

INTERFACE INC  
Form DEF 14A  
April 05, 2016  
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(RULE 14a-101)**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. \_\_\_\_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Interface, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Title of each class of securities to which transaction applies:

(1)

Aggregate number of securities to which transaction applies:

(2)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Amount previously paid:

(1)

Form, Schedule or Registration Statement No.:

(2)

Filing party:

(3)

Date Filed:

(4)

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**Interface, Inc.**

**2859 Paces Ferry Road, Suite 2000**

**Atlanta, Georgia 30339**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The annual meeting of shareholders of Interface, Inc. (the “Company”) will be held on Tuesday, May 17, 2016, at 3:00 p.m. Eastern Time, at the Overlook III Conference Center located at 2859 Paces Ferry Road, Atlanta, Georgia. The purposes of the meeting are:

<b>Item</b>	<b>Recommended Vote</b>
1. To elect nine members of the Board of Directors.	FOR
2. To approve executive compensation, often referred to as a “say on pay”.	FOR
3. To ratify the appointment of BDO USA, LLP as independent auditors for 2016.	FOR
4. Such other matters as may properly come before the meeting and at any adjournments of the meeting.	

The Board of Directors set March 11, 2016 as the record date for the meeting. This means that only shareholders of record at the close of business on March 11, 2016 will be entitled to receive notice of and to vote at the meeting or any adjournments of the meeting.

The Board of Directors is using the attached Proxy Statement to solicit Proxies from shareholders. Please promptly complete and return a Proxy Card or use telephone or Internet voting at your earliest convenience. Voting your Proxy in a timely manner will assure your representation at the annual meeting. You may change or withdraw your Proxy at any time prior to the voting at the meeting.

By order of the Board of Directors

/s/ Raymond S. Willoch  
Raymond S. Willoch  
*Secretary*

March 31, 2016

**PLEASE PROMPTLY COMPLETE AND RETURN A PROXY CARD**

**OR USE TELEPHONE OR INTERNET VOTING PRIOR TO THE MEETING SO THAT YOUR VOTE**

**MAY BE RECORDED AT THE MEETING IF YOU DO NOT ATTEND PERSONALLY.**

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**Interface, Inc.**

**2859 Paces Ferry Road, Suite 2000**

**Atlanta, Georgia 30339**

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**PROXY STATEMENT**

**FOR ANNUAL MEETING OF SHAREHOLDERS**

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**GENERAL INFORMATION**

The Board of Directors of Interface, Inc. (the “Company”) is furnishing this Proxy Statement to solicit Proxies for Common Stock to be voted at the annual meeting of shareholders of the Company. The meeting will be held at 3:00 p.m. Eastern Time on May 17, 2016. The Proxies also may be voted at any adjournments of the meeting. It is anticipated that this Proxy Statement will first be sent or given to shareholders on or about April 6, 2016.

The record of shareholders entitled to vote at the annual meeting was taken as of the close of business on March 11, 2016. On that date, the Company had outstanding and entitled to vote 65,459,106 shares of Common Stock.

Each Proxy for Common Stock (“Proxy”) that is properly completed (whether executed in writing or submitted by telephone or Internet) by a shareholder will be voted as specified by the shareholder in the Proxy. If no specification is made, the Proxy will be voted (i) for the election of the nominees listed in this Proxy Statement under the caption “Nomination and Election of Directors,” (ii) for the resolution approving executive compensation, and (iii) for the ratification of the appointment of BDO USA, LLP as independent auditors for 2016. A Proxy given pursuant to this solicitation may be revoked by a shareholder who attends the meeting and gives notice of his or her election to vote in person, without compliance with any other formalities. In addition, a Proxy given pursuant to this solicitation may be revoked prior to the meeting by delivering to the Secretary of the Company either an instrument revoking it or a duly executed Proxy for the same shares bearing a later date.

An automated system administered by the Company's transfer agent tabulates the votes. Abstentions and broker non-votes are included in the determination of the number of shares present and entitled to vote for the purpose of establishing a quorum. A broker non-vote occurs when a broker or other nominee who holds shares for a customer does not have authority to vote on certain matters without instructions from their customer, such customer has not provided any voting instructions on the matter and the broker or other nominee returns a Proxy (or otherwise informs the transfer agent) that they are not voting on the matter for the foregoing reasons. Neither broker non-votes nor abstentions will affect the outcome of the vote on any matter expected to be voted upon at the annual meeting.

If your shares of Common Stock are held by a broker, bank or other nominee (e.g., in "street name"), you should receive instructions from your nominee, which you must follow in order to have your shares voted – the instructions may appear on a special proxy card provided to you by your nominee (also called a "voting instruction form"). Your nominee may offer you different methods of voting, such as by telephone or Internet. If you do hold your shares in "street name" and plan on attending the annual meeting of shareholders, you should request a proxy from your broker or other nominee holding your shares in record name on your behalf in order to attend the annual meeting and vote at that time (your broker or other nominee may refer to it as a "legal" proxy).

The expense of this solicitation, including the cost of preparing and mailing this Proxy Statement, will be paid by the Company. Copies of solicitation material may be furnished to banks, brokerage houses and other custodians, nominees and fiduciaries for forwarding to the beneficial owners of shares of the Company's Common Stock, and normal handling charges may be paid for the forwarding service. In addition to solicitations by mail, directors and employees of the Company may solicit Proxies in person or by telephone, fax or e-mail. The Company also has retained Georgeson LLC, a proxy solicitation firm, to assist in soliciting Proxies from record and beneficial owners of shares of the Company's Common Stock. The fee paid by the Company for such assistance is expected to be \$8,000 (plus expenses).

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**NOMINATION AND ELECTION OF DIRECTORS**

**(ITEM 1)**

The Bylaws of the Company provide that the Board of Directors shall consist of a maximum of 15 directors, with the exact number of directors being established by action of the Board taken from time to time. Commencing as of the 2016 annual meeting of shareholders, the Board of Directors has set the number of directors at 9. The term of office for each director continues until the next annual meeting of shareholders and until his or her successor, if there is to be one, has been elected and has qualified.

In the event that any nominee for director withdraws or for any reason is not able to serve as a director, each Proxy that is properly executed and returned will be voted for such other person as may be designated as a substitute nominee by the Board of Directors. Each nominee (other than Mr. Gould) is an incumbent director standing for re-election, and each nominee has consented to being named herein and to serve or continue serving as a director if elected or re-elected.

Certain information relating to each nominee proposed by the Board is set forth below. Directors are required to submit an offer of resignation upon experiencing a job change.

**NOMINEES**

**Name**  
**(Age)**      **Information**

John P. Burke (54) Mr. Burke was elected as a director in July 2013. Since 1997, Mr. Burke has been Chief Executive Officer of Trek Bicycle Corporation, one of the world's largest manufacturers of bicycles, and a company with a mission to help the world use the bicycle as a simple solution to complex problems. He served as chairman of President George W. Bush's President's Council on Physical Fitness & Sports, and is a founding board member of the Bikes Belong Coalition. Mr. Burke also serves on the board of Trek Bicycle Corporation. Mr. Burke brings to the Board extensive executive level business experience at a manufacturing company that is focused primarily on sales in the consumer channel and with an emphasis on sustainability and innovation.

Andrew B. Cogan (53) Mr. Cogan was elected to the Board in January 2013. Since 2001, Mr. Cogan has been the Chief Executive Officer of Knoll, Inc., a leading designer and manufacturer of branded office furniture products and textiles recognized for innovation and modern design. He previously served as Chief Operating Officer of Knoll and held several positions in Knoll's design and marketing group worldwide, including Executive Vice President - Marketing and Product Development and Senior Vice President. Mr. Cogan is a director of Knoll and cabinet



manufacturer American Woodmark Corporation, as well as one nonprofit organization. He brings to the Board executive level experience at an international manufacturing company in the commercial interiors industry, and an extensive background in design and marketing.

Carl I.  
Gable  
(76)

Mr. Gable was elected as a director in March 1984. He practiced business, securities and international law for 26 years, most recently with the Atlanta-based law firm of Troutman Sanders LLP from 1996 until his retirement in 1998. Mr. Gable now is a private investor. His prior experience includes service as the Vice Chairman and Chief Financial Officer of Intermet Corporation, which was a publicly traded company that manufactured components for automotive and industrial applications. Mr. Gable served as a director of bank holding company Fidelity Southern Corporation from July 2000 to November 2002, and currently serves on the boards of two nonprofit organizations. Mr. Gable also currently serves as the Lead Independent Director of the Board. Mr. Gable brings to the Board substantial expertise and executive level experience in matters such as strategic planning, corporate finance and accounting, capital markets, risk management, corporate governance and international business. He has extensive knowledge of the Company's business, and his tenure also provides consistent leadership to the Board.

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Jay D. Gould (56)

Mr. Gould is a new nominee for Director. He joined the Company as Executive Vice President and Chief Operating Officer in January 2015, and was promoted to President and Chief Operating Officer in January 2016. From 2012 to January 2015, Mr. Gould was the Chief Executive Officer of American Standard Brands, a kitchen and bath products company. Prior to his employment with American Standard Brands, Mr. Gould held senior executive roles at Newell Rubbermaid Inc., a global marketer of consumer and commercial products, serving as President of its Home & Family business group from 2008 to 2012 and President of its Parenting Essentials business group from 2006 to 2008. He also previously held executive level positions at The Campbell Soup Company (2002-2006) and The Coca-Cola Company (1995-2002). Mr. Gould brings to the Board a broad range of executive level experience at international companies with distribution into both the commercial and consumer channels, with particular expertise in sales, marketing, brand management, strategy and operations.

Daniel T. Hendrix (61)

Mr. Hendrix joined the Company in 1983 after having worked previously for a national accounting firm. He was promoted to Treasurer of the Company in 1984, Chief Financial Officer in 1985, Vice President-Finance in 1986, Senior Vice President-Finance in 1995, Executive Vice President in 2000, and President and Chief Executive Officer in July 2001. He was elected to the Board in October 1996, and was elected Chairman of the Board in October 2011. Mr. Hendrix served as a director of office technology solutions provider Global Imaging Systems, Inc. from 2003 to 2007, and has served as a director of American Woodmark Corporation since May 2005. With more than 30 years of service at the Company, Mr. Hendrix brings to the Board a unique understanding of our strategies and operations. His experience extends to virtually all aspects of the Company's business, but with a particular emphasis on strategic planning and financial matters. His tenure provides consistent leadership to the Board, and facilitates the interrelationship between the Board and the Company's executive leadership team.

Christopher G. Kennedy (52)

Mr. Kennedy was elected as a director in May 2000. He is the Chairman of Joseph P. Kennedy Enterprises, Inc., a real estate development company. He was the President of MMPI (Merchandise Mart Properties, Inc., a subsidiary of Vornado Realty Trust based in Chicago, Illinois) from 2000 to 2012. He has served on the board of trustees of Ariel Mutual Funds since 1994, and has served on the board of directors of Knoll, Inc. since November 2014. Mr. Kennedy also serves on the boards of one nonprofit organization and one charitable foundation, and is active in several educational and civic organizations. From 2009 to January 2015, Mr. Kennedy served on the board of trustees of the University of Illinois. Mr. Kennedy brings to the Board substantial executive level experience that is particularly beneficial to our strategies and sales and marketing efforts in the corporate office and retail market segments. His insight into governmental and economic affairs and his civic involvement also are valuable to the Board.

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K. David Kohler (49) Mr. Kohler was elected as a director in October 2006. Since April 2015, he has served as the President and Chief Executive Officer for Kohler Co., a global leader in the manufacture of kitchen and bath products, interior furnishings, engines and power generation systems, and an owner and operator of golf and resort destinations. His previous positions at Kohler include President and Chief Operating Officer (2009 to 2015), Executive Vice President (2007 to 2009) and Group President of the Kitchen and Bath Group (1999 to 2007). Mr. Kohler was formerly a chairman of the National Kitchen and Bath Association's Board of Governors of Manufacturing. He has served as a member of the board of Kohler Co. since 1999, and also is a director of ceramic tile and natural stone manufacturer and distributor Internacional de Cerámica, S.A.B. de C.V., a public company traded on the Mexican Stock Market. Mr. Kohler brings to the Board extensive business experience from his service in executive positions at a manufacturing company with international operations and distribution into both commercial and consumer channels.

James B. Miller, Jr. (75) Mr. Miller was elected as a director in May 2000. Since 1979, Mr. Miller has served as Chairman and Chief Executive Officer of Fidelity Southern Corporation, the holding company for Fidelity Bank. He also has served in various capacities at Fidelity Southern Corporation's affiliated companies, including as Chief Executive Officer of Fidelity Bank from 1977 to 1997 and from 2003 to the present, Chairman of Fidelity Bank from 1998 to the present, and Chairman of LionMark Insurance Company since 2004. Prior to his banking experience, Mr. Miller practiced law. Mr. Miller has served on the board of supply chain management and enterprise software solutions provider American Software, Inc. since 2002, and currently serves on the boards of three private companies and five nonprofit organizations. He also serves on the board of governors of the Florida State University School of Business. Mr. Miller brings to the Board extensive executive level experience at a publicly traded company, particularly in the areas of banking, capital markets, corporate finance and accounting.

Sheryl D. Palmer (54) Ms. Palmer was elected as a director in October 2015. Since 2007, Ms. Palmer has served as President and Chief Executive Officer of Taylor Morrison Home Corporation, a publicly traded leading North American home builder and developer, after previously serving as Executive Vice President for the West Region of Morrison Homes. Her previous experience includes senior leadership roles at Blackhawk Corp. and Pulte Homes/Del Webb Corporation, each homebuilders and developers of retirement communities, where she last held the title of Nevada Area President at Pulte/Del Webb Corporation. Ms. Palmer brings to the Board extensive executive level experience in the residential building industry, including leadership in the areas of sales and marketing, building development, strategy and operations management.

**Vote Required and Recommendation of Board**

Under the Company's Bylaws, election of each of the nominees requires a plurality of the votes cast by the Company's outstanding Common Stock entitled to vote and represented (in person or by proxy) at the meeting. **THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED ABOVE, AND PROXIES EXECUTED AND RETURNED OR VOTED BY TELEPHONE OR INTERNET WILL**

BE VOTED FOR EACH OF THE NOMINEES UNLESS CONTRARY INSTRUCTIONS ARE INDICATED.

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**MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors held five meetings during 2015. All of the incumbent directors attended at least 75% of the total number of meetings of the Board and any committees of which he or she was a member.

**Board Leadership Structure and Role in Risk Management**

We currently have a Lead Independent Director and a combined Chairman and Chief Executive Officer. Mr. Gable serves as Lead Independent Director, and Mr. Hendrix serves as Chairman and Chief Executive Officer. Although we do not have a formal policy on whether the same person should (or should not) serve as both the Chairman and Chief Executive Officer, the Board has determined that it is appropriate at the current time to have those positions combined. In making this determination, the Board has taken into account its evaluation of Mr. Hendrix's performance as Chief Executive Officer, his very positive relationships with the other members of the Board and the Corporation's various stakeholders, and the strategic vision and perspective he brings to the Chairman position. In addition, we believe that the Company's sustainability mission has created high expectations for the role of Chairman of the Company, for which Mr. Hendrix is uniquely qualified. The Board is of the view that Mr. Hendrix provides excellent leadership to the Board in the performance of its duties.

Because our Chairman and Chief Executive Officer is an employee of the Company and therefore not considered "independent" under applicable standards (see "Director Independence" below), the Board has appointed Mr. Gable to serve as Lead Independent Director. The Board considers it to be useful and appropriate at the current time to have a non-management director serve in a lead capacity to promote corporate governance, coordinate the activities of the other non-management directors, and perform such other duties and responsibilities as the Board may determine. The specific responsibilities of the Lead Independent Director are as follows:

*Preside at Executive Sessions.* Presides at all meetings of the Board at which the Chairman and Chief Executive Officer is not present, including executive sessions of the independent directors.

*Call Meetings of Independent Directors.* Has the authority to call meetings of the independent directors.

*Function as Liaison with the Chairman.* Serves as the principal liaison on Board-wide issues between the independent directors and the Chairman.

*Participate in Flow of Information to the Board such as Board Meeting Agendas and Schedules.* Provides the Chairman and Chief Executive Officer with input as to meeting agenda items, advises the Chairman and Chief Executive Officer as to the quality, quantity and timeliness of information sent to the Board, and approves meeting schedules to assure there is sufficient time for discussion of all agenda items.

*Recommends Outside Advisors and Consultants.* Recommends the retention of outside advisors and consultants who report directly to the Board.

*Shareholder Communication.* Ensures that he is available, if requested by shareholders and when appropriate, for consultation and direct communication.

The Board of Directors has the following standing committees that assist the Board in carrying out its duties: the Executive Committee, the Audit Committee, the Compensation Committee, and the Nominating & Governance Committee. The following table lists the current members of each committee:

<u>Executive Committee</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Nominating &amp; Governance Committee</u>
Daniel T. Hendrix (Chair)	Carl I. Gable (Chair)	Edward C. Callaway (Chair)	Christopher G. Kennedy (Chair)
Carl I. Gable	James B. Miller, Jr.	Andrew B. Cogan	K. David Kohler
James B. Miller, Jr.	Harold M. Paisner	Sheryl D. Palmer	John P. Burke

*Executive Committee.* The Executive Committee did not meet but acted by unanimous written consent once during 2015. With certain limited exceptions, the Executive Committee may exercise all the power and authority of the Board of Directors in the management of the business and affairs of the Company.

*Audit Committee.* The Audit Committee met four times and acted by unanimous written consent once during 2015. The function of the Audit Committee is to (i) serve as an independent and objective party to review the Company’s financial statements, financial reporting process and internal control system, (ii) review and evaluate the performance of the Company’s independent auditors and internal financial management, and (iii) provide an open avenue of communication among the Company’s independent auditors, management (including internal financial management) and the Board. The Board of Directors has determined that all three members of the Audit Committee are “independent” in accordance with applicable law, including the rules and regulations of the Securities and Exchange Commission and the rules of the Nasdaq Stock Market, and that each of Messrs. Gable and Miller is an “audit committee financial expert” as defined by the rules and regulations of the Securities and Exchange Commission. The Audit Committee operates pursuant to an Audit Committee Charter which was adopted by the Board of Directors. The Audit Committee Charter may be viewed on the Company’s website, [www.interfaceglobal.com/Investor-Relations/Corporate-Governance/Audit-Committee-Charter.aspx](http://www.interfaceglobal.com/Investor-Relations/Corporate-Governance/Audit-Committee-Charter.aspx).

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Compensation Committee. The Compensation Committee met two times and acted by unanimous written consent five times during 2015. The function of the Compensation Committee is to (i) evaluate the performance of the Company's Chief Executive Officer and other senior executives, (ii) determine compensation arrangements for such executives, (iii) administer the Company's stock and other incentive plans for key employees, and (iv) review the administration of the Company's employee benefit plans. The Board of Directors has determined that each member of the Compensation Committee is "independent" in accordance with applicable law, including the rules and regulations of the Securities and Exchange Commission and the rules of the Nasdaq Stock Market. The Compensation Committee operates pursuant to a Compensation Committee Charter that was adopted by the Board of Directors. The Compensation Committee Charter may be viewed on the Company's website, [www.interfaceglobal.com/Investor-Relations/Corporate-Governance/Compensation-Committee-Charter.aspx](http://www.interfaceglobal.com/Investor-Relations/Corporate-Governance/Compensation-Committee-Charter.aspx). The Compensation Committee's policies and philosophy are described in more detail below in this Proxy Statement under the heading "Compensation Discussion and Analysis."

Nominating & Governance Committee. The Nominating & Governance Committee met twice in 2015. The Nominating & Governance Committee assists the Board in establishing qualifications for Board membership and in identifying, evaluating and selecting qualified candidates to be nominated for election to the Board. The Nominating & Governance Committee also assists the Board in reviewing and analyzing, and makes recommendations regarding, corporate governance matters, and it also recommends committee assignments for Board members.

In the event of a vacancy on the Board, the Nominating & Governance Committee develops a pool of potential director candidates for consideration. The Nominating & Governance Committee seeks candidates for election and appointment with excellent decision-making ability, valuable and varied business experience and knowledge, and impeccable personal integrity and reputations. The Committee does not have a specific diversity policy, but considers diversity of race, ethnicity, gender, age, cultural background and professional experience in evaluating candidates for Board membership, in an effort to obtain a variety of viewpoints in the Board's proceedings. The Nominating & Governance Committee considers whether candidates are free of constraints or conflicts which might interfere with the exercise of independent judgment regarding the types of matters likely to come before the Board, and have the time required for preparation, participation and attendance at Board and committee meetings. Other factors considered by the Nominating & Governance Committee in identifying and selecting candidates include the needs of the Company and the range of talent and experience already represented on the Board. The Nominating & Governance Committee solicits suggestions from other members of the Board regarding persons to be considered as possible nominees. Shareholders who wish the Nominating & Governance Committee to consider their recommendations for director candidates should submit their recommendations in writing to the Nominating & Governance Committee, in care of the office of the Chairman of the Board, Interface, Inc., 2859 Paces Ferry Road, Suite 2000, Atlanta, GA 30339. Recommendations should include the information which would be required for a "Shareholder Proposal" as set forth in Article II, Section 9 of the Company's Bylaws. Director candidates who are recommended by shareholders in accordance with these procedures will be evaluated by the Nominating & Governance Committee in the same manner as director candidates recommended by the Company's directors.

The Board of Directors has determined that each member of the Nominating & Governance Committee is "independent" in accordance with applicable law, including the rules and regulations of the Securities and Exchange Commission

and the rules of the Nasdaq Stock Market. The Nominating & Governance Committee operates pursuant to a Nominating & Governance Committee Charter that was adopted by the Board of Directors. The Nominating & Governance Committee Charter may be viewed on the Company's website, [www.interfaceglobal.com/Investor-Relations/Corporate-Governance/Nominating---Governance-Charter-\(1\).aspx](http://www.interfaceglobal.com/Investor-Relations/Corporate-Governance/Nominating---Governance-Charter-(1).aspx).

## **Risk Management**

The Board receives quarterly reports on elements of risk that may potentially affect the Company, as identified and presented by management. The Board also assists in the Company's risk oversight through its various committees described above. For example, the Audit Committee assists in overseeing risk as it relates to the Company's financial statements, financial reporting process and internal control system. In that regard, the Company's Director of Internal Audit and outside auditors report directly to the Audit Committee. The Nominating & Governance Committee assists in overseeing risk related to the Company's corporate governance practices as well as the performance of individual Board members and committees, while the Compensation Committee assists in overseeing risk as it relates to the Company's executive compensation program and practices.



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The following table sets forth, as of March 1, 2016 (unless otherwise indicated), beneficial ownership of the Company's Common Stock by: (i) each person, including any "group" as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, known by the Company to be the beneficial owner of more than 5% of any class of the Company's voting securities, (ii) each director and nominee for director, (iii) the Company's Principal Executive Officer, Principal Financial Officer, and next three most highly compensated executive officers (the "Named Executive Officers"), and (iv) all executive officers and directors of the Company as a group. Due to the nature of the awards, performance shares awarded to the Company's executive officers in January 2016 are not included in beneficial ownership of Common Stock.

<b><u>Beneficial Owner (and Business Address of 5% Owners)</u></b>	<b><u>Title</u></b>	<b><u>Amount and Nature of Percent of</u></b>
	<b><u>of Class</u></b>	<b><u>Beneficial Ownership Class(1)</u></b>
Bank of New York Mellon Corporation 225 Liberty Street New York, New York 10286	Common Stock	5,568,394(2)(3) 8.5%
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, New York 10022	Common Stock	7,717,002(2)(4) 11.8%
FMR LLC and Abigail P. Johnson. 245 Summer Street Boston, Massachusetts 02210	Common Stock	2,746,753(2)(5) 4.2%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, Pennsylvania 19355	Common Stock	5,831,529(2)(6) 8.9%
John P. Burke	Common Stock	13,786(7) *

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Edward C. Callaway	Common Stock 10,136(8)	*
Andrew B. Cogan	Common Stock 15,786(9)	*
Carl I. Gable	Common Stock 83,312(10)	*
Jay D. Gould	Common Stock 93,961(11)	*
Daniel T. Hendrix	Common Stock 360,551(12)	*
Christopher G. Kennedy	Common Stock 104,099(13)	*
K. David Kohler	Common Stock 39,786(14)	*
Patrick C. Lynch	Common Stock 181,825(15)	*
James B. Miller, Jr.	Common Stock 53,786(16)	*
Harold M. Paisner	Common Stock 51,786(17)	*
Sheryl D. Palmer	Common Stock 4,736(18)	*
John R. Wells	Common Stock 146,137(19)	*
Raymond S. Willoch	Common Stock 80,395(20)	*
All executive officers and directors (21 persons)	Common Stock 1,542,291(21)	2.4%

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\* Less than 1%.

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- Percent of class is based on 65,459,106 shares outstanding on March 1, 2016 and is calculated assuming that the
- (1) beneficial owner or group of beneficial owners has exercised any conversion rights, options or other rights to subscribe held by such beneficial owner that are exercisable within 60 days of March 1, 2016, and that no other conversion rights, options or rights to subscribe have been exercised by anyone else.
  - (2) Based upon information included in statements as of December 31, 2015 provided to the Company and filed with the Securities and Exchange Commission by such beneficial owners.
- Bank of New York Mellon Corporation states that it has sole voting power with respect to 5,339,261 of such
- (3) shares, shared voting power with respect to 3,000 of such shares, sole dispositive power with respect to 5,021,788 of such shares, and shared dispositive power with respect to 541,816 of such shares.
- According to BlackRock, various persons have the right to receive or the power to direct the receipt of dividends from or the proceeds from the sale of such shares, and no one person's interests in such shares exceeds 5% of the total outstanding shares of Common Stock. It states that it has sole voting power with respect to 7,483,298 of such shares, and sole dispositive power with respect to all of such shares.
- (4)
- FMR LLC is a parent holding company. Members of the family of Edward C. Johnson 3d, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR, LLC, representing 49% of the voting power of FMR, LLC. They state that none of them has sole power to vote or direct the voting of the shares, which power resides with Boards of Trustees of the various Fidelity funds.
- (5)
- The Vanguard Group, Inc. is an investment advisor, and states that it has sole voting power with respect to
- (6) 145,336 of such shares, shared voting power with respect to 4,600 of such shares, sole dispositive power with respect to 5,685,693 of such shares, and shared dispositive power with respect to 145,836 of such shares.
  - (7) Includes 6,611 restricted shares.
  - (8) Includes 6,611 restricted shares.
  - (9) Includes 6,611 restricted shares.
  - (10) Includes 6,611 restricted shares, and 5,000 shares that may be acquired by Mr. Gable pursuant to exercisable stock options.
  - (11) Includes 64,823 restricted shares.
  - (12) Includes 93,039 restricted shares, 4,597 shares held indirectly through the Company's 401(k) plan, and 50,072 shares held indirectly by family trusts.
- Includes 6,611 restricted shares, and 5,000 shares that may be acquired by Mr. Kennedy pursuant to exercisable stock options. Mr. Kennedy serves on the Board of Trustees of Ariel Mutual Funds, for which Ariel Investments, LLC serves as investment advisor and performs services which include buying and selling securities on behalf of the Ariel Mutual Funds. Mr. Kennedy disclaims beneficial ownership of all shares held by Ariel Investments, LLC as investment advisor for Ariel Mutual Funds.
- (13)
- (14) Includes 6,611 restricted shares.

(15) Includes 29,294 restricted shares.

(16) Includes 6,611 restricted shares, and 5,000 shares that may be acquired by Mr. Miller pursuant to exercisable stock options.

(17) Includes 6,611 restricted shares.

(18) All are restricted shares.

(19) Includes 15,000 restricted shares.

(20) Includes 26,663 restricted shares, and 725 shares held by Mr. Willoch's son (although Mr. Willoch disclaims beneficial ownership of the shares held by his son).

(21) Includes 393,162 restricted shares, and 15,000 shares that may be acquired by all executive officers and directors as a group pursuant to exercisable stock options.

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**COMPENSATION DISCUSSION AND ANALYSIS**

**Overall Philosophy and Objectives**

The Company's compensation program is designed in a manner intended to both attract and retain a highly-qualified, motivated and engaged management team whose focus is on enhancing shareholder value. The Company believes a straightforward program that is readily understood and endorsed by its participants best serves these goals, and has constructed a program that contains (1) multiple financial elements, (2) clear and definitive targets, (3) challenging but attainable objectives, and (4) specified performance metrics. More specifically, the objectives of the Company's management compensation program include:

Establishing strong links between the Company's performance and total compensation earned – i.e., “paying for performance”;

Providing incentives for executives to achieve specific performance objectives;

Promoting and facilitating management stock ownership, and thereby motivating management to think and act as owners;

Emphasizing the Company's mid and long-term performance, thus enhancing shareholder value; and

Offering market competitive total compensation opportunities to attract and retain talented executives.

**Program Design and Administration**

The Compensation Committee of the Board of Directors, which is composed entirely of independent directors, has developed and administers the Company's executive pay program to provide compensation commensurate with the level of financial performance achieved, the responsibilities undertaken by the executives, and the compensation packages offered by comparable companies. The program currently consists of four principal components, each of which is designed to drive a specific behavioral focus, which in turn helps to provide specific benefits to the Company:

<b>Program Component</b>	<b>Behavioral Focus</b>	<b>Ultimate Benefit to Company</b>
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Competitive base salary		
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	Rewards individual competencies, performance and level of experience	Assists with attraction and retention of highly-qualified executives, and promotes management stability
Annual cash bonuses based on achievement of established goals	Rewards operational results of specific business units and Company as a whole	Aligns individual interests with overall short term (quarterly and annual) objectives, and reinforces “pay for performance” program goals
Long-term incentives	Rewards engagement, longevity, sustained performance and actions designed to enhance overall shareholder value	Aligns individual interests with the long-term investment interests of shareholders, and assists with retention of highly-qualified executives
Other elements such as special incentives, retirement benefits and elective deferred compensation	Rewards targeted operational results, engagement and longevity, and sustained performance	Focuses enhanced efforts on a particular key objective (e.g., debt reduction), aligns individual interests with the long-term investment interests of shareholders, assists with the attraction and retention of highly-qualified executives, and promotes management stability

The Company strives to structure various elements of these program components so that a large portion of executive compensation is directly linked to advancing the Company’s financial performance and the interests of shareholders.

The Committee establishes base salaries for the executive officers, including the Named Executive Officers listed in the “Summary Compensation Table” included in this Proxy Statement. The Committee also administers the annual bonus program, the long-term incentive program, retirement benefits, deferred compensation arrangements, and, when applicable, special incentive programs.

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The Committee has directly engaged Pearl Meyer & Partners, a nationally recognized, independent compensation consultant, to provide input on compensation matters. The services performed by Pearl Meyer may vary according to the particular needs of the engagement, but typically will consist of providing a market or peer group overview of compensation elements, including salary, bonus, long-term incentives and special incentives. For 2015, the corporate peer group included: Acuity Brands, Inc.; Albany International Corp.; Apogee Enterprises, Inc.; Armstrong World Industries, Inc.; BE Aerospace, Inc.; The Dixie Group, Inc.; Herman Miller, Inc.; HNI Corporation; Kimball International, Inc.; Knoll, Inc.; Mohawk Industries, Inc.; Steelcase, Inc.; Unifi, Inc.; and USG Corp. Pearl Meyer also periodically conducts a business performance review of our Company compared with other companies, to assist the Committee in making its compensation decisions. The work of Pearl Meyer to date has not raised any conflict of interest.

The Committee also seeks compensation input from the Company's Chief Executive Officer, Chief Human Resources Officer, and General Counsel. In addition, the Committee takes into account publicly available data relating to the compensation practices and policies of other companies within and outside the Company's industry. Furthermore, the policies and programs described below are subject to change as the Committee deems necessary from time to time to respond to economic conditions, meet competitive standards and serve the objectives of the Company and its shareholders.

The Board, in conjunction with management, has reviewed our compensation policies and practices as generally applicable to our employees and determined that they do not encourage excessive risk or unnecessary risk taking and do not otherwise create risks that are reasonably likely to have a material adverse effect on the Company.

## **Discussion of Principal Elements of Compensation Program**

### ***Base Salaries***

The Committee generally strives to set base salaries at the market median (50<sup>th</sup> percentile) of salaries offered by other employers in our industry and other publicly traded companies with characteristics similar to the Company (size, growth rate, etc.), based, by and large, on information provided by our independent compensation consultant while also considering internal equalization policies of the Company. Some of the companies considered from time to time are included in the list of companies comprising the "self-determined peer group" index used by our independent compensation consultant and used to create the stock performance graph included in the Company's Annual Report on Form 10-K for the year ended January 3, 2016. That graph is reproduced below for your reference.





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	1/2/11	1/1/12	12/30/12	12/29/13	12/28/14	1/3/16
<b>Interface, Inc.</b>	\$100	\$74	\$102	\$140	\$109	\$126
<b>NASDAQ Composite Index</b>	\$100	\$99	\$114	\$162	\$190	\$200
<b>Self-Determined Peer Group (14 Stocks)</b>	\$100	\$97	\$137	\$205	\$227	\$244

*Notes to Performance Graph*

- (1) The lines represent annual index levels derived from compound daily returns that include all dividends.
- (2) The indices are re-weighted daily, using the market capitalization on the previous trading day.
- (3) If the annual interval, based on the fiscal year-end, is not a trading day, the preceding trading day is used.
- (4) The index level was set to \$100 as of January 2, 2011 (the last day of fiscal 2010).
- (5) The Company's fiscal year ends on the Sunday nearest December 31.

The following companies are included in the Self-Determined Peer Group depicted above: Acuity Brands, Inc.; Albany International Corp.; Apogee Enterprises, Inc.; Armstrong World Industries, Inc.; BE Aerospace, Inc.; The (6) Dixie Group, Inc.; Herman Miller, Inc.; HNI Corporation; Kimball International, Inc.; Knoll, Inc.; Mohawk Industries, Inc.; Steelcase, Inc.; Unifi, Inc.; and USG Corp.

In addition, the Committee may consider other factors when setting individual salary levels, which may result in salaries somewhat above or below the targeted amount. These factors include the executive's level of responsibility, achievement of goals and objectives, tenure with the Company, and specific background or experience, as well as external factors such as the availability of talent, the recruiting requirements of the particular situation, and general economic conditions and rates of inflation.

Base salary adjustments for executive officers generally are made (if at all) annually and are dependent on the factors described above. In 2015, each of the Named Executive Officers (other than Mr. Gould, who joined the Company in January 2015) received a base salary increase of 3%, representing an aggregate increase of approximately \$72,550 for those four Named Executive Officers.

Please see the "Summary Compensation Table" included in this Proxy Statement for the salaries paid to the Named Executive Officers in 2015.

*Annual Bonuses*

The Committee administers the shareholder-approved Executive Bonus Plan, which provides bonus opportunities for Company executives. The bonus opportunities provide an incentive for executives to earn compensation based on the achievement of important corporate or business unit (division or subsidiary) financial performance. In determining the appropriate bonus opportunities, the Committee seeks to establish potential awards that, when combined with annual salary, place the total overall cash compensation opportunity for the Company's executives at the market 75<sup>th</sup> percentile for comparable companies, provided that the performance objectives are substantially achieved.

*2015 Annual Bonus Structure*

For 2015, each executive officer of the Company, including the Chief Executive Officer, was assigned a bonus potential, and a personalized set of quarterly and annual financial objectives. The Chief Executive Officer's bonus potential was 130% of base salary, the Chief Operating Officer's bonus potential was 100% of base salary, and the bonus potential for the other Named Executive Officers was 90% of base salary. Actual awards could range from 0% to 150% of the bonus potential, depending on the degree to which the established financial objectives were achieved, and were paid on a quarterly and annual basis in the following manner:

<b>Achievement of Objectives</b>	<b>Percentage of Bonus Opportunity Payable</b>	<b>Timing of Payment to Employee Participant</b>
First Quarter Objectives Achieved	15%	Approximately 45 days following end of first quarter
Second Quarter Objectives Achieved	15%	Approximately 45 days following end of second quarter
Third Quarter Objectives Achieved	15%	Approximately 45 days following end of third quarter
Fourth Quarter Objectives Achieved	15%	Approximately 60 days following end of year
Fiscal Year Objectives Achieved	40%	Approximately 60 days following end of year

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In 2015, 100% of the bonus potential for the Chief Executive Officer, Chief Financial Officer and each of the other Named Executive Officers was based on measurable financial objectives. For Messrs. Hendrix, Lynch, Gould and Willoch, these objectives consisted of operating income and cash flow, and the relative weights assigned to these financial objectives were 75% and 25%, respectively. For Mr. Wells (who manages the Company's Americas division), the objectives and relative weights assigned were divisional operating income (40%), consolidated operating income (25%), divisional cash flow (15%), and divisional operating income contribution margin (20%).

For each objective, the Committee establishes a threshold level that must be achieved in order for any bonus amount to be earned with respect to that objective, and establishes a goal that must be achieved or exceeded to maximize bonus compensation for that objective (except that no bonus is payable if the threshold for operating income is not exceeded). A pro rata bonus amount is earned to the extent that the threshold is exceeded, up to 150% of the goal number for the Chief Executive Officer and for the other Named Executive Officers. Historically, the Committee has set the threshold level, in its discretion, based primarily on a consideration of the Company's prior year results for each objective, such that no bonus will be earned with respect to the objective in the event that the Company fails to experience improvement. Also historically, the Committee has set the goal, in its discretion, based primarily on factors that would approximate 15% sales growth and 20% operating income and earnings per share growth from such incremental sales. With respect to cash flow, the Committee sets the goal, in its discretion, using similar approximations, but taking into account anticipated growth initiatives, capital expenditures, research and development costs, debt maturities, and other cash uses that the Committee deems relevant. Given this methodology, the Committee believes that the threshold level, while challenging, is reasonably likely to be achieved in normalized market conditions, while the target would be fully achieved or exceeded only with exceptional performance.

For example, the 2015 annual thresholds and goals that were applicable for our Chief Executive Officer, excluding accruals for bonuses, were as follows:

<u>Criteria</u>	<u>Threshold</u>	<u>Goal</u>
Operating Income	\$80,000,000	\$115,000,000
Cash Flow	\$30,000,000	\$40,000,000

For 2015, each of the Named Executive Officers received a bonus, which appears in the "Summary Compensation Table" included in this Proxy Statement, as their respective performance objectives were determined to have been achieved, in part, during the year. The bonuses were attributable to their achieving or exceeding their respective financial objective goals, primarily during the first, second and fourth quarters of the year.

*2016 Annual Bonus Structure*

For 2016, the bonus structure is similar to that for 2015, but with the modifications described in this section. The bonus potential for each Named Executive Officer remains the same, except that the Chief Operating Officer's bonus potential has been increased to 115% of base salary. The financial objectives and relative weighting remain the same, except that, for Mr. Wells, the criterion of divisional operating income contribution margin has been changed to divisional gross profit. The Committee also has eliminated the quarterly opportunity for executive officers, so the entire bonus opportunity is now based on full fiscal year performance.

For each financial objective, the Committee has established a threshold amount, a goal amount, and a maximum amount. The threshold amount must be achieved in order for any bonus amount to be earned with respect to that objective (except that no bonus is payable if the threshold amount for operating income is not exceeded). A pro rata bonus amount is earned based upon (i) the degree to which the threshold amount (resulting in a "cut in" payout equal to 25% of the bonus potential for that criterion) is exceeded, up to the goal amount (resulting in a payout equal to 100% of the bonus potential for that criterion), or (ii) the degree to which the goal amount (resulting in a payout equal to 100% of the bonus potential for that criterion) is exceeded, up to the maximum amount (resulting in a payout equal to 150% of the bonus potential for that criterion).

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*Long-Term Incentives*

The Committee administers the shareholder-approved Interface, Inc. Omnibus Stock Incentive Plan (the “Omnibus Stock Plan”), which is an equity-based plan that allows for long-term incentive awards such as restricted stock and stock options. The Omnibus Stock Plan provides for the grant to key employees and directors of the Company and its subsidiaries of restricted stock, incentive stock options (which qualify for certain favorable tax treatment), nonqualified stock options, stock appreciation rights, deferred shares, performance shares and performance units. The size of the awards made to individual officers is based on an evaluation of several factors, including the officer’s level of responsibility, the officer’s base salary and the Company’s overall compensation objectives. The amount and nature of prior equity incentive awards also are generally considered in determining new Omnibus Stock Plan awards for executive officers.

Long-term incentives are intended to attract and retain outstanding executive talent, create a direct link between shareholder and executive interests by focusing executive attention on increasing shareholder value, and motivate executives to achieve specific performance objectives. For instance, stock options (when granted) have an exercise price equal to at least 100% of the market price of the underlying Common Stock on the date of grant. Thus, the stock options only have value if the market price of the Company’s stock rises after the grant date. Additionally, restricted stock awards generally vest, in whole or in part, over a period of multiple years (three to five years for grants made in recent years), giving the executive an incentive to remain employed with the Company for a significant time period to have the opportunity to vest in an award. Moreover, awards of restricted stock may vest earlier if specific performance criteria designed to drive shareholder value are met. (As discussed below, 50-60% of the restricted stock awards granted during 2013-2015 are ineligible for time/retention vesting and are forfeited altogether if the performance criterion is not met.) All equity awards (whether restricted stock, performance shares or otherwise) will have a minimum vesting period or minimum performance period of at least one year.

*Description of Available Awards*

Restricted Shares

Awards of restricted shares under the Omnibus Stock Plan generally vest over a period of multiple years following the date of award, and may vest earlier if specified performance criteria established by the Committee are satisfied. Unvested awards are also subject to forfeiture under certain circumstances. All restricted shares awarded to date have been made without consideration from the participant (although the Omnibus Stock Plan authorizes the Committee, in connection with any award, to require payment by the participant of consideration, which can be less than the fair market value of the award on the date of grant). Awards of restricted stock generally will not be transferable by the participant other than by will or applicable laws of descent and distribution.

Stock Options

Options granted under the Omnibus Stock Plan may be incentive stock options (as defined in Section 422 of the Internal Revenue Code of 1986, as amended), nonqualified stock options or a combination of the foregoing, although only employees are eligible to receive incentive stock options. All options under the Omnibus Stock Plan will be granted at an exercise price per share equal to not less than 100% of the fair market value of the Common Stock on the date the option is granted. Options may be structured to vest over a period of multiple years. Options granted under the Omnibus Stock Plan expire following a pre-determined period of time after the date of grant (which may not be more than 10 years after the grant date), and generally will terminate on the date three months following the date that a participant's employment with the Company terminates.

The Company receives no consideration upon the granting of an option. Full payment of the option exercise price must be made when an option is exercised. The exercise price may be paid in cash or in such other form as the Committee may approve, including shares of Common Stock valued at their fair market value on the date of option exercise. Options generally will not be transferable by the holder thereof other than by will or applicable laws of descent and distribution.

The Committee has not granted stock options to any executive officer in the past three years.

Other Potential Awards

The Omnibus Stock Plan also provides for the award of stock appreciation rights, deferred shares, performance shares and performance units. Through the end of 2015, the Committee had not granted any of these types of awards. In 2016, the Committee granted awards of performance shares, as described below.

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*Recent Omnibus Stock Plan Awards to Named Executive Officers*

In February 2011, Mr. Hendrix received a special award of 200,000 shares of restricted stock. This special award was eligible to performance vest to the extent that FLOR gross billings reach specified target levels during a five-year performance period that included fiscal years 2011 through 2015. None of the shares were eligible to vest based on Mr. Hendrix's tenure of employment. The Committee believed this special award was appropriate because (1) the Committee wanted to focus management on the growth of the FLOR consumer carpet tile business, both through the internet and catalog channels as well as through FLOR retail stores, and (2) the Committee believed that the number of restricted shares held by Mr. Hendrix had fallen well below historical and market levels as well as the levels desired both for his retention and to align his compensation with the long-term interests of our shareholders. In 2013, 40,000 of these shares vested based on FLOR's gross billings achievement in 2012. None of the remaining 160,000 shares vested, and thus those shares were forfeited in February 2016.

In January 2013, each of the Named Executive Officers received an award of restricted stock. The 2013 awards were eligible to performance vest to the extent that the Company's earnings per share plus dividends reached or exceeded specified levels during a three-year performance period of 2013 to 2015 (the goal was approximately 15% compound annual growth for 2013 and 10% compound annual growth thereafter). Half of the award became eligible to vest based on results in the first year of the performance period, and all of the award was eligible to vest based on results in the second or third year. Forty percent of any unvested shares (i.e., shares that had not performance vested) from the 2013 award would vest on the third anniversary of the grant date if the executive remained employed by the Company at that time. In February 2014, half of these awards vested based on the Company's level of earnings per share plus dividends achieved in 2013, and the other half vested in February 2016 based on the Company's level of earnings per share plus dividends achieved in 2015.

In January 2014, each of the Named Executive Officers received an award of restricted stock structured in the same manner as the January 2013 awards described above (except that fifty percent of any unvested shares were eligible to time vest on the third anniversary of the grant date if the executive remained employed by the Company at that time), and the awards were eligible to performance vest to the extent that the Company's earnings per share plus dividends reached or exceeded specified levels during the three-year performance period of 2014 to 2016 (the goal was approximately 15% compound annual growth for 2014 and 10% compound annual growth thereafter). All of the 2014 awards vested in February 2016 based on the Company's level of earnings per share plus dividends achieved in 2015.

In January 2015, each of the Named Executive Officers received an award of restricted stock structured in the same manner as the January 2014 awards described above, and the awards are eligible to performance vest to the extent that the Company's earnings per share plus dividends reaches or exceeds specified levels during the three-year performance period of 2015 to 2017 (the goal was approximately 15% compound annual growth for 2015 and is 10% compound annual growth thereafter). In February 2016, half of these awards vested based on the Company's level of earnings per share plus dividends achieved in 2015.

*2016 Omnibus Stock Plan Awards to Named Executive Officers*

For 2016, the Committee modified the equity award program and divided each executive's award into three equal subparts.

The first subpart of each award was granted as restricted stock, and the shares will vest 100% on the third anniversary of the grant date, if the executive remains employed with the Company until that date. The executive also has the right to receive any cash dividends paid on the restricted stock, throughout the three-year term.

The second subpart of the award was granted as performance shares, with an opportunity for part of the award to vest based on the Company's earnings per share ("EPS") in each of the years 2016 and 2017, and any shares that have not previously vested have the opportunity to vest based on the Company's EPS in 2018. The amount of performance shares that vest will be determined pro rata based upon (i) the degree to which an applicable EPS threshold level is achieved (at which point 25% of the performance shares would vest) or exceeded up to an applicable EPS target level (at which point 100% of the performance shares would vest), or (ii) the degree to which the applicable EPS target level is exceeded up to an applicable EPS maximum level (at which point two times the nominal performance shares would vest). There is no "time vesting" opportunity for this subpart. "Dividend equivalents" will accrue on these awards of performance shares and be paid only if and when the related performance shares vest.

The third subpart of the award also was granted as performance shares, with an opportunity for the award to vest based on the Company's cumulative operating income during the three-year performance period of 2016-2018. The pro rata vesting structure and dividend equivalent provisions are essentially the same as those described for the second subpart above.



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*Stock Ownership and Retention Guidelines*

To further tie the financial interests of Company executives to those of shareholders, the Committee has established stock ownership and retention guidelines. Under the guidelines that were in place through the end of 2015, executive officers were expected to accumulate a number of shares (unrestricted) of the Company's Common Stock having a value equaling one and one-half times base salary in the case of the Chief Executive Officer and one times base salary in the case of the other executive officers (based on salaries and the stock price at the time the guidelines were adopted several years ago). The expectation was for executives to reach this ownership level within four years of being appointed as an executive officer. As of the end of 2015, all executive officers had met this target, with the exception of Jay Gould (President and Chief Operating Officer), Matt Miller (Vice President and Chief Strategy Officer) and Katy Owen (Vice President and Chief Human Resources Officer), each of whom was appointed as an executive officer in 2015. To facilitate accomplishing the ownership targets, executive officers generally are expected to retain at least one-half of the net after-tax shares (i.e., the net shares remaining after first selling sufficient shares to cover the anticipated tax liability and, in the case of stock options, the exercise price) obtained upon the vesting of restricted stock and the exercise of stock options.

For 2016, the Committee increased the stock ownership and retention guidelines, so that executives are now expected to accumulate a number of shares (unrestricted) of the Company's Common Stock having a value equaling three times base salary in the case of the Chief Executive Officer and two times base salary in the case of the other executive officers (based on salaries and the stock price at the time the new guidelines were adopted). The expectation is for executives to reach this ownership level by March 2020.

Directors also are subject to stock ownership requirements. Directors are required to hold 2,000 unrestricted shares. Any new director is required to accumulate these shares by the second anniversary of his or her election. All current directors have met this stock ownership standard, except Ms. Palmer, who was elected as a director in October 2015. As a guideline, non-employee directors also are expected to retain during their tenure all of the net after-tax shares obtained upon the vesting of restricted stock and at least one-half of the net after-tax shares obtained upon the exercise of stock options.

The Company has a policy that generally prohibits all of its employees, officers and directors from engaging in short sales or trading in puts, calls and other options or derivatives with respect to the securities of the Company.

*Other Elements of Compensation Program*

In addition to the principal compensation program elements described above, the Company has adopted a number of other elements to further its compensation program goals. They are as follows:

401(k) Plan and Other Defined Contribution Plans	Severance Agreements
Elective Deferred Compensation Program	Perquisites
Pension/Salary Continuation Programs	Special Incentive Programs

*401(k) Plan and Other Defined Contribution Plans*

The Company maintains the Interface, Inc. Savings and Investment Plan (the “401(k) Plan”), a tax-qualified 401(k) plan which provides its U.S.-based employees a convenient and tax-advantaged opportunity to save for retirement. The Company’s Named Executive Officers who are based in the United States are eligible to participate in the 401(k) Plan on the same terms as other executive and non-executive employees based in the United States, and receive the same benefits afforded all other participants. Under the 401(k) Plan, all participating employees are eligible to receive matching contributions that are subject to vesting over time. The Company periodically evaluates the level of matching contributions afforded participant employees to ensure competitiveness in the marketplace. The Company matches 50% of the first 6% of the employee’s eligible compensation (capped by statutory limitations) that the employee contributed to the 401(k) Plan.

*Elective Deferred Compensation Program*

The Company also maintains the Interface, Inc. Nonqualified Savings Plan (the “Nonqualified Plan”) for certain U.S.-based “highly compensated employees” (as such term is defined in applicable IRS regulations), including the Named Executive Officers who are based in the United States. The compensation level required to participate in the Nonqualified Plan was \$120,000 in total annual compensation, and the Company had 101 participants in the plan (including both current and former employees) at the end of 2015. As with the Company’s 401(k) Plan, the Named Executive Officers who are based in the United States are eligible to participate in the Nonqualified Plan on the same terms as other executive and non-executive eligible employees based in the United States, and receive the same benefits afforded all other participants. Under the Nonqualified Plan, all eligible employees can elect to defer, on a pre-tax basis, a portion of their salary and/or annual bonus compensation. The Company matches 50% of the first 6% of the employee’s eligible salary and bonus that was deferred, less any potential Company matching amounts under the 401(k) Plan.

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The Nonqualified Plan also contains a “Key Employee Retirement Savings Benefit” feature to permit discretionary contributions to certain key employees’ accounts (in a separately tracked sub-account) to enhance retirement savings and to couple such contributions with vesting structures that will promote the retention of such key employees. In each of the years 2013-2015, the Compensation Committee made a Key Employee Retirement Savings Benefit contribution of \$50,000 to the Nonqualified Plan account of Mr. Lynch. This contribution will vest 50% upon his reaching age 50 and 50% upon his reaching age 55, assuming continuous service with the Company until such ages.

Please see the “Non-Qualified Deferred Compensation” table included in this Proxy Statement for further details regarding the Nonqualified Plan, as well as the Company’s Named Executive Officers’ contributions, earnings and account balances applicable to the Nonqualified Plan for fiscal year 2015.

*Pension/Salary Continuation Programs*

*Foreign Defined Benefit Plans*

The Company has trustee-administered defined benefit retirement plans (“Pension Plans”) which cover certain of its overseas employees. The benefits are generally based on years of service and the employee’s average monthly compensation. As determined by their respective trustees, the investment objectives of the Pension Plans are to maximize the return on the investments without exceeding the limits of prudent pension fund investment and to ensure that the assets ultimately will be sufficient to exceed minimum funding requirements. The goal is to optimize the long-term return on plan assets at a moderate level of risk, by balancing higher-returning assets, such as equity securities, with less volatile assets, such as fixed income securities. The assets are managed by professional investment firms and performance is evaluated periodically against specific benchmarks. The Pension Plans’ net assets did not include any shares of the Company’s own stock at January 3, 2016. None of our Named Executive Officers are participants.

*Salary Continuation Plan*

The Company maintains a nonqualified Salary Continuation Plan designed to induce selected employees of the Company to remain in the employ of the Company by providing them with retirement, disability and death benefits in addition to those that they may receive under the Company’s other benefit programs. The Salary Continuation Plan entitles participants to (i) retirement benefits upon normal retirement from the Company at age 65 (or early retirement as early as age 55) after completing at least 15 years of service with the Company (unless otherwise provided in the plan), payable for the remainder of their lives (or, if elected by a participant, a reduced benefit is payable for the remainder of the participant’s life and any surviving spouse’s life) and in no event for less than 10 years under the death

benefit feature; (ii) disability benefits payable for the period of any pre-retirement total disability; and (iii) death benefits payable to the designated beneficiary of the executive for a period of up to 10 years. The annual retirement benefit for retirement at age 65 is 50% of the executive's final average earnings (defined as the average of the salary and bonus paid by the Company for the four individual calendar years of the executive's highest compensation during the last eight full calendar years of the executive's employment with the Company ending on or prior to the effective date of the executive's retirement), which decreases proportionately to 30% of final average earnings for early retirement at age 55. The annual disability benefit is structured to essentially equate to 66% of current pay (salary and bonus) at the time of disability. The annual death benefit, for the 10-year payment period, is 50% of final average earnings, for a pre-retirement death, or a continuation of the actual retirement payments for the balance of the 10-year period (if any) for a post-retirement death (assuming no election of spousal survival benefits). The Salary Continuation Plan is administered by the Compensation Committee, which has determined that the Salary Continuation Plan is closed to any new participants. The Company's obligations under the Salary Continuation Plan are currently unfunded (although the Company uses insurance instruments in an irrevocable grantor ("rabbi") trust to hedge its exposure thereunder); however, the Company is required to contribute the full present value of its obligations thereunder to a rabbi trust in the event of a "Change in Control" (as such term is defined in the Salary Continuation Plan) of the Company.

Pursuant to the Salary Continuation Plan, the Company has maintained Salary Continuation Agreements with each of Named Executive Officers Hendrix, Wells and Willoch since 1986, 1998 and 1996, respectively. (The Company most recently amended and restated the Salary Continuation Agreements with Messrs. Hendrix, Wells and Willoch in January 2008, primarily to comply with Section 409A of the Internal Revenue Code of 1986, as amended. The benefits under their amended and restated agreements are substantially similar to those under their respective prior agreements.) The individual Salary Continuation Agreements contain essentially all of the benefit terms and conditions, and those agreements control in the event of any conflict with the Salary Continuation Plan document. Please see the "Pension Benefits" table included in this Proxy Statement for information about the Salary Continuation Plan benefits applicable to Messrs. Hendrix, Wells and Willoch.

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*Severance Agreements*

The Company has substantially similar Employment and Change in Control Agreements in effect with each of the Named Executive Officers. These agreements generally provide for certain benefits (salary, bonus, medical benefits, etc.) in the event of a Named Executive Officer's termination of employment without "cause" (as defined in the agreements), as well as certain benefits upon his resignation, death or disability. These agreements also contain provisions placing restrictions on a Named Executive Officer's ability to compete with the Company, or solicit its customers or employees, for a specified period of time following termination of employment. These agreements also provide for certain benefits in the event of a termination of employment in connection with a "Change in Control" (as defined in the agreements) of the Company.

Please see the further discussion below in the "Potential Payments Upon Termination or Change of Control" section of this Proxy Statement regarding the respective employment and change in control agreements of the Company's Named Executive Officers.

*Perquisites*

In order to provide a market competitive total compensation package to certain of the Company's executive officers, including the Named Executive Officers, the Company provides those limited perquisites that it believes enable its Named Executive Officers to perform their responsibilities efficiently and with minimal distractions. The perquisites provided to one or more Named Executive Officers in 2015 included the following:

Company-provided automobile/allowance      Long-term care and life insurance

Tax return preparation services up to \$2,300      Split dollar insurance agreement (for Mr. Hendrix only)

Company-provided telephone

Please see the "Summary Compensation Table" included in this Proxy Statement (and the notes thereto) for a more detailed discussion of these perquisites and their valuation.

*Special Incentive Programs*

From time to time, in its discretion, the Committee may implement special incentive programs which provide executives an opportunity to earn additional compensation if specific performance objectives are met. Special incentive programs are used when the Committee recognizes a need or desire for the Company to achieve one or more targeted strategic or financial objectives (such as stock price appreciation, debt reduction, cash accumulation, or attainment of a specified financial ratio), in addition to those objectives generally covered by annual bonuses and long-term incentives. The time period for achievement of the objectives may vary from less than a year to a multiple-year period. In each case, the performance objectives are designed to represent challenging but achievable targets that will serve to align the interests of executives with the interests of shareholders, and encourage executives to think and act as owners.

No special incentive programs were applicable during 2013-2015.

### **Compensation Deductibility**

An income tax deduction under federal law will be generally available for annual compensation in excess of \$1 million paid to the chief executive officer and the named executive officers of a public corporation only if that compensation is “performance-based” and complies with certain other tax law requirements. Executive compensation under the Company’s Executive Bonus Plan, described above, meets these requirements and therefore qualifies for an income tax deduction under federal law.

Although the Committee considers deductibility issues when approving executive compensation elements, the Company and the Committee believe that other compensation objectives, such as attracting, retaining and providing incentives to qualified managers, are important and may supersede the goal of maintaining deductibility. Consequently, the Company and the Committee may make compensation decisions without regard to deductibility when it is deemed to be in the best interests of the Company and its shareholders to do so.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the Board of Directors has reviewed and discussed with management the “Compensation Discussion and Analysis” section of this Proxy Statement. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the “Compensation Discussion and Analysis” section be included in this 2016 Proxy Statement and incorporated by reference into the Company’s Annual Report on Form 10-K for the year ended January 3, 2016, filed with the Securities and Exchange Commission.

THE COMPENSATION COMMITTEE

Edward C. Callaway (Chair)  
Andrew B. Cogan  
Sheryl D. Palmer

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

None of the executive officers of the Company served as either (1) a member of the Compensation Committee or (2) a director of any entity of which any member of the Compensation Committee is an executive officer. In addition, none of the executive officers of the Company served as a member of the compensation committee of any entity of which any member of the Board of Directors is an executive officer.

Table Of Contents**EXECUTIVE COMPENSATION AND RELATED ITEMS****Summary Compensation Table**

The following table provides information about the compensation paid by the Company and its subsidiaries to the Company's Named Executive Officers for each of the past three fiscal years.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Award	Incentive Plan Compensation	Change in	All Other Compensation	Total
							Non-Equity and Nonqualified Deferred Compensation Earnings		
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
(a)	(b)	(c)	(d)(1)	(e)(2)	(f)	(g)(3)	(h)(4)	(i)(5)	(j)(6)
Daniel T. Hendrix, Chairman and Chief Executive Officer	2015	981,300	--	1,635,000	--	1,912,897	1,404,405	232,887	6,166,489
	2014	952,752	--	1,873,520	--	368,477	1,040,484	204,061	4,439,294
	2013	918,436	--	1,606,000	--	1,000,871	590	191,346	3,717,243
Patrick C. Lynch, Senior Vice President and Chief Financial Officer	2015	443,200	--	490,500	--	598,121	--	117,645	1,649,466
	2014	430,300	--	558,863	--	124,895	--	112,869	1,226,927
	2013	414,750	--	722,700	--	327,113	--	112,845	1,577,408
	2015	625,100	--	490,500	--	843,547	370,637	77,949	2,407,733



John R. Wells, Senior Vice President (Division President)	2014	606,900	--	745,150	--	130,393	313,264	59,497	1,855,204
	2013	584,900	--	722,700	--	163,669	--	68,260	1,539,530
Jay D. Gould, President and Chief Operating Officer	2015	701,923	--	1,366,762	--	1,067,375	--	61,031	3,197,091
Raymond S. Willoch, Senior Vice President and General Counsel	2015	443,200	--	490,500	--	598,121	268,007	64,461	1,864,289
	2014	430,300	--	558,863	--	124,895	448,200	60,763	1,623,021
	2013	414,750	--	513,920	--	327,113	--	63,153	1,318,937

(1) The Company paid no discretionary bonuses, or bonuses based on performance metrics that were not pre-established and communicated to the Named Executive Officers. All cash bonus awards were performance-based. These payments, which were made under the Company's Executive Bonus Plan, are reported in the "Non-Equity Incentive Plan Compensation" column (column (g)).

(2) The amounts reported in the "Stock Awards" column are computed based upon the grant date fair values as of the respective grant dates. See the Note entitled "Shareholders' Equity" to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended January 3, 2016, regarding assumptions underlying valuation of equity awards. See the "Grants of Plan-Based Awards" table included in this Proxy Statement for additional information about equity awards granted in 2015, and the "Outstanding Equity Awards at Fiscal Year-End" table included in this Proxy Statement for information with respect to awards outstanding at year-end 2015. The ultimate payout value with respect to the "Stock Awards" included in column (e) may be significantly less than the amounts shown, and possibly zero, depending on the Company's financial performance at the end of the performance or restricted period and the recipient's tenure of employment. For a description of the performance criteria, please see the discussion contained in the "Compensation Discussion and Analysis" section herein.

(3) The amounts reported in the "Non-Equity Incentive Plan Compensation" column reflect the amounts earned by and paid to each Named Executive Officer under the Company's Executive Bonus Plan. The material provisions of the Executive Bonus Plan are more fully described in the "Compensation Discussion and Analysis" section included herein.

(4) The amounts reported in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column represent aggregate changes in the actuarial present value of the Named Executive Officers' accumulated benefit under the Company's Salary Continuation Plan (for Messrs. Hendrix, Wells and Willoch). Messrs. Lynch and

Gould do not participate in a Pension Plan or the Salary Continuation Plan. The Company does not pay any above-market interest (or any guaranteed interest rate) on its Nonqualified Plan. See the "Pension Benefits" table of this Proxy Statement for information about these benefits afforded each of the Company's Named Executive Officers.

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The amounts reported in the “All Other Compensation” column reflect, for each Named Executive Officer, the sum of (i) the incremental cost to the Company of all perquisites and other personal benefits, and (ii) amounts (5) contributed by the Company to the 401(k) Plan and the Nonqualified Plan (collectively, the “Company Retirement Plans”). The material provisions of the Company Retirement Plans are contained in the “Compensation Discussion and Analysis” section herein.

The following table outlines those perquisites and all other compensation required by SEC rules to be separately quantified that were provided to the Company’s Named Executive Officers during 2015.

Name	Automobile (\$)	Telephone (\$)	Long-Term	Split Dollar	Dividends	Company	
			Care and Life Insurance Premiums (\$)	Insurance Other Premiums (\$)	on Restricted Stock (\$)	Contributions to Retirement Plans (\$)	
Daniel T. Hendrix	17,996	3,292	7,001	72,032	2,250	71,640	58,676
Patrick C. Lynch	20,174	2,643	5,823	--	2,300	14,175	72,530
John R. Wells	20,415	1,939	6,834	--	--	15,750	33,011
Jay D. Gould	14,038	4,298	1,967	--	17,731	15,047	7,950
Raymond S. Willoch	18,457	1,741	6,478	--	2,250	13,005	22,530

*Automobile/Automobile Allowance.* Each of the Named Executive Officers were provided with use of a company-provided automobile or an automobile allowance, plus fuel and maintenance.

*Telephone.* The Company paid certain fees associated with the Named Executive Officers’ use of company-provided cellular telephones.

*Long-Term Care and Life Insurance.* The Company paid certain premiums associated with long-term care insurance policies covering Messrs. Hendrix, Lynch, Wells and Willoch, and life insurance for all Named Executive Officers.

*Split Dollar Insurance Agreement with Daniel T. Hendrix.* The Company is a party to a split dollar insurance agreement (the “Hendrix Split Dollar Agreement”) with Mr. Hendrix. Pursuant to the Hendrix Split Dollar Agreement, Mr. Hendrix has obtained an insurance policy on his life, and the Company pays the premiums on such policy as an additional employment benefit for Mr. Hendrix. The annual premium is \$72,032. Mr. Hendrix is the owner of the policy, and has assigned to the Company a portion of the death benefit that is equal to the greater of (i) the total amount of the unreimbursed premiums paid by the Company with respect to the policy, or (ii) the death benefit under the policy in excess of \$2,000,000. The Company’s portion totaled \$2,404,918 as of January 3, 2016. The balance of the death benefits (\$2,000,000) will be payable to the beneficiaries of the policy designated by Mr. Hendrix.

*Other.* The Company paid certain fees or costs associated with tax return preparation on behalf of Messrs. Hendrix, Lynch and Willoch. For Mr. Gould, the amount represents reimbursement of relocation expenses upon joining the Company.

*Dividends on Restricted Stock.* In 2015, the Company paid on all outstanding Common Stock of the Company (including restricted stock) dividends of \$0.04 per share in each of the first two quarters and \$0.05 per share in each of the last two quarters. The amounts in the “Dividends on Restricted Stock” column reflect dividends on the restricted shares of each Named Executive Officer in 2015.

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*Contributions to Retirement Plans.* The Company makes matching contributions, on the same terms and using the same formulas as for other participating employees, to each U.S.-based Named Executive Officer's account under the 401(k) Plan and the Nonqualified Plan, as applicable.

The amounts reflected below represent the contributions by the Company:

Name	Year	Company Contribution	
		To 401(k) Plan (\$)	To Nonqualified Plan (\$)
Daniel T. Hendrix	2015	7,950	50,726
	2014	6,500	47,587
	2013	6,375	41,725
Patrick C. Lynch	2015	7,950	64,580
	2014	7,800	63,763
	2013	7,650	63,986
John R. Wells	2015	7,950	25,061
	2014	7,800	11,953
	2013	7,650	18,801
Jay D. Gould	2015	7,950	--
Raymond S. Willoch	2015	7,950	14,580
	2014	7,800	13,763
	2013	7,650	13,543

The Company's contributions to the Nonqualified Plan of Mr. Lynch included a \$50,000 discretionary contribution under the Key Employee Retirement Savings Benefit in each year presented and each is subject to vesting criteria as described in the "Compensation Discussion and Analysis" section included herein.

In 2015, salary as a percentage of total compensation (excluding change in pension value) for each of Messrs. Hendrix, Lynch, Wells, Gould and Willoch was 20.6%, 26.9%, 30.7%, 22.0%, and 27.8%, respectively. In 2014, (6) this percentage for each of Messrs. Hendrix, Lynch, Wells and Willoch was 28.0%, 35.1%, 39.4%, and 36.6%, respectively. In 2013, this percentage for each of Messrs. Hendrix, Lynch, Wells and Willoch was 24.7%, 26.3%, 38.0%, and 31.4%, respectively. As reflected in column (d), the Company paid no discretionary bonuses.



Table Of Contents**Grants of Plan-Based Awards in 2015**

The following table provides information about awards granted to the Company's Named Executive Officers in 2015, as well as potential future payments associated therewith.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock and Option Awards  (\$)  (l)  (3)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)(2)	(h)	
Daniel T. Hendrix	01-08-15	0	1,275,690	1,913,535	--	--	--	--
	01-08-15	--	--	--	--	100,000	100,000	1,635,000
Patrick C. Lynch	01-08-15	0	398,880	598,320	--	--	--	--
	01-08-15	--	--	--	--	30,000	30,000	490,500
John R. Wells	01-08-15	0	562,590	843,885	--	--	--	--
	01-08-15	--	--	--	--	30,000	30,000	490,500
Jay D. Gould	01-26-15	0	750,000	1,125,000	--	--	--	--
	01-26-15	--	--	--	--	83,594	83,594	1,366,762
	01-08-15	--	--	--	--	--	--	--

Raymond S. Willoch	0	398,880	598,320	--	--	--	--	
	01-08-15	--	--	--	--	30,000	30,000	490,500

The payment amounts reflected in columns (c), (d) and (e) represent amounts associated with awards potentially earned for fiscal 2015 by the Company's Named Executive Officers under the Company's Executive Bonus Plan. The total bonus opportunity under the Executive Bonus Plan (expressed as a percentage of 2015 base salary) was 130% for Mr. Hendrix, 100% for Mr. Gould, and 90% for the other Named Executive Officers. As reflected in column (c), no bonus is paid to a participant under any individual Executive Bonus Plan element (such as operating income or cash flow) unless a designated financial threshold (operating income) is exceeded. As reflected in (1) column (d), the target 2015 payout under the Executive Bonus Plan for each of the Named Executive Officers assumes 100% achievement of all Company financial goals. As reflected in column (e), the maximum 2015 payout under the Executive Bonus Plan for each of the Named Executive Officers assumes 150% or greater achievement of all Company financial goals (the achievement for bonus purposes is capped at 150%). Certain additional material provisions of the Executive Bonus Plan are more fully described in the "Compensation Discussion and Analysis" section included herein.

The amounts reflected in column (g) represent the number of shares of restricted stock granted to the executives in January 2015 under the Omnibus Stock Plan. See the Compensation Discussion and Analysis herein for additional information on these awards. The performance objective under the January 2015 awards is growth in the (2) Company's earnings per share plus dividends during a three-year performance period. Fifty percent of any unvested January 2015 awards (i.e., award shares not vested previously under the performance criteria) will vest on the third anniversary of the grant date. These shares of restricted stock are included in the "Stock Awards" column (column (e)) of the Summary Compensation Table.

The amounts reflected in column (l) represent the dollar value of restricted stock awarded to the executives, (3) calculated by multiplying the number of shares awarded by the closing price of the Company's Common Stock as reported by the Nasdaq Stock Market on the trading date immediately preceding the date of grant.



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**Outstanding Equity Awards at 2015 Fiscal Year-End**

The following table provides information about the number of shares covered by exercisable and unexercisable options and unvested restricted stock awards outstanding and held by the Company's Named Executive Officers as of January 3, 2016.

<b>Option Awards</b>		<b>Stock Awards</b>							
<b>Number of Securities Underlying Unexercised Options</b>	<b>Number of Securities Underlying Unexercised Options</b>	<b>Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options</b>	<b>Option Exercise Price</b>	<b>Option Expiration Date</b>	<b>Number of Shares or Units of Stock That Have Not Vested</b>	<b>Market Value of Shares or Units of Stock That Have Not Vested</b>	<b>Equity Incentive Plan Awards:</b>	<b>Equity Incentive Plan Awards:</b>	
							<b>Number of Unearned Shares, Units or Rights That Have Not Vested</b>	<b>Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested</b>	
<b>(#)</b>	<b>(#)</b>	<b>(#)</b>	<b>(\$)</b>	<b>(#)</b>	<b>(\$)</b>	<b>(#)</b>	<b>(#)</b>	<b>(\$)</b>	<b>(#)</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	<b>(g)(1)</b>	<b>(h)(2)</b>	<b>(i)</b>	<b>(j)</b>
	--	--	--	--	--	398,000	7,617,720	--	--

Daniel T. -- Hendrix	--	--	--	--	--	78,750	1,507,275	--	--
Patrick -- C. Lynch	--	--	--	--	--	87,500	1,674,750	--	--
John R. -- Wells	--	--	--	--	--	83,594	1,599,989	--	--
Jay D. -- Gould	--	--	--	--	--	72,250	1,382,865	--	--
Raymond -- S. Willoch	--	--	--	--	--				

(1) Restricted stock awards that have not yet vested are subject to forfeiture by the Named Executive Officers under certain circumstances. For a description of the related performance criteria, please see the discussion contained in the “Compensation Discussion and Analysis” section herein. The restricted stock vesting dates for each Named Executive Officer range from 2016-2018.

(2) The market value referenced above is based on the closing price of \$19.14 per share of the Company’s Common Stock on December 31, 2015 (the last trading day of the Company’s 2015 fiscal year), as reported by the Nasdaq Stock Market.

Table Of Contents**Option Exercises and Stock Vested in 2015**

The following table provides information about the number and corresponding value realized during 2015 with respect to (i) the exercise of stock options, and (ii) the vesting of restricted stock for each of the Company's Named Executive Officers.

Name	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value Realized
	Acquired on Exercise	on Exercise	Acquired on Vesting	on Vesting
	(#)	(\$)	(#)	(\$)
(a)	(b)	(c)	(d)	(e)(1)
Daniel T. Hendrix	--	--	35,000	725,200
Patrick C. Lynch	--	--	20,000	414,400
John R. Wells	--	--	20,000	414,400
Jay D. Gould	--	--	0	0
Raymond S. Willoch	--	--	16,250	336,700

(1) The dollar amount is determined by multiplying (i) the number of shares vested by (ii) the closing price of our Common Stock on the Nasdaq Stock Market on the day preceding the vesting date.

**2015 Pension Benefits**

The following table provides information about the pension benefits for each of the Company's Named Executive Officers.

Name	Plan Name	Number of Years Credited Service	Present Value	Payments During
			of Accumulated Benefit	Last Fiscal Year
(a)	(b)(1)	(#)	(\$)	(\$)
		(c)	(d)	(e)
Daniel T. Hendrix	Salary Continuation Plan	More than 15	11,106,123	--
Patrick C. Lynch	--	--	--	--
John R. Wells	Salary Continuation Plan	More than 15	4,319,719	--
Jay D. Gould	--	--	--	--
Raymond S. Willoch	Salary Continuation Plan	More than 15	3,927,986	--

(1) The benefits under the Salary Continuation Plan vest upon 15 years of service and attainment of the age of 55, with maximum benefit accruing at age 65. Messrs. Hendrix and Willoch are the only Named Executive Officers participating in the Salary Continuation Plan that have reached age 55. The above values assume commencement of payment of the maximum benefit at age 65. All other assumptions are the same as are used for financial reporting purposes under generally accepted accounting principles. The Compensation Committee has determined that the Salary Continuation Plan is closed to any new participants.

Table Of Contents**2015 Non-Qualified Deferred Compensation**

The following table provides information about the contributions, earnings and account balances of the Company's applicable deferred compensation plans for each of the Company's Named Executive Officers.

<b>Name</b>	<b>Executive Contributions in Last FY</b>	<b>Company Contributions in Last FY</b>	<b>Aggregate Earnings in Last FY</b>	<b>Aggregate Withdrawals/Distributions</b>	<b>Aggregate Balance at Last FYE</b>
<b>(a)(1)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
	<b>(b)</b>	<b>(c)(2)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)(3)</b>
Daniel T. Hendrix	358,571	47,587	(2,013)	--	910,992
Patrick C. Lynch	45,059	63,763	(31,007)	--	1,010,591
John R. Wells	382,091	11,953	113,480	--	3,480,809
Jay D. Gould	--	--	--	--	--
Raymond S. Willoch	40,284	13,763	475	(39,973)	40,592

(1) The Company maintains the Nonqualified Plan for certain U.S.-based "highly compensated employees" (as such term is defined in applicable IRS regulations), including each of the Named Executive Officers. As with the Company's 401(k) Plan, the Named Executive Officers are eligible to participate in the Nonqualified Plan on the same terms as other eligible executive and non-executive employees based in the United States, and receive the

same benefits afforded all other participants.

Under the Nonqualified Plan, all eligible employees can elect to defer, on a pre-tax basis, a portion of their salary and/or annual bonus compensation. Each participant elects when the deferred amounts will be paid out, which can be during or after employment, subject to the provisions of Section 409A of the Internal Revenue Code. The employee earns a deferred return based on deemed investments in mutual funds selected by the employee from a list provided by the Company. The investment risk is borne entirely by the employee participant. Gains and losses are credited based on the participant's election of a variety of deemed investment choices. Participants' accounts may or may not appreciate, and may even depreciate, depending on the performance of their deemed investment choices. None of the deemed investment choices provide interest at above-market rates (or any guaranteed interest rate). The Company has established an irrevocable grantor ("rabbi") trust to hold, invest and reinvest deferrals and contributions under the Nonqualified Plan, and all deferrals are paid out in cash upon distribution.

The amounts reported in column (c) reflect, for each Named Executive Officer (as applicable), the actual amounts (2) contributed by the Company to the Nonqualified Plan during fiscal year 2015 (including contributions in 2015 with respect to compensation deferrals in 2014).

The amounts reported in column (d) were not reported as compensation to the Named Executive Officers in the (3) Company's Summary Compensation Table. However, the Company's matching contributions reported in column (c) are included in the "All Other Compensation" column of the Company's Summary Compensation Table.

Table Of Contents**2015 Director Compensation**

The following table provides information about the compensation paid to the Company's directors in 2015 (excluding Company Chairman and Chief Executive Officer Daniel T. Hendrix, a Named Executive Officer, who does not receive additional compensation for Board or Committee service and whose compensation is presented in the Summary Compensation Table included herein).

Name	Fees		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings		Total
	Earned or Paid in Cash	Stock Awards			All Other Compensation		
(a)	(b) <sup>(1)</sup>	(c) <sup>(2)</sup>	(d) <sup>(3)</sup>	(e)	(f)	(g) <sup>(4)</sup>	(h)
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
John P. Burke	65,000	61,313	--	--	--	972	127,285
Edward C. Callaway	67,500	61,313	--	--	--	972	129,785
Andrew B. Cogan	65,000	61,313	--	--	--	972	127,285
Carl I. Gable	80,000	61,313	--	--	--	972	142,285
	35,000	61,313	--	--	--	432	96,745

June M. Henton

Christopher G. Kennedy	70,000	61,313	--	--	--	972	132,285
K. David Kohler	65,000	61,313	--	--	--	972	127,285
James B. Miller, Jr.	65,000	61,313	--	--	--	972	127,285
Harold M. Paisner	65,000	61,313	--	--	--	972	127,285
Sheryl D. Palmer	16,250	--	--	--	--	--	16,250

For fiscal year 2015, the Company's non-employee directors ("outside directors") were paid an annual director's fee of \$60,000. Outside directors who serve on the Audit Committee, the Compensation Committee and the Nominating & Governance Committee were paid an additional \$5,000 per year, except that the respective (1) Chairpersons of the Audit Committee, Compensation Committee and Nominating & Governance Committee were paid an additional \$10,000 per year (rather than \$5,000). In addition, the lead independent director of the Board was paid an incremental \$10,000 per year. Directors also were reimbursed for expenses in connection with attending Board and Committee meetings.

The amounts reported in the "Stock Awards" column are computed based upon the aggregate grant date fair value of the respective awards. See the Note entitled "Shareholder's Equity" to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended January 3, 2016, regarding assumptions underlying valuation of equity awards. The ultimate payout value may be significantly less than the amounts shown, and (2) possibly zero, depending on the recipient's tenure as a director. In 2015, each of the directors listed in the table received an award of 3,750 shares of restricted stock having a weighted average grant date fair value of \$16.35 per share. As of January 3, 2016, each of these directors held an aggregate of 5,400 shares of restricted stock that had not vested, except that (1) Ms. Palmer held no restricted stock (she was elected in October 2015), and (2) Dr. Henton held no shares (her tenure on the Board ended in May 2015).

Any amounts reported in the "Option Awards" column would have been computed based upon the aggregate grant date fair value of the respective awards. However, no stock options were granted to directors in 2015. As of (3) January 3, 2016, each of Messrs. Gable, Kennedy and Miller held 5,000 outstanding options. The other directors held no stock options as of January 3, 2016.

In 2015, the Company paid on all outstanding Common Stock of the Company (including restricted stock) (4) dividends of \$0.04 per share in each of the first two quarters and \$0.05 per share in each of the last two quarters. The amounts in this column reflect dividends on the restricted shares of each director in 2015.





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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Board of Directors of the Company recognizes that transactions with related persons can present a heightened risk of conflict of interests and/or improper valuation (or the perception thereof). Accordingly, as a general matter, it is the Company's preference to avoid transactions with related persons. Nevertheless, there are circumstances where the Company may obtain products or services (i) of a nature, quantity or quality that are not readily available from alternative sources, (ii) on terms comparable to those provided by other, unrelated parties, or (iii) when the Company provides products or services on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms provided to employees generally.

**Policy Regarding Review, Approval or Ratification of Transactions Involving Related Persons**

The Company has adopted a written policy (the "Related Transactions Policy") with respect to the review, approval or ratification of transactions with related persons involving the Company (or its subsidiaries or controlled affiliates). In evaluating potential transactions with related persons, the Related Transactions Policy incorporates and applies the contents of Item 404(a) of Regulation S-K (including but not limited to the definitions of "related persons" and "transaction", as well as the threshold for "direct or indirect material interest" contained therein).

Prior to entering into a transaction with the Company, the related person is required to advise a Company-designated "Compliance Officer" (currently the Company's General Counsel), who shall determine whether the proposed transaction is a transaction with a related person under this policy. If the Compliance Officer determines that the proposed transaction is a transaction with a related person, the transaction is required to be submitted to the Audit Committee of the Board of Directors for consideration at its next meeting or, in those instances in which it is not practicable or desirable for the Company to wait until the next Audit Committee meeting, to the Chair of the Audit Committee (who possesses delegated authority to act between committee meetings). The Audit Committee (or where submitted to the Chair, the Chair) shall consider all of the available relevant facts and circumstances, including (if applicable) but not limited to: (i) the benefits to the Company; (ii) the impact on a director's independence in the event the related person is a director, an immediate family member of a director, or an entity in which the director is a partner, equity holder or executive officer; (iii) the availability of other sources for comparable products or services; (iv) the terms of the transaction; and (v) the terms available to or from unrelated third parties or employees generally, as the case may be. After review, the Audit Committee or Chair either approves or disapproves the proposed transaction and advises the Compliance Officer, who in turn conveys the decision to the appropriate persons within the Company. No member of the Audit Committee is permitted to participate in any review, consideration, or approval of any potential transaction with a related person with respect to which such member or any of his or her immediate family members is a related person.

The Related Transactions Policy also provides for the review of (i) transactions involving related persons entered into by the Company not previously approved or ratified under this policy, as well as (ii) any previously approved or ratified transactions with related persons that remain ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from the Company of more than \$120,000. The policy also explicitly requires disclosure of all transactions that are required to be disclosed under the Securities Act of 1933, the Securities Exchange Act of 1934 and related rules and regulations.

### **Transactions Involving Related Persons**

Since the beginning of fiscal year 2015, the Company has not been a participant in any transaction involving an amount exceeding \$120,000 in which any related person had or is expected to have a direct or indirect material interest, and no such transaction is currently proposed.

### **DIRECTOR INDEPENDENCE**

For each director, the Board makes a determination of whether the director is “independent” under the criteria established by the Nasdaq Stock Market and other governing laws and regulations. In its review of director independence, the Board considers all commercial, banking, consulting, legal, accounting, charitable or other business relationships any director may have with the Company. The current directors are John P. Burke, Edward C. Callaway, Andrew B. Cogan, Carl I. Gable, Daniel T. Hendrix, Christopher G. Kennedy, K. David Kohler, James B. Miller, Jr., Harold M. Paisner, and Sheryl D. Palmer. As a result of its review, the Board has determined that all of the current directors, with the exception of Daniel T. Hendrix (who is an employee), are independent.

The independent directors meet in regularly scheduled executive sessions without Mr. Hendrix or other members of management present. In 2015, the independent directors met four times in executive session.

Table Of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information concerning the Company's equity compensation plans as of January 3, 2016.

<b>Plan Category<sup>(1)</sup></b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
<b>Equity Compensation Plan Approved by Security Holders:</b>			
Omnibus Stock Plan	87,500	\$8.75	5,103,830 <sup>(2)</sup>

(1) The Company does not have shares authorized for issuance under any compensation plan not approved by shareholders.

(2) Each share issued under the Omnibus Stock Plan pursuant to an award other than a stock option will reduce the number of remaining shares available by 1.33 shares.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The Company is generally obligated to provide its Named Executive Officers with certain payments or other forms of compensation when their employment with the Company is terminated. The actual amount of compensation due each of the Named Executive Officers, as well as the duration of any periodic payments, depends on both the circumstances surrounding the termination, as well as the particulars of any employment-related agreements to which the Company and the Named Executive Officer are party.

## **Employment and Change in Control Agreements**

The Company has Employment and Change in Control Agreements with each of Messrs. Hendrix, Lynch, Wells and Willoch, which generally describe the benefits payable at, following, or in connection with various termination scenarios. (The agreements have been in place since 1997 for Messrs. Hendrix, Wells and Willoch, and since 2005 for Mr. Lynch, with the primary substantive changes since execution being those necessary to bring the agreements into compliance with Section 409A of the Internal Revenue Code of 1986, as amended.) Each Employment and Change in Control Agreement is for a rolling two-year term, such that the remaining term is always two years (until a specified retirement age). The Company may terminate any of such agreements at any time, with or without cause, and each executive may voluntarily terminate his respective employment upon 90 days notice. The agreements provide for certain benefits in the event of various termination scenarios, including termination without cause, termination with cause, voluntary retirement or resignation, termination due to death or disability, and termination in connection with a “change in control” (as defined in the agreements) of the Company. The agreements also provide for these executives to receive a tax “gross up” payment to cover the amount of any excise taxes imposed on the benefits payable in the event of a termination in connection with a “change in control.” (The tax gross up provision has been included in these agreements, without substantive change, since January 1999.) Each agreement also contains provisions placing restrictions on the executive’s ability to compete with the Company for a period of two years following the termination of his employment.

Mr. Gould has entered into an Employment and Change in Control Agreement with the Company that is similar to those of the other Named Executive Officers as described above, except that Mr. Gould’s agreement was entered into on January 9, 2015, has a rolling one-year term, has no tax “gross up” provision, and has a one-year post-termination restriction on competition against the Company. As with Mr. Gould, any new employment and change in control agreements entered into by the Company going forward will not contain a tax “gross up” provision.

## **Payments to Named Executive Officers Upon Termination or Change in Control**

In the event that any of the Named Executive Officers (i) retired or voluntarily resigned, (ii) died or was terminated in connection with a disability, (iii) was terminated by the Company (x) with “cause”, (y) without “cause” or (z) experienced certain terminations (without cause) in connection with a “change in control” (as applicable, and as such terms are defined in the respective agreements) on December 31, 2015 (the last business day of fiscal year 2015), they would have been entitled to receive the following types of payments and benefits, and would have been subject to the various restrictive covenants, described below.

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Upon Retirement or Voluntary Resignation:

<b>Payment, Benefit or Restrictive Covenant</b>	<b>Entitled to Receive</b>
Base Salary	Executive would be entitled to receive his then-current base salary through the effective date of retirement or resignation.
Bonus	Executive would be entitled to receive a prorated portion of his annual bonus opportunity calculated based on the date of retirement or resignation (e.g., a June 30 retirement or resignation would entitle executive to 50% of the bonus otherwise payable).
Stock Options	Executive would forfeit any unvested stock options; all previously-vested options would terminate over the period of time specified in the applicable stock option agreements (typically 12 to 24 months).
Restricted Stock	Executive would forfeit any unvested restricted stock awards, except that upon retirement at age 65 or thereafter executive would immediately vest in a percentage of all unvested restricted stock awards as specified in the applicable restricted stock agreement(s).
Salary Continuation Plan	Salary Continuation Plan participant (Messrs. Hendrix, Wells and Willoch) would receive full benefits upon retirement at age 65 after completing at least 15 years of service, payable for the remainder of his life (or, if elected, a reduced benefit for the remainder of his life and any surviving spouse's life). A reduced benefit is available to participant beginning at age 55. Upon retirement or voluntary resignation prior to age 55, Salary Continuation Plan participants would receive no benefit. Participant is prohibited from competing with the Company while receiving benefits.
Other Employee Retirement Plans	No additional benefit beyond those to which the executive normally would be entitled under the Company's 401(k) Plan and Nonqualified Plan following termination of employment.
Health, Life and Other Insurance Coverages	No additional benefits are received beyond those to which the executive normally would be entitled under the terms of the respective medical and/or insurance plans. Mr. Hendrix has a Split Dollar Insurance Policy as described in footnote 5 to the 2015 Summary Compensation Table.
Restrictive Covenants	Executive would be prohibited from competing with the Company, or soliciting its customers or employees, for a two-year period (or, for Mr. Gould, a one-year period) following retirement or

resignation.

Upon Death/Disability:

**Payment,  
Benefit or  
Restrictive  
Covenant**

**Entitled to Receive**

Base Salary	Executive would be entitled to receive his then-current base salary through the date of termination due to death/disability.
Bonus	Executive would be entitled to receive a prorated portion of his annual bonus opportunity calculated based on the date of termination due to death/disability (e.g., a June 30 termination due to death/disability would entitle executive to 50% of the bonus otherwise payable).
Stock Options	Executive would forfeit any unvested stock options; all previously-vested options would terminate over the period of time specified in the applicable stock option agreements (typically 12 to 24 months following termination due to disability and 24 months following termination due to death).
Restricted Stock	Executive would immediately vest in a percentage of all unvested restricted stock awards, as specified in the applicable restricted stock agreement(s).
Salary Continuation Plan	Upon Salary Continuation Plan participant's death, he would receive a 10 year certain payout of an annual benefit level as if he were eligible for full benefits (e.g., age 65). Upon a participant's disability, he would receive a payout at an annual benefit level that when combined with all other Company-sponsored disability security and salary continuation payments being paid, equals 66 2/3% of average salary and bonus during the preceding 1-3 years. The annual benefit level would continue for as long as the participant remains disabled, up to age 65, at which point the benefit would be reduced to the annual salary continuation benefit he would have received upon early retirement at age 55 (or such greater age at the time of becoming disabled). Participant is prohibited from competing with the Company while receiving benefits.
Other Employee Retirement Plans	No additional benefit beyond those to which the executive would be normally entitled under the Company's 401(k) Plan and Nonqualified Plan following termination of employment.

Health, Life and Other Insurance Coverages No additional benefits are received beyond those to which the executive would be normally entitled under the terms of the respective medical and/or insurance plans. Mr. Hendrix has a Split Dollar Insurance Policy as described in footnote 5 to the 2015 Summary Compensation Table.

Restrictive Covenants Executive would be prohibited from competing with the Company, or soliciting its customers or employees, for a two-year period (or, for Mr. Gould, a one-year period) following any termination due to disability.



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Upon Termination With “Cause”:

<b>Payment, Benefit or Restrictive Covenant</b>	<b>Entitled to Receive</b>
Base Salary	Executive would be entitled to receive his then-current base salary through the effective date of termination.
Bonus	No benefit.
Stock Options	Executive would forfeit any unvested stock options; all previously-vested options would terminate three months following termination.
Restricted Stock	Executive would forfeit any unvested restricted stock awards.
Salary Continuation Plan	Salary Continuation Plan participant would receive no benefit (unless he had already attained age 55 after completing at least 15 years of service, in which case a reduced benefit would be payable for the remainder of his life, or, if elected, a further reduced benefit for the remainder of his life and any surviving spouse’s life).
Other Employee Retirement Plans	No additional benefit beyond those to which the executive would be normally entitled under the Company’s 401(k) Plan and Nonqualified Plan following termination of employment.
Health, Life and Other Insurance Coverages	No additional benefits are received beyond those to which the executive would be normally entitled under the terms of the respective medical and/or insurance plans. Mr. Hendrix has a Split Dollar Insurance Policy as described in footnote 5 to the 2015 Summary Compensation Table.
Restrictive Covenants	Executive would be prohibited from competing with the Company, or soliciting its customers or employees, for a two-year period (or, for Gould, a one-year period) following termination.

Upon Termination Without "Cause":

**Payment,  
Benefit or  
Restrictive  
Covenant**

**Entitled to Receive**

Base Salary	Executive would be entitled to receive his then-current base salary for two years (or, for Mr. Gould, a one-year period).
Bonus	Executive would be entitled to receive bonus payments for two years as well as a prorated bonus for the year in which employment terminates, each calculated based on the average bonus (excluding special incentive plan bonuses) received by the executive during the two years prior to the effective termination date.
Stock Options	Executive would immediately vest in all unvested options. The options could be subsequently exercised over the period of time specified in the applicable stock option agreements (typically 12 to 24 months).
Restricted Stock	Executive would immediately vest in a percentage of all unvested restricted stock awards, as specified in the applicable restricted stock agreement(s).
Salary Continuation Plan	If Salary Continuation Plan participant already had attained age 55 after completing at least 15 years of service, he would receive a reduced benefit for the remainder of his life (or, if elected, a further reduced benefit for the remainder of his and any surviving spouse's life). If Salary Continuation Plan participant had not already attained age 55 after completing at least 15 years of service, Salary Continuation Plan participant would remain eligible for participation in the plan as if he were to remain employed, and would receive a reduced benefit beginning at age 55 after completing at least 15 years of service, payable for the remainder of his life (or, if elected, a further reduced benefit for the remainder of his and any surviving spouse's life). Participant is prohibited from competing with the Company while receiving benefits.
Other Employee Retirement Plans	Executive would be entitled to an amount equal to the matching contribution he would have received under the Company's 401(k) Plan for the two-year period following termination.
Health, Life and Other Insurance Coverages	Executive would be entitled to continue coverages for two years, with the Company paying the associated premiums.

Restrictive  
Covenants

Executive would be prohibited from competing with the Company, or soliciting its customers or employees, for a two-year period (or, for Mr. Gould, a one-year period) following termination.

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Upon Termination Following “Change in Control”:

<b>Payment, Benefit or Restrictive Covenant</b>	<b>Entitled to Receive</b>
Base Salary	Executive would be entitled to receive his base salary in its then-current amount for two years. Such amount would be paid in a lump sum within 30 days after separation from service.
Bonus	Executive would receive bonus payments for two years as well as a prorated bonus for the year in which employment terminates, each calculated based on the average bonus (including any special incentive plan bonuses) received by the executive during the two years prior to the effective termination date. Such amount would be paid in a lump sum within 30 days after separation from service.
Stock Options	Executive would immediately vest in all unvested options. The options could be subsequently exercised over the period of time specified in the applicable stock option agreements (typically 12 to 24 months).
Restricted Stock	Executive would immediately vest in all unvested restricted stock awards.
Salary Continuation Plan	If Salary Continuation Plan participant already had attained age 55 after completing at least 15 years of service, he would receive a reduced benefit for the remainder of his life (or, if elected, a further reduced benefit for the remainder of his and any surviving spouse’s life). If Salary Continuation Plan participant had not already attained age 55 after completing at least 15 years of service, Salary Continuation Plan participant would remain eligible for participation in the plan as if he were to remain employed, and would receive a reduced benefit beginning at age 55 after completing at least 15 years of service, payable for the remainder of his life (or, if elected, a further reduced benefit for the remainder of his and any surviving spouse’s life). Participant would also receive the benefit of a cost of living adjustment calculated with reference to a specified consumer price index on each participant’s annual benefit amount (such adjustment accruing from the date of termination until such date that the participant begins to receive benefits, and not thereafter). Participant is prohibited from competing with the Company while receiving benefits.
Other Employee Retirement Plans	Executive would be entitled to an amount equal to the matching contribution he would have received under the Company’s 401(k) Plan for the two-year period following termination.

Health, Life  
and Other  
Insurance  
Coverages

Executive would be entitled to continue coverages for two years with the Company paying the associated premiums.

Restrictive  
Covenants

Executive would be prohibited from competing with the Company, or soliciting its customers or employees, for a two year period following termination.

The following tables summarize the benefits payable to each of the Named Executive Officers under his employment and change in control agreement (or the terms of his individual equity award agreements) in effect on December 31, 2015 (the last business day of the Company's 2015 fiscal year). The tables do not include amounts payable under employee benefit plans in which Company associates are eligible to participate on a non-discriminatory basis. The amounts shown in the tables below assume that a Named Executive Officer's employment terminated as of December 31, 2015, and that the fair market value of the Company's Common Stock was \$19.14 per share.

*Daniel T. Hendrix*

	<b>Retirement or Resignation</b>	<b>Death/Disability</b>	<b>Termination with Just Cause</b>	<b>Termination without Just Cause</b>	<b>Termination Following Change in Control<sup>(1)</sup></b>
Compensation:	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<i>Base salary</i>	--	--	--	1,962,600	1,962,600
<i>Bonus</i>	1,167,607	1,167,607	--	1,369,348	1,369,348
<i>Stock options</i>	--	--	--	--	--
<i>Restricted stock<sup>(2)</sup></i>	--	5,780,280	--	5,780,280	7,617,720
Benefits and Perquisites:					
<i>Salary continuation<sup>(3)</sup></i>	821,189	977,606 / 2,218,348	--	821,189 <sup>(6)</sup>	821,189 <sup>(6)</sup>
<i>Retirement plans<sup>(4)</sup></i>	--	--	--	15,900	15,900
<i>Health, life and other insurance<sup>(5)</sup></i>	--	--	--	46,834	46,834
<i>Excise tax gross-up</i>	--	--	--	--	3,737,678 <sup>(7)</sup>



Table Of Contents*Patrick C. Lynch*

	<b>Retirement or Resignation</b>	<b>Death/Disability</b>	<b>Termination with Just Cause</b>	<b>Termination without Just Cause</b>	<b>Termination Following Change in Control<sup>(1)</sup></b>
Compensation:	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<i>Base salary</i>	--	--	--	886,400	886,400
<i>Bonus</i>	365,085	365,085	--	452,008	452,008
<i>Stock options</i>	--	--	--	--	--
<i>Restricted stock<sup>(2)</sup></i>	--	957,000	--	957,000	1,507,275
Benefits and Perquisites:					
<i>Salary continuation</i>	--	--	--	--	--
<i>Retirement plans<sup>(4)</sup></i>	--	--	--	15,900	15,900
<i>Health, life and other insurance<sup>(5)</sup></i>	--	--	--	45,520	45,520
<i>Excise tax gross-up</i>	--	--	--	--	--

*John R. Wells*

	<b>Retirement or Resignation</b>	<b>Death/Disability</b>	<b>Termination with Just Cause</b>	<b>Termination without Just Cause</b>	<b>Termination Following Change in Control<sup>(1)</sup></b>
Compensation:	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<i>Base salary</i>	--	--	--	1,250,200	1,250,200
<i>Bonus</i>	491,860	491,860	--	294,062	294,062
<i>Stock options</i>	--	--	--	--	--
<i>Restricted stock<sup>(2)</sup></i>	--	1,068,644	--	1,068,644	1,674,750
Benefits and Perquisites:					

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<i>Salary continuation</i> <sup>(3)</sup>	--	500,101 / 932,930	--	-- <sup>(6)</sup>	-- <sup>(6)</sup>
<i>Retirement plans</i> <sup>(4)</sup>	--	--	--	15,900	15,900
<i>Health, life and other insurance</i> <sup>(5)</sup>	--	--	--	47,544	47,544
<i>Excise tax gross-up</i>	--	--	--	--	4,076,829 <sup>(7)</sup>

*Jay D. Gould*

	<b>Retirement or Resignation</b>	<b>Death/Disability</b>	<b>Termination with Just Cause</b>	<b>Termination without Just Cause</b>	<b>Termination Following Change in Control<sup>(8)</sup></b>
Compensation:	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<i>Base salary</i>	--	--	--	750,000	750,000
<i>Bonus</i>	653,150	653,150	--	653,150	653,150
<i>Stock options</i>	--	--	--	--	--
<i>Restricted stock</i> <sup>(2)</sup>	--	628,041	--	628,041	1,599,989
Benefits and Perquisites:					
<i>Salary continuation</i>	--	--	--	--	--
<i>Retirement plans</i>	--	--	--	7,950	7,950
<i>Health, life and other insurance</i>	--	--	--	--	--
<i>Excise tax gross-up</i>	--	--	--	--	--



Table Of Contents**Raymond S. Willoch**

	<b>Retirement or Resignation</b>	<b>Death/Disability</b>	<b>Termination with Just Cause</b>	<b>Termination without Just Cause</b>	<b>Termination Following Change in Control<sup>(1)</sup></b>
Compensation:	(\$)	(\$)	(\$)	(\$)	(\$)
<i>Base salary</i>	--	--	--	886,400	886,400
<i>Bonus</i>	365,085	365,085	--	452,008	452,008
<i>Stock options</i>	--	--	--	--	--
<i>Restricted stock<sup>(2)</sup></i>	--	832,590	--	832,590	1,382,865
Benefits and Perquisites:					
<i>Salary continuation<sup>(3)</sup></i>	272,931	401,369 / 841,842	--	272,931 <sup>(6)</sup>	272,931 <sup>(6)</sup>
<i>Retirement plans<sup>(4)</sup></i>	--	--	--	15,900	15,900
<i>Health, life and other insurance<sup>(5)</sup></i>	--	--	--	48,026	48,026
<i>Excise tax gross-up</i>	--	--	--	--	-- <sup>(7)</sup>

Unlike a number of publicly-traded companies, the Company does not utilize a “single trigger” concept for severance payments in its Employment and Change in Control Agreements. The “Change in Control” (as defined in the applicable agreements) does not, by itself, provide the Named Executive Officer with any right to resign and receive a severance benefit. Instead, for severance benefits to be payable, there must be a “second trigger” of either (1) (i) an “Involuntary Separation from Service” or (ii) a “Separation from Service for Good Reason” (essentially, resignation in the face of negative changes in executive’s employment relationship with the Company) that occurs within 24 months after the date of a Change in Control. The amounts included in this column thus assume that both a “Change in Control” and a subsequent termination (as described immediately above) occurred as of December 31, 2015. If a related termination did not in fact occur, no severance payments would be payable. The amounts in this column for Base Salary and Bonus would be paid in a lump sum within 30 days.

(2) These amounts assume each Named Executive Officer sold all newly vested shares of restricted stock immediately upon termination of employment.

(3) The amounts included in the “Death/Disability” column represent the *annual* payments to which Messrs. Hendrix, Wells and Willoch would be entitled under the Salary Continuation Plan following their death or disability as of December 31, 2015. The annual benefit amount following a participant’s death would be paid for 10 years, after

which time it would permanently cease. In the event of a participant's disability, the annual benefit amount would continue for as long as the participant continued to suffer the qualifying disability, up to age 65, at which point a reduced annual benefit would be payable (\$690,244, \$272,656 and \$239,622 for Messrs. Hendrix, Wells and Willoch, respectively, assuming no election of the extended spousal life benefit described above). For Messrs. Hendrix and Willoch, the amount reported in the "Retirement or Resignation" column represents the *annual* payment to which he would be entitled under the Salary Continuation Plan following his retirement or resignation as of December 31, 2015, assuming no election of surviving spouse benefits.

The amounts noted represent payments required to be made by the Company to each executive in lieu of 401(k) (4) Plan matching contributions, following termination, and assume each executive maintained the maximum level of contribution to the 401(k) Plan as in effect on the date of termination.

These amounts represent premiums paid by the Company on behalf of each Named Executive Officer following (5) termination, and assume each Named Executive Officer chose to maintain his current coverages under the various medical and/or insurance plans in which he was a participant.

For Messrs. Hendrix and Willoch, the amount represents the *annual* payment to which he would be entitled under the Salary Continuation Plan, payable for the remainder of his life and assuming no election of surviving spouse benefits. If Mr. Wells were terminated on December 31, 2015 without cause or following a "Change in Control", he would not be entitled to any accelerated vesting and/or immediate payment of Salary Continuation Plan benefits. Instead, he would remain eligible for participation in the Salary Continuation Plan as if he remained employed, and would receive reduced benefits (\$272,656) beginning at age 55. The benefits are payable annually for the remainder of his life, or, if elected, a further reduced benefit is payable for the remainder of his and any surviving (6) spouse's life. However, the excise tax calculations performed pursuant to Sections 4999 and 280G of the Internal Revenue Code require, for purposes of the presentation for a termination following a Change in Control and the resulting excise tax "gross-up" set forth herein for each executive (including Mr. Hendrix), that the full *lifetime* benefit amount ultimately payable to each Salary Continuation Plan participant (reduced to a net present value) be included. The aggregate actuarial lifetime benefit amounts payable, reduced to a present value and assuming Salary Continuation Plan benefits are paid beginning at age 65, are \$14,130,749, \$6,942,880 and \$5,675,569 for Messrs. Hendrix, Wells and Willoch, respectively.

Each Salary Continuation Plan participant would, however, in the case of a termination following a Change in Control, receive the benefit of a cost of living adjustment calculated with reference to a specified consumer price index on each participant's annual Salary Continuation Plan benefit amount (such adjustment accruing from the date of termination until such date that the participant actually begins to receive benefits, and not thereafter). The aggregate actuarial *lifetime* value of the cost of living adjustment, reduced to a present value and assuming Salary Continuation Plan benefits are paid beginning at age 55 (or, for Messrs. Hendrix and Willoch, their actual respective ages of 61 and 57), are \$0, \$69,428 and \$0 for Messrs. Hendrix, Wells and Willoch, respectively.

As discussed in Footnote 6, these amounts are calculated assuming (as applicable) the inclusion of the full *lifetime* benefit amount ultimately payable to each Salary Continuation Plan participant (reduced to a net present value) in connection with a termination following a Change in Control. To the extent that the cost of living adjustment amounts referenced in Footnote 6, rather than the full lifetime benefit amounts, were instead included in the Section 280G excise tax calculations, no excise tax "gross-up" benefits would be payable to Messrs. Wells or (7) Willoch in connection with a termination following a Change in Control, while the same benefit amount would be payable to Mr. Hendrix. The excise tax "gross-up" amounts presented further assume that none of the payments in the event of a termination following a Change in Control would be categorized as "reasonable compensation" (such as, for example, payments associated with non-compete and other restrictive covenants) for purposes of the Section 280G excise tax calculation. The Company believes that a substantial amount of the payments could be deemed "reasonable compensation" for purposes of Section 280G, which could substantially reduce the excise tax "gross-up" payable hereunder.



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**APPROVAL of Executive Compensation**

**(Item 2)**

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), the Company is asking its shareholders to vote, on an advisory basis, to approve the compensation of its Named Executive Officers as described in this Proxy Statement. This proposal, commonly known as a “say-on-pay” proposal, gives the Company’s shareholders the opportunity to express their views on the compensation of the Company’s Named Executive Officers. At the 2011 annual meeting of shareholders, the Company’s shareholders voted, on an advisory basis, to hold a say on pay vote every year. The Board of Directors subsequently determined that the Company will hold say on pay votes every year until the next required advisory vote on the frequency of say on pay votes occurs or until the Board of Directors otherwise determines that a different frequency for say on pay votes is in the best interests of the shareholders.

**Compensation Program and Philosophy**

Our executive compensation program is designed to attract, reward and retain key employees, including our Named Executive Officers, who are critical to the Company’s long-term success. Shareholders are urged to read the “Compensation Discussion and Analysis” and “Executive Compensation” sections of this Proxy Statement for greater detail about the Company’s executive compensation programs, including information about the fiscal year 2015 compensation of the Named Executive Officers.

The Company is asking the shareholders to indicate their support for the compensation of the Company’s Named Executive Officers as described in this Proxy Statement by voting in favor of the following resolution:

“RESOLVED, that the shareholders approve, on an advisory, non-binding basis, the compensation paid to the Company’s Named Executive Officers as disclosed in the “Compensation Discussion and Analysis” and “Executive Compensation” sections, and the related compensation tables, notes, and narrative in this Proxy Statement.”

Even though this say-on-pay vote is advisory and therefore will not be binding on the Company, the Compensation Committee and the Board value the opinions of the Company’s shareholders. Accordingly, to the extent there is a significant vote against the compensation of the Named Executive Officers, the Board will consider the shareholders’ concerns and the Compensation Committee will evaluate what actions may be necessary or appropriate to address

those concerns.

You may vote “for,” “against,” or “abstain” from the proposal to approve on an advisory basis the compensation of our Named Executive Officers.

#### **Vote Required and Recommendation of the Board**

Under the Company’s Bylaws, the compensation of the Named Executive Officers is approved on an advisory basis if the affirmative votes cast by the holders of the Company’s outstanding shares of Common Stock entitled to vote and represented (in person or by proxy) at the meeting exceed the negative votes. **THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF EXECUTIVE COMPENSATION, AS DISCLOSED IN THIS PROXY STATEMENT, AND THE PROXY SUBMITTED BY TELEPHONE OR INTERNET OR PROXY CARD WILL BE VOTED IN THIS MANNER UNLESS THE SHAREHOLDER SUBMITTING THE PROXY SPECIFICALLY VOTES TO THE CONTRARY (OR ABSTAINS).**

Table Of Contents**RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS****(ITEM 3)****Information Concerning the Company's Accountants**

BDO USA, LLP ("BDO USA") acted as the Company's independent auditor during the past fiscal year. The Audit Committee has again appointed BDO USA to act as the independent auditor of the Company for fiscal year 2016. The Board of Directors will present to the annual meeting a proposal that such appointment be ratified. Should the shareholders fail to ratify the appointment, the Audit Committee will reconsider its selection, but may continue the engagement. Even if the appointment is ratified, the Audit Committee, in its discretion, may change the appointment at any time. BDO USA has no financial interest, direct or indirect, in the Company or any subsidiary.

A representative of BDO USA is expected to be present at the annual meeting to make a statement if he or she desires to do so and to respond to appropriate questions.

**Audit and Non-Audit Fees**

The following table shows the fees for professional audit and other services provided by BDO USA to the Company for fiscal years 2015 and 2014.

	<b>2015</b>	<b>2014</b>
Audit Fees <sup>1</sup>	\$1,522,000	\$1,468,000
Audit-Related Fees <sup>2</sup>	20,000	20,000
Tax Fees <sup>3</sup>	58,000	50,000
All Other Fees <sup>4</sup>	--	--
Total	\$1,600,000	\$1,538,000

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<sup>(1)</sup> "Audit Fees" consist of fees billed or accrued for professional services rendered for the audit of the Company's annual financial statements, audit of the Company's effectiveness of internal control over financial reporting, review of the interim financial statements included in quarterly reports, and services that are normally provided by BDO USA in connection with statutory and regulatory filings.

- (2) “Audit-Related Fees” consist of fees billed or accrued primarily for employee benefit plan audits and other attestation services.
- (3) “Tax Fees” consist of fees billed or accrued for professional services rendered for tax compliance, tax advice and tax planning, both domestic and international.
- (4) “All Other Fees” consist of fees billed or accrued for those services not captured in the audit, audit-related and tax categories. The Company generally does not request such services from the independent auditors.

### **Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors**

Consistent with the Securities and Exchange Commission policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the Company’s independent auditors. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and non-audit services provided by the independent auditors.

These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for and detailed as to the particular services or category of services and is generally subject to a specific budget. None of the services rendered by the independent auditors under the categories “Audit-Related Fees”, “Tax Fees” and “All Other Fees” described above were approved by the Audit Committee after services were rendered pursuant to the de minimis exception established by the Commission.

### **Vote Required and Recommendation of the Board**

Under the Company’s Bylaws, the proposal to ratify the appointment of BDO USA to act as the Company’s independent auditors for fiscal year 2016 is approved if the affirmative votes cast by the holders of the Company’s outstanding shares of Common Stock entitled to vote and represented (in person or by proxy) at the meeting exceed the negative votes. **THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL, AND THE PROXY SUBMITTED BY TELEPHONE OR INTERNET OR PROXY CARD WILL BE VOTED IN THIS MANNER UNLESS THE SHAREHOLDER SUBMITTING THE PROXY SPECIFICALLY VOTES TO THE CONTRARY (OR ABSTAINS).**

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission and the Nasdaq Stock Market reports of ownership and changes in ownership of Common Stock and other equity securities of the Company. Directors, executive officers and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of such reports furnished to the Company or written representations that no other reports were required, the Company believes that during fiscal 2015 all filing requirements applicable to its directors, executive officers and greater than 10% beneficial owners were met, except that Mr. Gable filed a late Form 5 with respect to a gift of 1,563 shares on November 20, 2014.

**AUDIT COMMITTEE REPORT**

The Audit Committee operates pursuant to an Audit Committee Charter that was adopted by the Board of Directors. (A copy of the Audit Committee Charter may be viewed on the Company's website, [www.interfaceglobal.com/Investor-Relations/Corporate-Governance/Audit-Committee-Charter.aspx](http://www.interfaceglobal.com/Investor-Relations/Corporate-Governance/Audit-Committee-Charter.aspx).) The Company's management is responsible for its internal accounting controls and the financial reporting process. The Company's independent auditors, BDO USA, are responsible for performing an audit of the Company's consolidated financial statements in accordance with auditing standards generally accepted in the United States. The independent accountants also are responsible for expressing opinions on the conformity of the Company's audited financial statements with generally accepted accounting principles, and on the effectiveness of the Company's internal control over financial reporting. The Audit Committee's responsibility is to monitor and oversee these processes.

In keeping with that responsibility, the Audit Committee has reviewed and discussed the Company's audited consolidated financial statements with management and BDO USA. In addition, the Audit Committee has discussed with BDO USA the matters required to be discussed by the Public Company Accounting Oversight Board's Auditing Standard No. 16, "Communications with Audit Committees," as currently in effect. In addition, the Audit Committee has received the written disclosures and the letter from BDO USA required by applicable Public Company Accounting Oversight Board rules regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with the independent accountants their independence. The Audit Committee has also considered whether the provision of any services discussed above in Item 3 under the caption "Ratification of Appointment of Independent Auditors – Audit and Non-Audit Fees" by BDO USA is compatible with maintaining BDO USA's independence.



The Board of Directors, in its business judgment, has determined that all three members of the Audit Committee are “independent,” as required by applicable listing standards of the Nasdaq Stock Market as currently in effect. Although the members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not experts in the fields of auditing or accounting (including in respect of auditor independence), the Board of Directors determined that each of Messrs. Gable and Miller does qualify as an “audit committee financial expert” as defined by Item 407(d)(5) of Regulation S-K. Members of the Audit Committee rely, without independent verification, on the information provided to them and on the representations made by management and BDO USA. Accordingly, the Audit Committee’s oversight does not provide an independent basis to determine that management has followed appropriate accounting and financial reporting principles or maintained appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee’s considerations and discussions referred to above do not assure that the audit of the Company’s financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Company’s auditors are “independent.”

Based on the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee Charter, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements of the Company be included in the Company’s Annual Report on Form 10-K for the year ended January 3, 2016 for filing with the Securities and Exchange Commission.

THE AUDIT COMMITTEE

Carl I. Gable (Chair)  
James B. Miller, Jr.  
Harold M. Paisner

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**SHAREHOLDER PROPOSALS**

Proposals of shareholders intended to be presented at the Company's 2017 annual meeting must be received by the Company no later than December 7, 2016, in order to be eligible for inclusion in the Company's Proxy Statement and form of Proxy for that meeting. In addition, in accordance with Article II, Section 9, of the Bylaws of the Company, proposals of shareholders intended to be presented at the Company's 2017 annual meeting, including in the case of a nominee for director, must be presented to the Board of Directors by no later than 90 days prior to that annual meeting, with such deadline for presentation of proposals estimated to be February 15, 2017.

**COMMUNICATING WITH THE BOARD**

Shareholders wishing to communicate with the Board of Directors may send communications via U.S. mail to the following address:

Chairman of the Board

Interface, Inc.

2859 Paces Ferry Road

Suite 2000

Atlanta, GA 30339

From time to time, the Board may change the process by which shareholders may communicate with the Board or its members. The Company's website, [www.interface.com](http://www.interface.com), will reflect any changes to the process.

Attendance of Board members at annual meetings is left to the discretion of each individual Board member. One Board member attended the 2015 annual meeting.

**"HOUSEHOLDING" OF PROXY MATERIALS**

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process, which is commonly referred to as “householding,” potentially provides extra convenience for shareholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single proxy statement to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, please notify your broker if your shares are held in a brokerage account or us if you hold shares as the registered holder. You can notify us by sending a written request to Interface, Inc., Attn: Secretary, 2859 Paces Ferry Road, Suite 2000, Atlanta, Georgia 30339.

#### **OTHER MATTERS THAT MAY COME BEFORE THE MEETING**

The Company knows of no matters other than those stated above that are to be brought before the meeting. However, if any other matter should be properly presented for consideration and voting, it is the intention of the persons named as proxies in the enclosed Proxy to vote the Proxy in accordance with their judgment of what is in the best interest of the Company.

By order of the Board of Directors

/s/ Raymond S. Willoch

Raymond S. Willoch

*Secretary*

March 31, 2016

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