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April 07, 2010

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ss they either: (i) direct their broker or bank to change their ownership to record title prior to the Effective Date of the Transaction, or (ii) instruct their broker or bank owning record title to the shares to participate in the Transaction by following the appropriate procedures of DTC. The direction to change beneficial ownership to record ownership must be given in a timely manner to permit the change in ownership to record title to occur prior to 4:00 p.m. (central standard time) on the effective date of the Transaction. The instruction to the broker or bank to participate in the Transaction must be given in accordance with the procedures of the broker or bank. If a Street Name Holder provides the (a) timely direction to change beneficial ownership to record ownership or (b) appropriate instruction to his or her broker or bank to participate in the Transaction as provided in this proxy statement, the Street Name Holder will receive cash for the fractional share resulting from the Transaction. If immediately prior to the Transaction you are a Street Name Holder beneficially owning less than six (6) shares of our common stock who follows one of the above procedures to take advantage of the Transaction, your shares will also be cashed out and you will no longer have any further interest in the Company with respect to your fractional share. Note, if you are a Street Name Holder who is considering participating in this Transaction, you should check with your broker or bank to determine what, if any, fee would be associated with converting your ownership to record title or instructing your broker or bank to participate in the Transaction. If you direct your bank or broker to participate in the Transaction by following the appropriate procedures of DTC, we anticipate that the administrative expense of such instruction will be lower than if you direct your broker or bank to convert your ownership to record title. If a Street Name Holder does not want participate in the Transaction, no additional shares need to be purchased and no additional action needs to be taken to avoid being cashed-out. EFFECT ON OPTIONS, WARRANTS AND OTHER SECURITIES. In addition, all outstanding options, warrants and other securities entitling holders to purchase shares of our common stock, if any, will be adjusted as a result of the Transaction, as required by the terms of these securities. In particular, the conversion ratio for each instrument would be reduced, and the exercise price, if applicable, would be increased in accordance with the terms of each instrument and based on the exchange ratio of the Transaction. Also, the number of shares reserved for issuance under our existing stock option and employee stock purchase plans would be reduced proportionally based on the exchange ratio of the Transaction. None of the rights currently accruing to holders of the common stock, options, warrants or other securities convertible into common stock would be affected by the Transaction. Examples. In general, the effect of the Transaction can be illustrated by the examples set forth on the following table. Note that for illustrative purposes only, we have assumed a Cash-Out Price of \$4.49 (based on an assumed ten-day trading average that is equal to the on the closing price on January 9, 2004). 21 HYPOTHETICAL SCENARIOS (1) Mr. Brown is a stockholder of record who holds five (5) shares of our common stock in his account immediately prior to the Transaction. RESULT Instead of receiving a fractional share of our common stock immediately after the Transaction, Mr. Brown's shares will be converted into the right to receive cash. Mr. Brown would receive a check for \$22.45 (5 x \$4.49 = \$22.45). Note: If Mr. Brown wants to continue his investment in the Company, immediately prior to the Effective Date, he can buy at least one (1) more share. Mr. Brown would have to act far enough in advance of the transaction so that the purchase is completed and the additional share is credited in his account by the close of business (central standard time) on the Effective Date. (2) As of the Effective Date, Ms. Green has two separate record accounts. She holds: - 3 shares of our common stock in one account, and - 2 shares of our common stock in the other. All of her shares are registered in her name only. RESULT Ms. Green will receive cash payments equal to the Cash-Out Price of our common stock in each record account instead of receiving fractional shares. Ms. Green would receive two checks totaling \$22.45 ((2 x \$4.49 = \$8.98) + (3 x \$4.49 = \$13.47)). Note: If Ms. Green wants to continue her investment in the Company, she can consolidate or transfer her two record accounts immediately prior to the Effective Date into one account and purchase one (1) or more additional shares so her single account owns at least six (6) shares of our common stock. Alternatively, she can buy three (3) or more shares for the first account and four (4) or more shares for the second account, and continue to hold them in separate accounts. She would have to act far enough in advance of the transaction so that the consolidation or the purchase is completed by the close of business

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(central standard time) on the Effective Date. (3) Mr. Blue holds 10 shares of our common stock as of the Effective Date. RESULT After the Transaction, Mr. Blue will continue to hold 1 share of our common stock and will be entitled to a cash payment for the fractional share in connection with the Transaction of \$17.96 (4 x \$4.49). (4) Ms. Orange is a Street Name Holder holding 4 shares of our common stock in her name in a brokerage account as of the Effective Date. 22 RESULT Ms. Orange will hold 2/3rds of one share of our common stock in her name in an account unless she either (i) directs her broker or bank to change her ownership to record title prior to the Effective Date of the Transaction, or (ii) instructs her broker or bank to participate in the Transaction by following the appropriate procedures of DTC. If Ms. Orange becomes the record owner, she will receive directly a check for \$17.96 (4 shares x \$4.49). If Ms. Orange simply instructs her broker or bank to participate in the Transaction, she will receive, through her broker or bank, a check for \$17.96 (4 shares x \$4.49). (5) Mr. Purple is a Street Name Holder holding 15 shares of our common stock in his name in a brokerage account as of the Effective Date. RESULT If Mr. Purple follows either of the procedures described above to take advantage of the Transaction, he will continue to hold 2 shares of our common stock in street name and he will receive directly, or through his broker or bank, as applicable, a check for \$13.47 (3 shares x \$4.49). If he does nothing, he will beneficially own 2 and 1/2 shares of our common stock after the Transaction. PROCEDURES TO EXCHANGE CERTIFICATES AND CASH-OUT FRACTIONAL SHARES EXCHANGING CERTIFICATES FOR REMAINING STOCKHOLDERS. Our transfer agent will act as the exchange agent for purposes of implementing the exchange of stock certificates. As soon as practicable after the effective date, stockholders will be notified of the effectiveness of the Transaction. Stockholders of record will receive a letter of transmittal requesting them to surrender their stock certificates for new stock certificates reflecting the adjusted number of shares as a result of the Transaction. Street Name Holders who do not want to participate in the Transaction will not be required to take any further actions. However, Street Name Holders who want to participate in the Transaction may receive cash for their fractional share resulting from the Transaction by either (i) directing their broker or bank to change their ownership to record title prior to the Effective Date of the Transaction, or (ii) instructing their broker or bank to participate in the Transaction by following the appropriate procedures of DTC. See "Structure of the Transaction-Effect On Street Name Holders." PAYMENT FOR FRACTIONAL SHARES. As soon as practical after the Effective Date, our transfer agent will mail to all stockholders: - a notice of the filing of the amendment to our certificate of incorporation, - a letter of transmittal which contains instructions on how to surrender your certificate(s) to our transfer agent to receive your cash payment, along with - other documents described below. See "How to Get Paid." 23 No certificates or scrip representing fractional shares of our common stock adjusted for the Transaction will be issued in connection with the Transaction. Instead, each Cashed-Out Stockholder who is not a Street Name Holder, upon surrender of their stock certificates and delivery to our transfer agent of the documents discussed below, will receive cash for the fractional share resulting from the Transaction. Brokerage firms and banks holding instructions to participate in the Transaction should follow DTC procedures to receive cash for the fractional shares the Street Name Holders will beneficially own as a result of the Transaction. Please do not send your certificates until you receive your letter of transmittal. The amount of the cash payment to record and participating beneficial stockholders owning a fractional share will equal: - the fractional share owned immediately after the Transaction, times six (6) times - the Cash-Out Price. See "Determination of Cash-Out Price." At the same time we pay stockholders for the fractional share resulting from the Transaction, we plan to send them any cash dividends for which they are entitled, including dividends declared prior to the Effective Date. See "Financial Information Dividends." As of the Effective Date of the Transaction, Cashed-Out Stockholders will have no further right to the payment of dividends declared after the Effective Date with respect to the cashed-out shares. HOW TO GET PAID. Each Cashed-Out Stockholder who is not a Street Name Holder will be entitled to receive cash in the amount described above for the fractional share resulting from the Transaction only after such holder delivers to our transfer agent, Registrar and Transfer Company at 10 Commerce Drive, Cranford, NJ 07016-3572: - stock certificate(s) for shares of our common stock owned immediately prior to the Transaction, - the properly executed completed letter of transmittal, - such evidence of ownership of such shares as our transfer agent may require, and - properly executed and completed tax documents, including a Form W-9, to permit us to complete our filing obligations with the Internal Revenue Service. Street Name Holders will be entitled to receive cash in the amount described above for the fractional share beneficially owned as a result of the Transaction by instructing their broker or bank to follow the procedures of the DTC necessary to participate in the Transaction. All amounts owed to you will be subject to applicable federal income tax and state abandoned property laws. You will not receive any interest on cash payments owed to you as a

result of the Transaction. See "Certain Federal Income Tax Consequences." 24 FINANCIAL INFORMATION INCORPORATION BY REFERENCE. We hereby incorporate by reference (a) the financial statements and the notes thereto contained on pages F-2 through F- 33 of our Annual Report to Stockholders for the fiscal year ended September 26, 2003 ("Annual Report to Stockholders") included with this Proxy Statement and attached as Exhibit 13.1 to our Annual Report on Form 10-K, (b) the report of independent certified public accountants thereon contained on page F-1 of the Annual Report to Stockholders, (c) supplemental financial information contained on pages 2 through 3 of the Annual Report to Stockholders, (d) Management's Discussion and Analysis or Plan of Operation contained on pages 5 through 22 of the Annual Report to Stockholders and (e) quantitative and qualitative disclosures about market risks contained on pages 22 through 23 of the Annual Report to Stockholders. DIVIDENDS. During fiscal years 2003 and 2002, the Board of Directors declared cash dividends of \$0.03 per share per quarter or \$0.12 per share for each year. The Board of Directors will evaluate payment of future dividends at their regular meetings. Our revolving credit facility provides that we may not pay dividends in excess of \$0.12 per share on an annual basis. For the last three years, we have maintained a policy of instructing our transfer agent to hold any dividend checks payable in an amount less than \$3.00. In connection with paying the Cash-Out Price to each stockholder for a fractional share, we plan to direct the transfer agent to pay with the Cash- Out Price any dividends which have been held by the transfer agent for the benefit of these stockholders. VOTE REQUIRED The Transaction must be approved by the holders of a majority of the outstanding shares of our common stock entitled to vote thereon. Any abstention or broker non-vote will have the effect of a vote against the Transaction. As of the record date, our executive officers and directors beneficially owned a total of approximately 45% of the outstanding our common stock entitled to vote at the Annual Meeting. Each of our executive officers and directors has advised the Company that he or she intends to vote his or her shares in favor of the Transaction. APPRAISAL AND DISSENTERS' RIGHTS No appraisal or dissenters' rights are available under Delaware law to stockholders who dissent from the Transaction. We will not independently provide our stockholders of record with any appraisal or dissenters' right. RESERVATION OF RIGHTS Even if the Transaction has been authorized by our stockholders at the Annual Meeting, we reserve the right to abandon the Transaction without further action by our stockholders at any time before the filing of the necessary 25 amendments to our certificate of incorporation with the Delaware Secretary of State. By voting in favor of the Transaction you are also expressly authorizing us to determine not to proceed with the Transaction if we should so decide. CERTAIN FEDERAL INCOME TAX CONSEQUENCES GENERAL. We have summarized below certain federal income tax consequences to the Company and stockholders of record resulting from the Transaction. This summary is based on U.S. federal income tax law existing as of the date of this Proxy Statement, and such tax laws may change, even retroactively. This summary does not discuss all aspects of federal income taxation which may be important to you in light of your individual circumstances. Many stockholders of record (such as financial institutions, insurance companies, broker-dealers, regulated investment companies, personal holding companies, tax-exempt organizations, foreign entities and foreign persons) may be subject to special tax rules. Other stockholders of record may also be subject to special tax rules, including but not limited to: - stockholders who received our common stock as compensation for services or pursuant to the exercise of an employee stock option, or - stockholders who have held, or will hold, stock as part of a straddle, hedging, or conversion transaction for federal income tax purposes. In addition, this summary does not discuss any state, local, foreign, or other tax considerations. This summary assumes that you are a U.S. citizen and have held, and will hold, your shares as capital assets (i.e. generally property held for investment) under the Code. You should consult your tax advisor as to the particular federal, state, local, foreign, and other tax consequences, in light of your specific circumstances. We believe that the Company will be able to treat the Transaction as a tax- free "recapitalization" for federal income tax purposes. FEDERAL INCOME TAX CONSEQUENCES TO STOCKHOLDERS WHO ARE NOT CASHED OUT BY THE TRANSACTION. If you (1) continue to hold our common stock immediately after the Transaction, and (2) receive no cash as a result of the Transaction, you will not recognize any gain or loss as a result of the Transaction and you will have the same adjusted tax basis and holding period in our common stock as you had in such stock immediately prior to the Transaction. FEDERAL INCOME TAX CONSEQUENCES TO STOCKHOLDERS WHO RECEIVE CASH. In general, Cashed-Out Stockholders will recognize a gain or loss as a result of the Transaction equal to the difference between the total Cash-Out Price received by them and their adjusted basis in the shares of common stock eliminated in the Transaction. The characterization of this gain or loss as a long-term capital gain or loss or short-term capital gain or loss will depend on the period of time such shares were held by a stockholder prior to the transaction. 26 THE

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FOREGOING IS A GENERAL DISCUSSION ONLY AND YOUR OWN TAX CONSEQUENCES COULD BE DIFFERENT IN CERTAIN CASES. ACCORDINGLY, YOU SHOULD CONSULT YOUR TAX ADVISOR AS TO THE PARTICULAR FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF THE TRANSACTION, IN LIGHT OF YOUR SPECIFIC CIRCUMSTANCES. RECOMMENDATION THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS AND DEEMS ADVISABLE THAT STOCKHOLDERS VOTE "FOR" THE TRANSACTION AND THE RELATED AMENDMENT TO OUR CERTIFICATE OF INCORPORATION. SUBMISSION OF STOCKHOLDER PROPOSALS Under our Bylaws, any stockholder may submit a proposal for presentation at the Annual Meeting by delivering the proposal to our corporate secretary at our home office by no later than Thursday, February 5, 2004. Such proposals should set forth: (i) a brief description of the business desired to be brought before the Annual Meeting and the reason for conducting such business at the Annual Meeting; (ii) the name and address of the stockholder proposing such business; (iii) the number of shares of the Company's common stock beneficially owned by such stockholder; and (iv) any material interest of such stockholder in the business matter being proposed. Our Bylaws also allow stockholders to submit nominations for directors by delivering the nominations in writing to our corporate secretary at our home office by no later than Thursday, February 5, 2004. Only stockholders of record as of the Record Date (January 19, 2004) are entitled to bring business before the Annual Meeting or make nominations for directors. Stockholders may also ask us to include proposals in the proxy materials that we send out in connection with our annual meetings, subject to the proxy rules adopted by the SEC. In order to be included in our Proxy Statement relating to our 2005 Annual Meeting, a stockholder proposal must be submitted to our corporate secretary at our home office by October 11, 2004. OTHER MATTERS We do not intend to bring any matters before the Annual Meeting other than those disclosed in the Notice of Annual Meeting of Stockholders, and we do not know of any business which persons, other than the management, intend to present at the Annual Meeting. The enclosed proxy for the Annual Meeting confers discretionary authority on the Board of Directors to vote on any matter proposed by stockholders for consideration at the Annual Meeting. We will bear the cost of soliciting proxies for use by our Board of Directors at the Annual Meeting. To the extent necessary, proxies may be solicited by our directors, officers and employees in person, by telephone or through other forms of communication, but these persons will not receive any additional compensation for this solicitation. We will reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of our common stock. We will supply banks, brokers, dealers and other 27 custodian nominees and fiduciaries with proxy materials to enable them to send a copy of such materials by mail to each beneficial owner of shares of our common stock which they hold of record and will, upon request, reimburse them for their reasonable expenses in so doing. Stockholders may communicate with any director, including the Chairman of the Board and the chairman of any committee of the Board, by sending a letter to the attention of the appropriate person (which may be marked as confidential) addressed to our corporate secretary at our home office. All communications received by the corporate secretary will be forwarded to the appropriate directors. In addition, it is the policy of our Board of Directors that directors attend, and be available to discuss stockholder concerns, at the Annual Meeting. All directors attended last year's Annual Meeting on March 13, 2003. The Company's Annual Report, including the financial statements, is being mailed, together with this Proxy Statement, to all stockholders entitled to vote at the Annual Meeting. The Company has incorporated provisions of its Annual Report into this Proxy Statement; however, such Annual Report is not to be considered part of this proxy solicitation material. In addition, any stockholder who wishes to receive a copy of the Form 10-K filed by the Company with the Securities and Exchange Commission, or a copy of any document incorporated by reference into the Proxy Statement, may obtain a copy without charge by contacting the Company at 402-331-3727 or by writing to the Company at 7405 Irvington Road, Omaha, Nebraska 68122. Requests should be directed to Mr. Michael D. James at the Company's principal executive office. None of the information set forth in this Proxy Statement under the headings "Report of the Compensation Committee on Executive Compensation," "Report of the Audit Committee" or "Company Performance" is deemed to be "soliciting material" or to be "filed" with the SEC or subject to the SEC's proxy rules or to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the "1934 Act"), and this information will not be deemed to be incorporated by reference into any prior or subsequent filing by the Company under the Securities Act of 1933 or the 1934 Act. By Order of the Board of Directors /s/ Michael D. James ----- Michael D. James, Secretary Omaha, Nebraska February , 2004 28 EXHIBIT A CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF AMCON DISTRIBUTING COMPANY I. AUDIT COMMITTEE

PURPOSE The Audit Committee is appointed by the Board of Directors (the "Board") of AMCON Distributing Company (the "Company") to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to: - Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; - Oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements; - Monitor the independence and performance of the Company's independent auditors; - Monitor the Company's compliance with legal and regulatory requirements; and - Provide an avenue for, and encourage open, dialogue and communication among the independent auditors, management, and the Board of Directors. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to anyone in the Company. The independent auditors report directly to the Audit Committee. The Audit Committee has the ability to retain, at the Company's expense and without seeking the approval the Board or the Company, independent legal, accounting, or other consultants or experts it deems necessary or appropriate in the performance of its duties. II.

AUDIT COMMITTEE COMPOSITION AND MEETINGS A. INDEPENDENCE The Audit Committee shall be comprised of three or more directors as determined by the Board. Except as set forth below, each member of the Audit Committee must: - qualify as an independent director (as defined in Section 121(A) of the AMEX listing standards), who is not an officer or employee of the Company or any of its subsidiaries and does not, in the view of the Board, have any material relationship with the Company that would interfere with the exercise of the director's independent judgment. 29 - qualify as independent under the requirements of Rule 10A-3 under the Securities Exchange Act of 1934. - not be an AMEX employee or Floor Member as provided under Section 802 of the AMEX listing standards. The Board may appoint one member to the Audit Committee who is not independent as defined under Section 121A of the AMEX listing standards as long as such member satisfies the independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934 and the Board has determined, under exceptional and limited circumstances, in accordance with the requirements of Section 121B(2)(b) of the AMEX listing standards, that membership on the Audit Committee by such individual is required by the best interest of the Company and its stockholders. In such case, the Board must disclose in the annual meeting proxy statement subsequent to such determination, the nature of the relationship that makes that individual not independent and the reasons for the Board's determination. A member of the Audit Committee appointed pursuant to this provision may not serve in excess of two consecutive years and may not be the Audit Committee Chair of the Audit Committee. **B. QUALIFICATIONS; FINANCIALLY**

SOPHISTICATED All members of the Audit Committee must also be able to read and understand fundamental financial statements, including the Company's balance sheets, income statements and cash flow statements. At least one member of the Audit Committee must at all times be financially sophisticated, in that he or she has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities. A member of the Audit Committee who qualifies as an "Audit Committee Financial Expert" under Item 401(h) of Regulation S-K is presumed to qualify as financially sophisticated. **C. AUDIT COMMITTEE**

CHAIR The Nominating Committee shall recommend to the Board, and the Board shall designate, one member of the Audit Committee as Audit Committee Chair. The Audit Committee Chair shall preside over meetings and proceedings of the Audit Committee. If the Audit Committee Chair is not present, the members of the Audit Committee may designate an Audit Committee Chair by majority vote of the Audit Committee membership. **D. MEETINGS** The Audit Committee shall meet at least quarterly, prior to the filing of each quarterly report on Form 10-Q or annual report on Form 10-K, as applicable, or more frequently as circumstances dictate or the Audit Committee Chair deems appropriate, or as required by law or applicable rules and regulations. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. A majority of the members of the Audit Committee shall constitute a quorum. The vote of a majority of the members present at any meeting at which a quorum is present shall be the act of the Audit Committee. The Audit Committee may meet in person or telephonically. The Audit Committee shall establish its own rules of procedure which shall be consistent with the Bylaws of the Company and this Charter. The Audit Committee Chair or a majority of the members of the Audit Committee may call a special meeting of the Audit Committee. The Audit Committee should meet privately in executive session at least annually with management and the independent auditors, and as an Audit Committee to discuss any matters that the Audit Committee, management or the independent auditors believe should be discussed. In addition, the Audit Committee, or at least its Audit

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Committee Chair, should communicate with management and the independent auditors quarterly to review the Company's financial statements and significant findings based upon the auditors' review procedures. The Company's independent auditor will attend at least four of the Audit Committee's meetings each year. The Audit Committee may request members of management or others to attend meetings and provide such information as the Audit Committee deems appropriate. E. APPOINTMENT; REMOVAL; RESIGNATION Members of the Audit Committee shall be appointed by the Board at its annual meeting and shall generally serve until their failure to qualify, resignation, or retirement, their removal by the Board or until their successors shall be duly appointed and qualified. No member of the Audit Committee shall be removed except by a majority vote of the independent directors or upon failure of such member to meet the independence or qualification requirements of this Charter. A member of the Audit Committee shall be deemed to have resigned from the Audit Committee at such time that the member shall have been removed from the Board pursuant to the Bylaws of the Company or such member has resigned or otherwise terminated his or her membership on the Board. F. MINUTES; REPORTS TO BOARD OF DIRECTORS The Audit Committee shall keep minutes of its proceedings and the names and places of residence of its members. Following each of its meeting, the Audit Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Audit Committee at the meeting. The report will also include any significant issues arising with respect to (i) the quality or integrity of the Company's financial statements, (ii) the Company's compliance with legal or regulatory requirements, or (iii) the performance and independence of the Company's independent auditors. 31 G. SUBCOMMITTEES As permitted by law or the AMEX listing standards, the Audit Committee may delegate its duties and authority to a subcommittee of fully independent directors. III. AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES To fulfill its responsibilities and duties the Audit Committee shall perform the following: A. REVIEW PROCEDURES 1. Review and reassess the adequacy of this Charter at least annually. Submit the Charter, which is approved by the Audit Committee, to the Board for ratification and have the Charter published at least every three years in accordance with SEC regulations. 2. Review and discuss with management and the independent auditor the Company's annual audited financial statements prior to filing its Annual Report on Form 10-K. Discuss significant issues regarding accounting principles, practices and judgments, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations". 3. Review and discuss with management and the independent auditor, the Company's quarterly financial results and/or the Company's quarterly financial statements prior to the earlier of the release of earnings or the filing of the Quarterly Report on Form 10-Q. Discuss the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditor in accordance with SAS 61 (as may be modified or amended). The Audit Committee Chair may represent the entire Audit Committee for purposes of this review. 4. In consultation with management and the independent auditor, consider the integrity of the Company's financial reporting processes and controls, including (i) internal controls, (ii) internal control over financial reporting and (iii) disclosure controls and procedures. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review the significant reports to management prepared by the independent auditor, together with management's responses, including the status of previous recommendations, and follow up on these reports. 5. Discuss with management and the independent auditor the quality and adequacy of the Company's internal controls and internal control over financial reporting, including any significant deficiencies in the design or operation of those controls which could adversely affect the Company's 32 ability to record, process, summarize and report financial data and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls, and discuss with the independent auditor how the Company's financial systems and controls compare with industry practices. 6. Report regularly to the Board with respect to any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, and the performance and independence of the Company's independent auditor. 7. Review the independent auditor's report required by Section 204 of Sarbanes-Oxley Act of 2002, describing (i) all critical accounting policies and practices to be used, (ii) all alternative treatments of financial information within GAAP that have been discussed with management, (iii) ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (iv) other material written communications between the auditor and management, such as any management letter or schedule of unadjusted differences. 8. Review quarterly with the Company's CEO and CFO (i) any significant

deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data, (ii) any material weakness in the Company's internal controls, and (iii) any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal controls. 9. Review annually with management and the independent auditor (i) the internal control report contained in the Company's annual report on Form 10-K regarding management's assessment of the effectiveness of the internal control structure and procedures of the Company for financial reporting, and (ii) the attestation and report of the independent auditor regarding management's assessment of internal controls. 10. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may be done generally (i.e., discussion of the types of information to be disclosed and the type of presentation to be made). The Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance. 11. Discuss policies regarding risk assessment and risk management. While it is the job of Company management to assess and manage the Company's exposure to risk, the Audit Committee will discuss guidelines and policies that govern the process. This discussion may include the Company's financial risk exposures and the steps management has taken to monitor and control exposures. The Audit Committee is not required to be the sole body responsible for risk assessment and management. 33 12. While the fundamental responsibility for the Company's financial statements and disclosures rests with management and the independent auditor, the Audit Committee will review: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal control, internal control over financial reporting and any special audit steps adopted in light of material control deficiencies, (ii) analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements and the treatment preferred by the independent auditor, (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company, and (iv) earnings press releases (paying particular attention to any use of pro-forma information and non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies. 13. Conduct an annual performance self-evaluation of the Audit Committee. B. INDEPENDENT AUDITOR 1. The independent auditor is ultimately accountable to and shall report directly to the Audit Committee, as the representative of the Company's stockholders. The Audit Committee has the sole authority and direct responsibility to select, hire, evaluate and, where appropriate, replace the independent auditor or to nominate the independent auditor to be proposed for shareholder approval in any proxy statement. The Audit Committee shall annually review the independence, qualifications and performance of the independent auditors, including the review and evaluation of the lead partner of the independent auditor, and shall oversee the work of the independent auditor for the purpose of preparing or issuing an audit report on the Company's financial statements or related work or performing other audit, review or attest services for the Company. In making its evaluation, the Audit Committee shall take into account the opinions of management. 2. The Audit Committee has the authority to, and shall, approve (A) the fees and other compensation to be paid to the independent auditor, (B) the funding for the independent auditors (including fees for the purpose of preparing or issuing an audit report or performing other audit, approved non-audit, review and attestation services for the Company, and (C) the funding of payment for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. 3. The Audit Committee shall require the independent auditor to submit on a periodic basis (but at least annually) to the Audit Committee a formal written statement in accordance with Independence Standards Board ("ISB") Statement No. 1 (as may be modified or amended) and such other requirements as may be established by the Public Company Accounting Oversight Board ("PCAOB") delineating all relationships between them and the Company and to 34 actively engage in a dialogue with the independent auditor with respect to any relationships or services disclosed in the statement that may impact the independent auditor's objectivity and independence, and take appropriate action in response to the statement of the independent auditor to satisfy itself of the outside auditors' independence and objectivity and otherwise oversee the independence of the independent auditor. 4. The Audit Committee shall confirm that neither the lead audit partner nor the primary reviewing partner of the independent auditor has performed audit services for the Company for each of the five previous fiscal years. 5. The Audit Committee shall consider results of the independent accountant's last peer review, litigation status, and disciplinary actions, if any. 6. At least annually, the Audit Committee shall consult with

the independent auditor, out of the presence of management, about the adequacy, quality and integrity of the internal controls for financial reporting and the fair presentation and accuracy of the Company's financial statements. 7. The Audit Committee shall resolve disagreements, if any, between management and the independent auditor regarding financial reporting. 8. The Audit Committee shall review the independent auditor engagement letter and audit plan and discuss the scope and general approach of the audit, including staffing, locations and reliance upon management. 9. The Audit Committee shall approve in advance any audit services (which may entail providing comfort letters in connection with securities underwritings) and non-audit services (including the fees and terms thereof) to be performed by the independent auditor to determine whether such relationships and services are compatible with the auditor's independence; provided, however, that the following services cannot be provided even with Audit Committee approval, except to the extent permitted by the SEC rules or unless the PCAOB approves an exemption on a case by case basis: (A) bookkeeping or other services related to the accounting records or financial statements of the Company; (B) financial information systems design and implementation; (C) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (D) actuarial services; (E) internal audit outsourcing services; (F) management functions or human resources; (G) broker-dealer, investment adviser, or investment banking services; (H) legal services and expert services unrelated to the audit; and (I) any other service that the PCAOB determines, by regulation is not permissible. 10. The Audit Committee may pre-approve audit and non-audit services by either (a) designating one or more members of the Audit Committee to pre-approve any audit or non-audit services to be performed by the independent auditor; provided that such members present such pre-approved activity to the full Audit Committee at its next scheduled meeting or (b) establishing pre-approval policies and procedures; provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each service and such policies do not delegate the Audit Committee's responsibilities to management. 11. The Audit Committee shall review and discuss certain matters required to be communicated to the Audit Committee in accordance with AICPA SAS 61, as amended by SAS 90, (as may be modified or amended). 12. The Audit Committee shall consider the independent auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in financial reporting by: a. discussing with management and the independent auditor the quality of the accounting principles and underlying estimates used in the preparation of the Company's financial statements; b. discussing with the independent auditor the clarity and fair presentation of the financial disclosure practices used or proposed by the Company; and c. inquiring as to the independent auditor's view about whether management's choices of accounting principles appear reasonable from the perspective of income, assets and liability recognition, and whether those principles are common practices or are minority practices. 13. The Audit Committee shall periodically discuss with the independent auditor whether all material correcting adjustments identified by the independent auditor in accordance with GAAP and rules of the SEC are reflected in the Company's financial statements. 14. The Audit Committee shall assure that the independent auditor change the audit partners for the audit in accordance with the rules of the SEC and at least annually consider whether, in order to assure continuing auditor independence, the Company should change the independent auditor. C. LEGAL AND REGULATORY COMPLIANCE 1. On at least an annual basis, review with the Company's outside legal counsel (i) any legal matters that could have a significant impact on the organization's financial statements or reporting, (ii) disclosure controls and procedures and their interface with internal controls for financial reporting, (iii) disclosure policy and practices, (iv) the Company's compliance with applicable laws and regulations and internal controls designed to ensure such compliance, (v) the Code of Business Conduct and Ethics for Directors, Officers and Employees, and (vi) inquiries received from regulatory or governmental agencies. 2. Consult with internal or external counsel if, in the opinion of the Audit Committee, any matter under consideration by the Audit Committee has the potential for any conflict between the interests of the Company and any of its affiliates in order to ensure that appropriate procedures are established for addressing any such potential conflict and for ensuring compliance with all applicable laws. 36 D. OTHER AUDIT COMMITTEE RESPONSIBILITIES 1. Annually prepare a report to stockholders as required by the Securities and Exchange Commission. The report is to be included in the Company's annual proxy statement. The report is to state whether the Audit Committee has: a. reviewed and discussed the audited financial statements with management; b. discussed with the independent auditor the matters required to be discussed by SAS 61, as amended by SAS 90; and c. received certain disclosures from the auditors regarding their independence as required by the ISB No. 1 (as may be modified or amended) and has discussed with the independent auditor the independent auditor's independence. 2. If, based on the foregoing review and discussions, the Audit Committee recommends to the Board that the audited

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financial statements be included in the Annual Report filed with the SEC then a statement to that effect shall be included in the Annual Report to Stockholders or in the Annual Report on Form 10-K. 3. Review, exercise oversight over and approve all related-party transactions on an ongoing basis. 4. Adopt and implement a policy (A) to receive, handle and retain complaints regarding (i) accounting and auditing matters, (ii) internal controls and internal control over financial reporting and (iii) disclosure controls and procedures and (B) to provide for the confidential, anonymous submissions by employees making complaints regarding questionable accounting or auditing matters or other matters referenced in clause (A). 5. Establish clear policies for hiring current employees or former employees of the independent auditor, including policies to ensure that any such hiring will not cause such independent auditor to no longer be considered independent. 6. Perform any other activities consistent with this Charter, the Company's Certificate of Incorporation and Bylaws, governing law, rules and regulations, and AMEX listing standards as the Audit Committee or the Board deems necessary or appropriate. IV. LIMITATION OF AUDIT COMMITTEE'S ROLE While the Audit Committee has the duties and responsibilities set forth in this Charter, the Audit Committee is not responsible for auditing the Company's financial statements or making determinations that the financial statements (i) are complete and accurate, (ii) are prepared in accordance with GAAP, or (iii) fairly present the Company's financial condition, results of operations and cash flow. These duties are the responsibility of management and the independent auditors. Further, management is responsible for implementing adequate internal accounting and disclosure controls and procedures and for preparing the Company's financial statements. 37 EXHIBIT B STATE OF DELAWARE CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION AMCON

Distributing Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware. DOES HEREBY CERTIFY: FIRST: that at a meeting of the Board of Directors of AMCON Distributing Company resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows: RESOLVED, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "Article IV" so that, as amended, the following Section 7 shall be added to the end of said Article and shall be and read as follows: Section 7. At 8:00 p.m. (central standard time) on the effective date of the certificate of amendment adding these paragraphs to Article IV, Section 7 (the "Effective Date"), each share of the Corporation's common stock, \$.01 par value ("Common Stock"), held of record as of 8:00 p.m. (central standard time) on the Effective Date shall be and hereby is automatically reclassified and converted, without further action, into one-sixth (1/6) of a share of the Common Stock ("Reclassification and Conversion"). No fractions of shares shall be issued to any fractional holder, and in lieu of receiving such fractions of shares shall be entitled to receive, upon surrender of the certificate or certificates representing shares of Common Stock held of record by such fractional holder, an amount equal to the fair value of such fractions of share as determined by the Board of Directors of the Corporation. From and after 8:00 p.m. (central standard time) on the Effective Date, each fractional holder shall have no further interest as a stockholder in respect of such fractional shares. SECOND: That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of said amendment. THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware. 38 FOURTH: That the authorized capital of said corporation shall not be reduced under or by reason of said amendment. IN WITNESS WHEREOF, said Board of Directors has caused this certificate to be signed by , an Authorized Officer, this ----- day of March, 2004. By: -----

Title: ----- Name: ----- 39 REVOCABLE PROXY AMCON DISTRIBUTING COMPANY THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF AMCON DISTRIBUTING COMPANY FOR USE ONLY AT THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, MARCH 11, 2004 AND AT ANY ADJOURNMENT THEREOF. The undersigned hereby authorizes the Board of Directors of AMCON Distributing Company (the "Company"), or any successors in their respective positions, as proxy, with full powers of substitution, to represent the undersigned at the Annual Meeting of Stockholders of the Company to be held at LaSalle Bank, 135 South LaSalle Street, 43rd Floor, Chicago, IL 60603, on Thursday, March 11, 2004, at 10:00 a.m., Central Standard Time, and at any adjournment of said meeting, and thereat to act with respect to all votes that the undersigned would be entitled to cast, if then personally

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present, in accordance with the instructions below and on the reverse hereof. 1. ELECTION OF DIRECTORS. // FOR the nominees listed below for the term to expire in 2007: William F. Wright William R. Hoppner Stanley Mayer (INSTRUCTIONS: To withhold authority to vote for any individual nominee, mark "FOR" and cross out such nominee's name.) // WITHHOLD AUTHORITY to vote for all nominees listed above. 2. AUDITORS. Ratification of the appointment by the Audit Committee of Deloitte & Touche LLP as independent auditors for fiscal year 2004. // FOR // AGAINST // ABSTAIN 3. AMENDMENT OF CERTIFICATE OF INCORPORATION. Amend the Certificate of Incorporation of the Company to conduct a one-for-six reverse stock split and to provide for the cash payment for fractional shares. // FOR // AGAINST // ABSTAIN 4. To vote, in its discretion, upon any other business that may properly come before the Annual Meeting or any adjournment thereof. Management is not aware of any other matters which should come before the Annual Meeting. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ELECTION OF THE BOARD OF DIRECTORS' NOMINEES FOR DIRECTORS, FOR THE RATIFICATION OF THE APPOINTMENT OF AUDITORS AND FOR THE AMENDMENT OF THE CERTIFICATE OF INCORPORATION. (continued and to be signed on the reverse hereof) This proxy is revocable and the undersigned may revoke it at any time prior to the Annual Meeting by giving written notice of such revocation to the Secretary of the Company. Should the undersigned be present and want to vote in person at the Annual Meeting, or at any adjournment thereof, the undersigned may revoke this proxy by giving written notice of such revocation to the Secretary of the Company on a form provided at the Annual Meeting. The undersigned hereby acknowledges receipt of a Notice of Annual Meeting of Stockholders of the Company called for Thursday, March 11, 2004, the Proxy Statement for the Annual Meeting and the Company's Annual Report for fiscal year 2003 prior to the signing of this proxy. Dated: , 2004. -----
(Signature) ----- (Signature if held jointly) Please sign exactly as name appears on this proxy. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. If a corporation, please sign in full corporate name by authorized officer. If a partnership, please sign in partnership name by authorized person. PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.