cumulative and payable quarterly. Accrued dividends at May 2, 2015 and May 3, 2014 were $37,000 and $90,000, respectively. The Series D Preferred is nonvoting and redeemable at the option of the Company beginning May 1, 2014 at $50 per share. The net proceeds of $19.7 million were used to repay borrowings under the Credit Facilities. In addition, the Company has 150,000 shares of Series C Preferred Stock, par value $1 per share, which are held as treasury stock and, therefore, such shares have no liquidation value.

On May 2, 2014, the Company redeemed 160,000 shares of Series D Preferred, representing 40% of the amount outstanding, for an aggregate price of $8 million plus accrued dividends. In connection therewith, the Company accreted and charged to retained earnings $118,000 of original issuance costs, which was deducted from income available to common shareholders for earnings per share calculation. In conjunction with the partial redemption, the annual dividend rate on the outstanding Series D Preferred was reduced to 2.5% for the twelve month period beginning May 1, 2014. In evaluating the impact of the rate change, the Company determined that the related fair value change was immaterial and that no adjustment was required.

On August 1, 2014, the Company redeemed 120,000 shares of Series D Preferred, representing 50% of the amount outstanding, for an aggregate price of $6 million plus accrued dividends. In connection therewith, the Company accreted and charged to retained earnings $89,000 of original issuance costs, which was deducted from income available to common shareholders for earnings per share calculation.

On May 1, 2015, the Company and the holders of the Series D Preferred agreed to extend the 2.5% annual dividend rate on the outstanding Series D Preferred through April 30, 2016. In evaluating the impact of the rate change, the Company determined that the related fair value change was immaterial and that no adjustment was required.

In April 2012, the Board of Directors authorized an increase in the Company's Stock Buyback Program from 800,000 to 1.6 million shares of common stock. As of May 2, 2015, 502,060 shares were purchased under the program and 1,097,940 shares were available for purchase. There were no shares purchased during the last three fiscal years.

The Company is a party to a management agreement with Corporate Management Advisors, Inc. ("CMA"), a corporation owned by our Chairman and Chief Executive Officer. This agreement was originated in 1991 for the efficient use of management of two public companies at the time. In 1994, one of those public entities, through a merger, no longer was managed in this manner. Under the terms of the agreement, CMA provides, subject to the direction and supervision of the Board of Directors of the Company, (i) senior corporate functions (including supervision of the Company's financial, legal, executive recruitment, internal audit and management information systems departments) as well as the services of a Chief Executive Officer and Chief Financial Officer, and (ii) services in connection with acquisitions, dispositions and financings by the Company, including identifying and profiling acquisition candidates, negotiating and structuring potential transactions and arranging financing for any such transaction. CMA, through its personnel, also provides, to the extent possible, the stimulus and creativity to develop an innovative and dynamic persona for the Company, its products and corporate image. In order to fulfill its obligations under the management agreement, CMA employs numerous individuals, who, acting as a unit, provide management, administrative and creative functions for the Company. The management agreement provides that the Company will pay CMA an annual base fee equal to one percent of the consolidated net sales of the Company, and further provides that the Compensation and Stock Option Committee and the Board of Directors may from time to time award additional incentive compensation to CMA. The Board of Directors on numerous occasions contemplated incentive compensation and, while shareholder value has increased over 2,000% since the inception of this agreement, no incentive compensation has been paid. We incurred management fees to CMA of $6.5 million for Fiscal 2015, $6.4 million for Fiscal 2014 and $6.6 million for Fiscal 2013. Included in accounts payable were amounts due CMA of $1.6 million at May 2, 2015 and at May 3, 2014.

6. DERIVATIVE FINANCIAL INSTRUMENTS

From time to time, we enter into aluminum swap contracts to partially mitigate our exposure to changes in the cost of aluminum cans. Such financial instruments are designated and accounted for as a cash flow hedge. Accordingly, gains or losses attributable to the effective portion of the cash flow hedge are reported in Accumulated Other Comprehensive Income (Loss) ("AOCI") and reclassified into earnings through cost of sales in the period in which the hedged transaction affects earnings. The ineffective portion of the change in fair value of our cash flow hedge was immaterial. The following summarizes the gains (losses) recognized in the Consolidated Statements of Income and AOCI relative to the cash flow hedge for Fiscal 2015, Fiscal 2014 and Fiscal 2013:

(In thousands)	**Fiscal 2015**	Fiscal 2014	Fiscal 2013
Recognized in AOCI:			
Loss before income taxes	**$(3,488)**	$(1,059)	$(2,521)
Less income tax benefit	**(1,294)**	(393)	(935)
Net	**(2,194)**	(666)	(1,586)
Reclassified from AOCI to cost of sales:			
Gain (loss) before income taxes	**248**	(2,028)	(2,060)
Less income tax provision (benefit)	**92**	(752)	(769)
Net	**156**	(1,276)	(1,291)
Net change to AOCI	**$(2,350)**	$ 610	$ (295)

As of May 2, 2015, the notional amount of our outstanding aluminum swap contracts was $38.0 million and, assuming no change in the commodity prices, $3.0 million of unrealized loss before tax will be reclassified from AOCI and recognized in earnings over the next 12 months. See Note 1.

As of May 2, 2015, the fair value of the derivative liability and derivative long-term liability was $3.0 million and $751,000, which was included in accrued liabilities and other liabilities, respectively. As of May 3, 2014, the fair value of the derivative asset was $5,000, which was included in prepaid and other assets. Such valuation does not entail a significant amount of judgment and the inputs that are significant to the fair value measurement are Level 2 as defined by the fair value hierarchy as they are observable market based inputs or unobservable inputs that are corroborated by market data.

7. INCOME TAXES

The provision for income taxes consisted of the following:

(In thousands)	**Fiscal 2015**	Fiscal 2014	Fiscal 2013
Current	**$24,326**	$19,395	$23,359
Deferred	**1,076**	79	172
Total	**$25,402**	$19,474	$23,531

Deferred taxes are recorded to give recognition to temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. Valuation allowances are established to reduce the carrying amounts of deferred tax assets when it is deemed more likely than not that the benefit of deferred tax assets will not be realized. Deferred tax assets and liabilities as of May 2, 2015 and May 3, 2014 consisted of the following:

(In thousands)	**2015**	2014
Deferred tax assets:		
Accrued expenses and other	**$ 5,281**	$ 4,126
Inventory and amortizable assets	**417**	400
Total deferred tax assets	**5,698**	4,526
Deferred tax liabilities:		
Property	**16,497**	15,616
Intangibles and other	**98**	98
Total deferred tax liabilities	**16,595**	15,714
Net deferred tax liabilities	**$10,897**	$11,188
Current deferred tax assets—net	**$ 4,348**	$ 2,685
Noncurrent deferred tax liabilities—net	**$15,245**	$13,873

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

	Fiscal 2015	Fiscal 2014	Fiscal 2013
Statutory federal income tax rate	**35.0%**	35.0%	35.0%
State income taxes, net of federal benefit	**2.3**	2.3	1.6
Manufacturing deduction benefit	**(3.0)**	(3.0)	(3.1)
Adjustment of unrecognized tax benefit	**(.2)**	(3.3)	(.2)
Other differences	**(.1)**	(.1)	.1
Effective income tax rate	**34.0%**	30.9%	33.4%

During April 2014, the Company reached an agreement with the Internal Revenue Service with respect to its review of the Company's federal income tax returns for the three years ended April 2013. No material adjustments were proposed and, accordingly, the Company adjusted the related unrecognized tax benefits during the fourth quarter of Fiscal 2014.

As of May 2, 2015, the gross amount of unrecognized tax benefits was $1.8 million and $191,000 was recognized as a tax benefit in Fiscal 2015. If we were to prevail on all uncertain tax positions, the net effect would be to reduce our tax expense by approximately $1.2 million. A reconciliation of the changes in the gross amount of unrecognized tax benefits, which amounts are included in other liabilities in the accompanying consolidated balance sheets, is as follows:

(In thousands)	**Fiscal 2015**	Fiscal 2014	Fiscal 2013
Beginning balance	**$2,123**	$ 4,349	$4,548
Increases due to current period tax positions	**122**	268	415
Decreases due to lapse of statute of limitations and audit resolutions	**(444)**	(2,494)*	(614)
Ending balance	**$1,801**	$ 2,123	$4,349

*Includes $1,907 related to the Internal Revenue Service review of the Company's federal income tax returns for the three years ended April 2013 noted above.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of May 2, 2015, unrecognized tax benefits included accrued interest of $269,000, of which approximately $82,000 was recognized as a tax benefit in Fiscal 2015.

We file annual income tax returns in the United States and in various state and local jurisdictions. A number of years may elapse before an uncertain tax position, for which we have unrecognized tax benefits, is resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our unrecognized tax benefits reflect the most probable outcome. We adjust these unrecognized tax benefits, as well as the related interest, in light of changing facts and circumstances. The resolution of any particular uncertain tax position could require the use of cash and an adjustment to our provision for income taxes in the period of resolution. Federal income tax returns for fiscal years subsequent to 2013 are subject to examination. Generally, the income tax returns for the various state jurisdictions are subject to examination for fiscal years ending after fiscal 2010.

8. STOCK-BASED COMPENSATION

Our stock-based compensation program is a broad-based program designed to attract and retain employees while also aligning employees' interests with the interests of the shareholders.

The 1991 Omnibus Incentive Plan (the "Omnibus Plan") provides for compensatory awards consisting of (i) stock options or stock awards for up to 4,800,000 shares of common stock, (ii) stock appreciation rights, dividend equivalents, other stock-based awards in amounts up to 4,800,000 shares of common stock and (iii) performance awards consisting of any combination of the above. The Omnibus Plan is designed to provide an incentive to officers and certain other key employees and consultants by making available to them an opportunity to acquire a proprietary interest or to increase such interest in National Beverage. The number of shares or options which may be issued under stock-based awards to an individual is limited to 1,680,000 during any year. Awards may be granted for no cash consideration or such minimal cash consideration as may be required by law. Options generally have an exercise price equal to the fair market value of our common stock on the date of grant, vest over a five-year period and expire after ten years.

The Special Stock Option Plan provides for the issuance of stock options to purchase up to an aggregate of 1,800,000 shares of common stock. Options may be granted for such consideration as determined by the Board of Directors. The vesting schedule and exercise price of these options are tied to the recipient's ownership level of common stock and the terms generally allow for the reduction in exercise price upon each vesting period. Also, the Board of Directors authorized the issuance of options to purchase up to 50,000 shares of common stock to be issued at the direction of the Chairman.

The Key Employee Equity Partnership Program ("KEEP Program") provides for the granting of stock options to purchase up to 240,000 shares of common stock to key employees, consultants, directors and officers. Participants who purchase shares of stock in the open market receive grants of stock options equal to 50% of the number of shares purchased, up to a maximum of 6,000 shares in any two-year period. Options under the KEEP Program are forfeited in the event of the sale of shares used to acquire such options. Options are granted at an initial exercise price of 60% of the purchase price paid for the shares acquired and the exercise price reduces to the stock par value at the end of the six-year vesting period.

We account for stock options under the fair value method of accounting using a Black-Scholes valuation model to estimate the stock option fair value at date of grant. The fair value of stock options is amortized to expense over the vesting period. Stock options granted were 276,800 shares in Fiscal 2015, 5,245 shares in Fiscal 2014 and 2,000 shares in Fiscal 2013. The weighted average Black-Scholes fair value assumptions for stock options granted are as follows: weighted average expected life of 7.4 years for Fiscal 2015, 8 years for Fiscal 2014 and 8 years for Fiscal 2013; weighted average expected volatility of 32.8% for Fiscal 2015, 35.8% for Fiscal 2014 and 38.1% for Fiscal 2013; weighted average risk free interest rates of 2.2% for Fiscal 2015, 1.9% for Fiscal 2014 and 1.6% for Fiscal 2013; and expected dividend yield of 4.6% for Fiscal 2015, 4.6% for Fiscal 2014 and 5.0% for Fiscal 2013. The expected life of stock options was estimated based on historical experience. The expected volatility was estimated based on historical stock prices for a period consistent with the expected life of stock options. The risk free interest rate was based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected life of stock options. Forfeitures were estimated based on historical experience and ranged from 0% to 16% for Fiscal 2015, Fiscal 2014 and Fiscal 2013.

The following is a summary of stock option activity for Fiscal 2015:

	Number of Shares	Price[a]
Options outstanding, beginning of year	404,355	$ 6.67
Granted	276,800	17.84
Exercised	(50,220)	4.55
Cancelled	(17,800)	16.26
Options outstanding, end of year	613,135	$11.23
Options exercisable, end of year	265,437	$ 5.93

(a) Weighted average exercise price.

Stock-based compensation expense was $307,000 for Fiscal 2015, $95,000 for Fiscal 2014 and $230,000 for Fiscal 2013. The total fair value of shares vested was $371,000 for Fiscal 2015, $90,000 for Fiscal 2014 and $453,000 for Fiscal 2013. The total intrinsic value for stock options exercised was $917,000 for Fiscal 2015, $76,000 for Fiscal 2014 and $406,000 for Fiscal 2013. Net cash proceeds from the exercise of stock options were $228,000 for Fiscal 2015, $47,000 for Fiscal 2014 and $239,000 for Fiscal 2013. Stock based income tax benefits aggregated $240,000 for Fiscal 2015, $17,000 for Fiscal 2014 and $201,000 for Fiscal 2013. The weighted average fair value for stock options granted was $8.30 for Fiscal 2015, $12.50 for Fiscal 2014 and $8.76 for Fiscal 2013.

As of May 2, 2015, unrecognized compensation expense related to the unvested portion of our stock options was $872,000, which is expected to be recognized over a weighted average period of 5.7 years. The weighted average remaining contractual term and the aggregate intrinsic value for options outstanding as of May 2, 2015 was 4.3 years and $6.9 million, respectively. The weighted average remaining contractual term and the aggregate intrinsic value for options exercisable as of May 2, 2015 was 2.7 years and $4.4 million, respectively.

We have a stock purchase plan which provides for the purchase of up to 1,536,000 shares of common stock by employees who (i) have been employed for at least two years, (ii) are not part-time employees and (iii) are not owners of five percent or more of our common stock. As of May 2, 2015, no shares have been issued under the plan.

9. PENSION PLANS

The Company contributes to certain pension plans under collective bargaining agreements and to a discretionary profit sharing plan. Total contributions (including contributions to multi-employer plans reflected below) were $2.7 million for Fiscal 2015, $2.7 million for Fiscal 2014 and $2.6 million for Fiscal 2013.

The Company participates in various multi-employer defined benefit pension plans covering certain employees whose employment is covered under collective bargaining agreements. If the Company chooses to stop participating in the multi-employer plan or if other employers choose to withdraw to the extent that a mass withdrawal occurs, the Company could be required to pay the plan a withdrawal liability based on the underfunded status of the plan.

Summarized below is certain information regarding the Company's participation in significant multi-employer pension plans including the financial improvement plan or rehabilitation plan status ("FIP/RP Status") and the zone status under the Pension Protection Act ("PPA"). The most recent PPA zone status available in Fiscal 2015 and Fiscal 2014 is for the plans' years ending December 31, 2013 and 2012, respectively.

	PPA Zone Status			
Pension Fund	**Fiscal 2015**	Fiscal 2014	FIP/RP Status	Surcharge Imposed
Central States, Southeast and Southwest Areas Pension Plan (EIN no. 36-6044243) (the "CSSS Fund")	**Red**	Red	Implemented	No
Western Conference of Teamsters Pension Trust Fund (EIN no. 91-6145047) (the "WCT Fund")	**Green**	Green	Not applicable	No

For the plan years ended December 31, 2013 and December 31, 2012, the Company was not listed in the Form 5500 Annual Returns as providing more than 5% of the total contributions for the above plans. The collective bargaining agreements expire on October 18, 2016 for the CSSS Fund and May 14, 2016 for the WCT Fund.

The Company's contributions for all multi-employer pension plans for the last three fiscal years are as follow:

(In thousands) Pension Fund	Fiscal 2015	Fiscal 2014	Fiscal 2013
CSSS Fund	**$1,103**	$1,079	$1,051
WCT Fund	**637**	476	471
Other multi-employer pension funds	**306**	295	262
Total	**$2,046**	$1,850	$1,784

The trustees of one of the multi-employer pension plans that is not considered individually significant have notified a subsidiary of the Company that a mass withdrawal has occurred and have provided the subsidiary with a notice of withdrawal liability. The Company disputes various aspects of the withdrawal liability calculations and intends to challenge them in accordance with applicable Federal laws. The Company anticipates that the amount of its liability, if any, will not have a material effect on its financial position or results of operations.

10. COMMITMENTS AND CONTINGENCIES

We lease buildings, machinery and equipment under various non-cancelable operating lease agreements expiring at various dates through 2023. Certain of these leases contain scheduled rent increases and/or renewal options. Contractual rent increases are taken into account when calculating the minimum lease payment and recognized on a straight-line basis over the lease term. Rent expense under operating lease agreements totaled approximately $8.2 million for Fiscal 2015, $7.9 million for Fiscal 2014 and $8.9 million for Fiscal 2013.

Our minimum lease payments under non-cancelable operating leases as of May 2, 2015 were as follows:

(In thousands)	
Fiscal 2016	$ 5,399
Fiscal 2017	4,620
Fiscal 2018	3,789
Fiscal 2019	3,341
Fiscal 2020	2,639
Thereafter	2,406
Total minimum lease payments	$22,194

As of May 2, 2015, we guaranteed the residual value of certain leased equipment in the amount of $4.9 million. If the proceeds from the sale of such equipment are less than the balance required by the lease when the lease terminates on August 1, 2017, the Company shall be required to pay the difference up to such guaranteed amount. The Company expects to have no loss on such guarantee.

We enter into various agreements with suppliers for the purchase of raw materials, the terms of which may include variable or fixed pricing and minimum purchase quantities. As of May 2, 2015, we had purchase commitments for raw materials of $54.0 million for Fiscal 2016.

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

11. QUARTERLY FINANCIAL DATA (UNAUDITED)

(In thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
FISCAL 2015				
Net sales	**$174,637**	**$163,575**	**$143,021**	**$164,592**
Gross profit	**59,842**	**57,732**	**46,090**	**55,476**
Net income	**15,363**	**12,958**	**8,808**	**12,182**
Earnings per common share—basic	**$ .33**	**$ .28**	**$ .19**	**$ .26**
Earnings per common share—diluted	**$ .33**	**$ .28**	**$ .19**	**$ .26**
FISCAL 2014[1]				
Net sales	$172,353	$167,666	$136,774	$164,342
Gross profit	58,749	58,830	44,688	55,388
Net income	12,070	12,497	7,136	11,932
Earnings per common share—basic	$ .26	$ .27	$ .15	$ .25
Earnings per common share—diluted	$ .26	$ .27	$ .15	$ .25

(1) The fourth quarter of Fiscal 2014 consisted of 14 weeks while other quarters consisted of 13 weeks.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of National Beverage Corp. as of May 2, 2015 and May 3, 2014 and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended May 2, 2015. We also have audited National Beverage Corp.'s internal control over financial reporting as of May 2, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. National Beverage Corp.'s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Beverage Corp. as of May 2, 2015 and May 3, 2014 and the results of their operations and their cash flows for each of the years in the three-year period ended May 2, 2015, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, National Beverage Corp. maintained, in all material respects, effective internal control over financial reporting as of May 2, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

McGladrey LLP

McGladrey LLP
West Palm Beach, Florida
July 16, 2015

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

The common stock of National Beverage Corp., par value $.01 per share, ("Common Stock") is listed on The NASDAQ Global Select Market under the symbol "FIZZ". The following table shows the range of high and low prices per share of the Common Stock for the fiscal quarters indicated:

	Fiscal Year Ended			
	May 2, 2015		May 3, 2014	
	High	**Low**	High	Low
First Quarter	**$19.97**	**$15.42**	$18.66	$14.48
Second Quarter	**$25.50**	**$17.58**	$18.96	$15.63
Third Quarter	**$27.32**	**$21.00**	$21.71	$18.06
Fourth Quarter	**$25.00**	**$21.00**	$22.26	$18.58

At July 6, 2015, there were approximately 8,000 holders of our Common Stock, the majority of which hold their shares in the names of various dealers and/or clearing agencies.

The Company paid special cash dividends on Common Stock of $118.1 million ($2.55 per share) on December 27, 2012.

In April 2012, the Board of Directors authorized an increase in the Company's Stock Buyback Program from 800,000 to 1.6 million shares of Common Stock. As of May 2, 2015, 502,060 shares were purchased under the program and 1,097,940 shares were available for purchase. There were no shares of Common Stock purchased during the last three fiscal years.

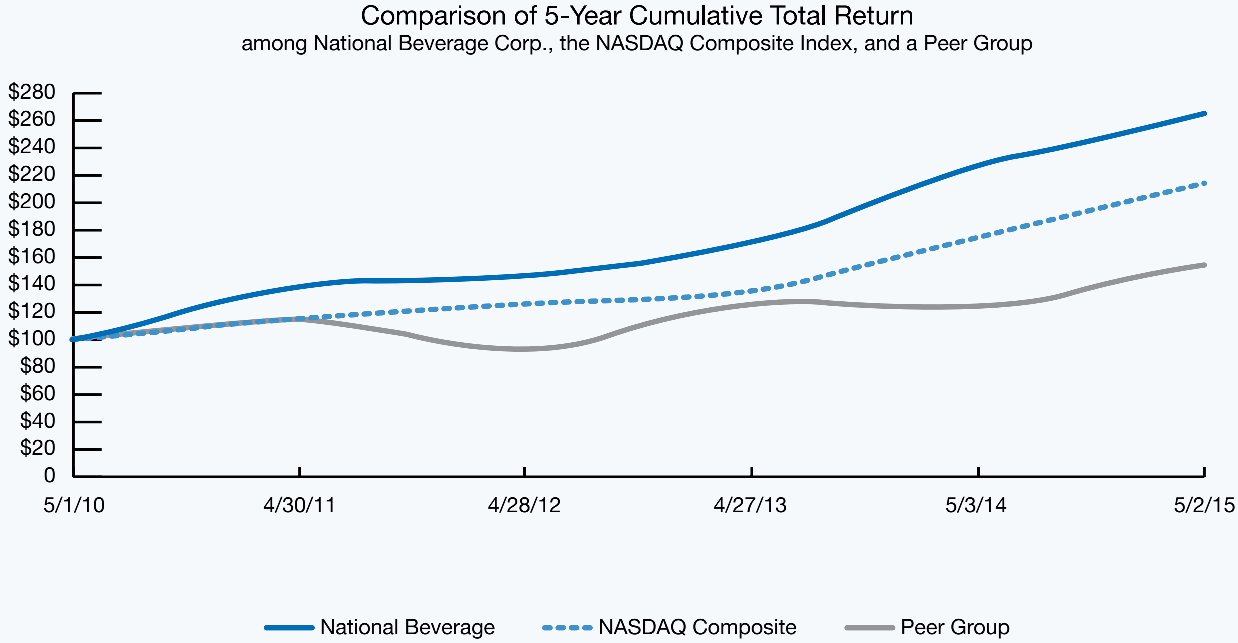
On January 25, 2013, the Company sold 400,000 shares of Special Series D Preferred Stock, par value $1 per share ("Series D Preferred") for an aggregate purchase price of $20 million. Series D Preferred has a liquidation preference of $50 per share and accrues dividends on this amount at an annual rate of 3% through April 30, 2014 and, thereafter, at an annual rate equal to 370 basis points above the 3-Month LIBOR. Dividends are cumulative and payable quarterly. The Series D Preferred is nonvoting and redeemable at the option of the Company since May 1, 2014 at $50 per share. Upon a change of control, as such term is defined in the Certificate of Designation of the Special Series D Preferred Stock, the holder shall have the right to convert the Series D Preferred into shares of Common Stock at a conversion price equal to the tender price per share offered to the holders of the Common Stock. The net proceeds of $19.7 million were used to repay borrowings under the Credit Facilities. The Series D Preferred was issued by the Company pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

On May 2, 2014, the Company redeemed 160,000 shares of Series D Preferred, representing 40% of the amount outstanding, for an aggregate price of $8 million plus accrued dividends. In conjunction with the partial redemption, the annual dividend rate on the outstanding Series D Preferred was reduced to 2.5% for the twelve-month period beginning May 1, 2014. On May 1, 2015, the Company and the holders of the Series D Preferred agreed to extend the 2.5% annual dividend rate on the outstanding Series D Preferred through April 30, 2016.

On August 1, 2014, the Company redeemed 120,000 shares of Series D Preferred, representing 50% of the amount outstanding, for an aggregate price of $6 million plus accrued dividends.

PERFORMANCE GRAPH

The following graph shows a comparison of the five-year cumulative returns of an investment of $100 cash on May 1, 2010, assuming reinvestment of dividends, in (i) Common Stock, (ii) the NASDAQ Composite Index and (iii) a Company-constructed peer group consisting of Coca-Cola Bottling Company Consolidated and Cott Corporation. Based on the cumulative total return below, an investment in our Common Stock on May 1, 2010 provided a compounded annual return of approximately 21.5% as of May 2, 2015.



	5/1/10	4/30/11	4/28/12	4/27/13	5/3/14	**5/2/15**
National Beverage Corp.	$100.00	$140.51	$148.18	$172.25	$227.11	**$265.06**
NASDAQ Composite	100.00	117.84	127.17	137.74	175.48	**215.51**
Peer Group	100.00	116.43	95.35	128.54	125.48	**155.57**

CORPORATE DATA

DIRECTORS

Nick A. Caporella
Chairman of the Board & Chief Executive Officer
National Beverage Corp.

Joseph G. Caporella
President
National Beverage Corp.

Cecil D. Conlee*
Founding Partner
CGR Advisors

Samuel C. Hathorn, Jr.*
Retired Chief Executive Officer
Trendmaker Development Co.

Stanley M. Sheridan*
Retired President
Faygo Beverages, Inc.

*Member Audit Committee

CORPORATE MANAGEMENT

Nick A. Caporella
Chairman of the Board & Chief Executive Officer

Joseph G. Caporella
President

George R. Bracken
Executive Vice President–Finance

Gregory P. Cook
Vice President–Controller & Chief Accounting Officer

Brent R. Bott
Executive Director–Consumer Marketing

Gregory J. Kwederis
Executive Director–Beverage Analyst

Timothy C. Barker
Senior Director–Strategic IT

Vanessa C. Walker
Senior Director–Strategic Brand Management

Dominic H. Angelina
Director–Internal Audit

Richard S. Berkes
Director–Risk Management

Glenn G. Bryan
Director–Tax

SUBSIDIARY MANAGEMENT

Michael J. Bahr
Executive Vice President
Shasta West

James C.T. Bolton
Executive Vice President
PACO, Inc.

Alan A. Chittaro
Executive Vice President
Faygo Beverages, Inc.

Alan D. Domzalski
Executive Vice President
Sundance Beverage Company

James H. Erwin III
Executive Vice President–Sales
Shasta Beverages, Inc.

Stephen E. Flis
Executive Vice President
Shasta Sweetener, Inc.

Arthur D. Hanrehan
Executive Vice President
National BevPak

James M. Jones
Executive Vice President
Shasta Foodservice

John F. Hlebica
Vice President
Shasta Beverages International

Chad M. Palma
Vice President
BevCo Sales

Worth B. Shuman III
Vice President
Military Sales

SUBSIDIARIES

BevCo Sales, Inc.
Beverage Corporation Intl., Inc.
Big Shot Beverages, Inc.
Everfresh Beverages, Inc.
Faygo Beverages, Inc.
Home Juice Corp.
National Beverage Vending Company
National Retail Brands, Inc.
NewBevCo, Inc.
NutraFizz Products Corp.
PACO, Inc.
Shasta Beverages, Inc.
Shasta Beverages Intl., Inc.
Shasta Sales, Inc.
Shasta Sweetener Corp.
Shasta West, Inc.
Sundance Beverage Company

CORPORATE OFFICES

8100 Southwest Tenth Street
Fort Lauderdale, FL 33324
954-581-0922

ANNUAL MEETING

The Annual Meeting of Shareholders will be held on Friday, October 2, 2015 at 2:00 p.m. local time at the Hyatt Regency Orlando International Airport, 9300 Jeff Fuqua Boulevard, Orlando, FL 32827.

FINANCIAL AND OTHER INFORMATION

Copies of National Beverage Corp.'s Annual Report, Annual Report on Form 10-K and supplemental quarterly financial data are available free of charge on our website or by contacting our Shareholder Relations department at the Company's corporate address or 877-NBC-FIZZ (877-622-3499).

Earnings and other financial results, corporate news and other Company information are available on National Beverage's website at www.nationalbeverage.com.

STOCK EXCHANGE LISTING

Common Stock is listed on The NASDAQ Global Select Market–symbol *FIZZ*.

TRANSFER AGENT AND REGISTRAR

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