

INTERFACE INC
Form DEF 14A
April 07, 2011

Table of Contents

**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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) 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):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:

- o Fee paid previously with preliminary materials.
 - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing:
 - (1) Amount previously paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing party:
 - (4) Date Filed:
-

Table of Contents

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 Thursday, May 23, 2011, at 3:00 p.m. Eastern Time, at the Vinings Club located at 2859 Paces Ferry Road, Atlanta, Georgia. The purposes of the meeting are:

Item	Recommended Vote
1. To elect ten members of the Board of Directors, four directors to be elected by the holders of the Company's Class A Common Stock and six directors to be elected by the holders of the Company's Class B Common Stock.	FOR
2. To hold an advisory vote on executive compensation, often referred to as a say on pay .	FOR
3. To hold an advisory vote on the frequency of future advisory votes on executive compensation, often referred to as a say when on pay .	EVERY THREE YEARS
4. To ratify the appointment of BDO USA, LLP (formerly BDO Seidman, LLP) as independent auditors for 2011.	FOR
5. Such other matters as may properly come before the meeting and at any adjournments of the meeting.	

The Board of Directors set March 30, 2011 as the record date for the meeting. This means that only shareholders of record at the close of business on March 30, 2011 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, of course, change or withdraw your Proxy at any time prior to the voting at the meeting.

By order of the Board of Directors

Raymond S. Willoch
Secretary

April 8, 2011

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.**

TABLE OF CONTENTS

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS

GENERAL INFORMATION

NOMINATION AND ELECTION OF DIRECTORS (ITEM 1)

CLASS A NOMINEES

CLASS B NOMINEES

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

PRINCIPAL SHAREHOLDERS AND MANAGEMENT STOCK OWNERSHIP

COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION COMMITTEE REPORT

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

EXECUTIVE COMPENSATION AND RELATED ITEMS

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

DIRECTOR INDEPENDENCE

EQUITY COMPENSATION PLAN INFORMATION

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

ADVISORY VOTE ON EXECUTIVE COMPENSATION (ITEM 2)

ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE
COMPENSATION (ITEM 3)

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS (ITEM 4)

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

AUDIT COMMITTEE REPORT

SHAREHOLDER PROPOSALS

COMMUNICATING WITH THE BOARD

HOUSEHOLDING OF PROXY MATERIALS

OTHER MATTERS THAT MAY COME BEFORE THE MEETING

Table of Contents

Interface, Inc.
2859 Paces Ferry Road, Suite 2000
Atlanta, Georgia 30339

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS

GENERAL INFORMATION

The Board of Directors of Interface, Inc. (the Company) is furnishing this Proxy Statement to solicit Proxies for Class A Common Stock and Class B 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 23, 2011. The Proxies also may be voted at any adjournments of the meeting. It is anticipated that this Proxy Statement will first be made available to shareholders on April 8, 2011.

The record of shareholders entitled to vote at the annual meeting was taken as of the close of business on March 30, 2011. On that date, the Company had outstanding and entitled to vote 58,130,983 shares of Class A Common Stock and 7,109,832 shares of Class B Common Stock. Except for (i) the election and removal of directors, and (ii) class votes as required by law or the Company's Articles of Incorporation, holders of both classes of Common Stock vote as a single class. In all cases, holders of Common Stock (of either class) are entitled to cast one vote per share.

Each Proxy for Class A Common Stock (Class A Proxy) or Class B Common Stock (Class B 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 (Class A or Class B, as the case may be) listed in this Proxy Statement under the caption Nomination and Election of Directors, (ii) for the resolution approving executive compensation, (iii) to hold an advisory vote on executive compensation every three years, and (iv) for the ratification of the appointment of BDO USA, LLP (formerly known as BDO Seidman, LLP) as independent auditors for 2011. 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 non-routine matters because its customer has not provided any voting instructions on the matter. Abstentions are the equivalent of a non-vote since (i) directors are elected by a plurality of the votes cast, (ii) the frequency of holding future advisory votes on executive compensation is approved, on an advisory basis, by a plurality of the votes cast, and (iii) other proposals are approved if the affirmative votes cast

exceed the negative votes cast. Broker non-votes are not counted for purposes of determining whether a proposal has been approved.

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 Inc., 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 will be \$7,500 (plus expenses).

Table of Contents

**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, the exact number of directors being established by action of the Board taken from time to time. The Board of Directors recently reduced the number of directors from 11 to 10. (Thomas R. Oliver (age 70), who has served on our Board since 1998, is retiring at the end of his term and not standing for re-election. The Board of Directors will consider adding, subsequent to the annual meeting of shareholders, a potential eleventh director.) The holders of Class B Common Stock are entitled to elect a majority (six) of the Board members. The holders of Class A Common Stock are entitled to elect the remaining (four) directors. 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, but in no event will any Class A Proxy be voted for more than four nominees or Class B Proxy be voted for more than six nominees. Each nominee is an incumbent director standing for re-election, and has consented to being named herein and to continue serving as a director if 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.

CLASS A NOMINEES

Name (Age)

Information

Dianne Dillon-Ridgley (59)

Ms. Dillon-Ridgley was elected to the Board in February 1997. Ms. Dillon-Ridgley has served as the U.N. Headquarters representative for the Center for International Environmental Law since 2005 and for the World YWCA from 1997 to 2004. She is the founding chair-emeritus of Plains Justice, a nonprofit organization that promotes sustainable economy through community partnerships across the Great Plains. She was appointed by President Clinton to the President's Council on Sustainable Development in 1994 and served as Co-Chair of the Council's International and Population/Consumption Task Forces until the Council's dissolution in June 1999. Ms. Dillon-Ridgley also serves on the boards of seven nonprofit organizations and on the Dean's Advisory Board for Auburn University's College of Human Sciences. Ms. Dillon-Ridgley brings leadership and diversity to the Board, particularly in the areas of sustainability and in relations with nongovernmental and nonprofit organizations as well as with minority-owned and women-owned business enterprises.

Dr. June M. Henton (71)

Dr. Henton was elected as a director in February 1995. Since 1985, Dr. Henton has served as Dean of the College of Human Sciences at Auburn University, which includes an Interior Design program. Dr. Henton also serves on the board of one nonprofit organization. Dr. Henton, who received her Ph.D. from the University of Minnesota, has provided leadership for a wide variety of professional, policy and civic

organizations and brings to the Board substantial academic experience in the field of interior environments. As a charter member of the Operating Board of the National Textile Center, Dr. Henton also has significant expertise in the integration of academic and research programs within our industry.

Table of Contents

Christopher G. Kennedy (47)

Mr. Kennedy was elected as a director in May 2000. He has been the President of MMPI (Merchandise Mart Properties, Inc., a subsidiary of Vornado Realty Trust based in Chicago, Illinois) since 2000. Since 1994, he has served on the Board of Trustees of Ariel Mutual Funds. Since 2009, Mr. Kennedy has served on the Board of Trustees of the University of Illinois (and currently is Chairman). Mr. Kennedy also serves on the boards of two nonprofit organizations and two charitable foundations. 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 of great value to the Board.

K. David Kohler (44)

Mr. Kohler was elected as a director in October 2006. Since April 2009, he has served as the President and Chief Operating 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 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 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.

Table of Contents

CLASS B NOMINEES

Name (Age)

Information

Ray C. Anderson (76)

Mr. Anderson founded Interface in 1973 and served as Chairman and Chief Executive Officer until his retirement as Chief Executive Officer and transition from day-to-day management in July 2001, at which time he became Interface's non-executive Chairman of the Board. He chairs the Executive Committee of the Board and remains available for policy level consultation on substantially a full time basis. Mr. Anderson was appointed by President Clinton to the President's Council on Sustainable Development in 1996 and served as Co-Chair until the Council's dissolution. He currently serves on the boards of 11 nonprofit organizations. As founder and Chairman of Interface, Mr. Anderson brings to the Board unique and extensive knowledge and experience from virtually all aspects of the Company since its formation. He also is one of the world's leading experts in the field of sustainability, which is of increasing importance in our industry and to our customers. His tenure also provides consistent leadership to the Board.

Edward C. Callaway (56)

Mr. Callaway was elected as a director in October 2003. Since November 2003, Mr. Callaway has served as Chairman and Chief Executive Officer of the Ida Cason Callaway Foundation, a nonprofit organization that owns the Callaway Gardens Resort and has an environmental mission of conservation, education and land stewardship. Mr. Callaway has served in various capacities at Crested Butte Mountain Resort and successor companies, including the capacities of President and Chief Executive Officer (1987 to 2003) and Chairman (2003), and currently serves as a director. Previously, Mr. Callaway was a certified public accountant at a national accounting firm. Mr. Callaway serves on the boards of two other nonprofit organizations. Mr. Callaway's extensive executive experience in the hospitality industry provides the Board with valuable insight into matters ranging from sales and marketing to customer service. His background also provides substantial financial expertise as well as a focus on environmental sustainability.

Carl I. Gable (71)

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 Internet Corporation, which was a publicly traded company, and as President and Chief Financial Officer of Interface from March 1984 to June 1985. Mr. Gable served as a director of 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 an extensive knowledge of the Company's business, and his tenure also provides consistent leadership to the Board.

Table of Contents

Daniel T. Hendrix (56)

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. Mr. Hendrix served as a director of Global Imaging Systems, Inc. from 2003 to 2007, and has served as a director of American Woodmark Corp. since May 2005. With his 26 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.

James B. Miller, Jr. (70)

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, Chairman of Fidelity Bank National Capital Markets, Inc. from 1992 to 2005, 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 American Software, Inc. since 2002, and currently serves on the boards of four private companies and six nonprofit organizations. 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.

Harold M. Paisner (71)

Mr. Paisner was elected as a director in February 2007. Mr. Paisner is Senior Partner of the law firm Berwin Leighton Paisner, LLP based in London, England. He currently is a member of the boards of FIBI Bank (UK) plc and Think London (the official inward investment agency of London, England), and serves as a Governor of Ben Gurion University of the Negev and as the Chairman of the Institute for Jewish Policy Research. He also is on the board of Puma High Income VCT plc, which is a fund that is publicly traded on the London Stock Exchange. Formerly, Mr. Paisner has served as a director of LINPAC Group Limited and Estates & Agency Holdings plc. Mr. Paisner brings to the Board the experience of leading a major law firm based in the United Kingdom, where a substantial portion of our European business is located. He has served as an advisor on corporate finance matters and mergers and acquisitions for large multinational clients, particularly in the manufacturing, retail and insurance sectors.

Table of Contents

Vote Required and Recommendation of Board

Under the Company's Bylaws, election of each of the four Class A nominees requires a plurality of the votes cast by the Company's outstanding Class A Common Stock entitled to vote and represented (in person or by proxy) at the meeting. Election of each of the six Class B nominees requires a plurality of the votes cast by the Company's outstanding Class B 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 CLASS A NOMINEES AND CLASS B NOMINEES LISTED ABOVE, AND PROXIES EXECUTED AND RETURNED OR VOTED BY TELEPHONE OR INTERNET WILL BE VOTED FOR EACH OF THE NOMINEES (CLASS A OR CLASS B, AS APPLICABLE) UNLESS CONTRARY INSTRUCTIONS ARE INDICATED.**

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors held five meetings during 2010. All of the 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 separate Chairman, Chief Executive Officer and Lead Independent Director. Mr. Anderson serves as Chairman, Mr. Hendrix serves as Chief Executive Officer, and Mr. Gable serves as Lead Independent Director. 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, we believe it is appropriate at the current time to have those positions separate in light Mr. Anderson's transition several years ago from day-to-day management of the Company while still remaining available for policy/board level consultation, and given Mr. Hendrix's day-to-day executive level management of the Company.

Because both our Chairman and Chief Executive Officers are employees of the Company and therefore not considered independent under applicable standards (see 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 coordinate the activities of the other non-management directors, and to 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 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.

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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 members of each committee:

Executive Committee	Audit Committee	Compensation Committee	Nominating & Governance Committee
Ray C. Anderson (Chair) Carl I. Gable Daniel T. Hendrix James B. Miller, Jr.	Carl I. Gable (Chair) Edward C. Callaway James B. Miller, Jr.	Thomas R. Oliver (Chair) K. David Kohler Harold M. Paisner	June M. Henton (Chair) Dianne Dillon-Ridgley Christopher G. Kennedy Thomas R. Oliver

Table of Contents

Executive Committee. The Executive Committee did not meet or act by unanimous written consent during 2010. 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 three times during 2010. 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 the three members of the Audit Committee 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.

Compensation Committee. The Compensation Committee met one time and acted by unanimous written consent four times during 2010. 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 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. 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 2010. The Nominating & Governance Committee assists the Board in reviewing and analyzing, and makes recommendations regarding, corporate governance matters. The Nominating & Governance Committee also 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. 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 &

Table of Contents

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).

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 below. 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.

Table of Contents**PRINCIPAL SHAREHOLDERS AND MANAGEMENT STOCK OWNERSHIP**

The following table sets forth, as of February 1, 2011 (unless otherwise indicated), beneficial ownership of each class 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 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.

Beneficial Owner (and Business Address of 5% Owners)	Title of Class	Amount and		Percent of Class A if Converted(2)
		Nature of Beneficial Ownership(1)	Percent of Class(1)	
Ray C. Anderson 2859 Paces Ferry Road, Suite 2000 Atlanta, Georgia 30339	Class A	18,000(3)	*	5.9%
	Class B	3,544,803(3)	46.9%	
Ariel Investments, LLC 200 E. Randolph Drive, Suite 2900 Chicago, Illinois 60601	Class A	6,503,250(4)(5)	11.3%	
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	Class A	4,128,173(4)(6)	7.2%	
Daruma Asset Management, Inc. and Mariko O. Gordon 80 West 40th Street, 9th Floor New York, New York 10018	Class A	4,214,810(4)(7)	7.4%	
FMR LLC and Edward C. Johnson III 82 Devonshire Street Boston, Massachusetts 02109	Class A	3,674,558(4)(8)	6.4%	
RidgeWorth Capital Management, Inc. 50 Hurt Plaza, Suite 1400 Atlanta, Georgia 30303	Class A	3,290,798(4)(9)	5.7%	
Select Equity Group, Inc., Select Offshore Advisors, LLC and George S. Loening 380 Lafayette Street, 6th Floor New York, New York 10003	Class A	3,213,847(4)(10)	5.6%	
Edward C. Callaway	Class A	0	*	*
	Class B	49,000(11)	*	
Robert A. Coombs	Class A	68,947	*	*
	Class B	239,480(12)	3.2%	
Dianne Dillon-Ridgley	Class A	203(13)	*	*
	Class B	29,000(13)	*	
Carl I. Gable	Class A	1,640(14)	*	*

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Daniel T. Hendrix	Class B	95,244(14)	1.3%	
	Class A	103,794	*	1.4%
June M. Henton	Class B	720,651(15)	9.5%	
	Class A	16,600	*	*
Christopher G. Kennedy	Class B	43,600(16)	*	
	Class A	50,223(17)	*	*
K. David Kohler	Class B	34,000(17)	*	
	Class A	7,000	*	*
Patrick C. Lynch	Class B	33,000(18)	*	
	Class A	72,863	*	*
	Class B	206,616(19)	2.7%	

Table of Contents

Beneficial Owner (and Business Address of 5% Owners)	Title of Class	Amount and		Percent of Class A if Converted(2)
		Nature of Beneficial Ownership(1)	Percent of Class(1)	
James B. Miller, Jr.	Class A	5,000	*	*
	Class B	34,000(20)	*	
Thomas R. Oliver	Class A	197,100	*	*
	Class B	17,500(21)	*	
Harold M. Paisner	Class A	12,000	*	*
	Class B	40,000(22)	*	
John R. Wells	Class A	185,528	*	*
	Class B	288,040(23)	3.8%	
Raymond S. Willoch	Class A	61,495(24)	*	*
	Class B	182,663(24)	2.4%	
All executive officers and directors as a group (17 persons)	Class A	827,063	1.4%	10.5%
	Class B	5,832,597(25)	77.2%	

* Less than 1%.

- (1) Shares of Class B Common Stock are convertible, on a share-for-share basis, into shares of Class A Common Stock. The number of Class A shares indicated as beneficially owned by each person or group does not include Class A shares such person or group could acquire upon conversion of Class B shares. Percent of Class is calculated assuming that the beneficial owner has exercised any conversion rights, options or other rights to subscribe held by such beneficial owner that are exercisable within 60 days (not including Class A shares that could be acquired upon conversion of Class B shares), and that no other conversion rights, options or rights to subscribe have been exercised by anyone else.
- (2) Represents the percent of Class A shares the named person or group would beneficially own if such person or group, and only such person or group, converted all Class B shares beneficially owned by such person or group into Class A shares.
- (3) Represents 18,000 Class A shares held by Mr. Anderson's wife, although Mr. Anderson disclaims beneficial ownership of such shares. Also includes 20,851 Class B shares that Mr. Anderson beneficially owns through the Company's 401(k) plan.
- (4) Based upon information included in statements as of December 31, 2010 provided to the Company and filed with the Securities and Exchange Commission by such beneficial owners.
- (5) All such shares are held by Ariel Investments, LLC (Ariel) for the accounts of investment advisory clients. Ariel, in its capacity as investment advisor, has sole voting power with respect to 6,302,560 of such shares and sole dispositive power with respect to 6,492,860 of such shares.
- (6) 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 Class A Common Stock.

- (7) All such shares are held by Daruma Asset Management, Inc. (Daruma) for the accounts of investment advisory clients. Mr. Gordon is the principal shareholder of Daruma. Daruma has sole voting power with respect to 1,702,200 of such shares and sole dispositive power with respect to all such shares.
- (8) FMR LLC is a parent holding company. Fidelity Management & Research Company (Fidelity), which is a wholly-owned subsidiary of FMR LLC and is a registered investment advisor, beneficially owns 3,659,988 shares of Class A Common Stock. Mr. Johnson and FMR LLC (through its control of Fidelity) and the Fidelity funds state that each has sole power to dispose of those 3,659,988 shares; however, none of them has sole power to vote or direct the voting of the shares, which power resides with the Boards of Trustees of the funds. Pyramis Global Advisors Trust Company, another subsidiary of FMR LLC that is a bank, is the beneficial owner of 14,570 shares of Class A Common Stock, over which the reporting persons have sole dispositive and voting power.
- (9) Includes shares beneficially owned by RidgeWorth Capital Management, Inc. as parent company for Ceredex Value Advisors LLC.
- (10) Select Equity Group, Inc. reported beneficial ownership of 2,475,682 shares, over which it has sole voting and dispositive power. Select Offshore Advisors, LLC reported beneficial ownership of 737,985 shares, over which it has sole voting and dispositive power. Mr. Loening, the controlling shareholder of those entities, may also be deemed to be the beneficial owner of those securities.

Table of Contents

- (11) Includes 4,500 restricted Class B shares, and 2,500 Class B shares that may be acquired by Mr. Callaway pursuant to exercisable stock options.
- (12) Includes 159,580 restricted Class B shares, and 50,000 Class B shares that may be acquired by Mr. Coombs pursuant to exercisable stock options.
- (13) Includes 103 Class A shares held by Ms. Dillon-Ridgley's son, although Ms. Dillon-Ridgley disclaims beneficial ownership of such shares. Also includes 4,500 restricted Class B shares, and 5,000 Class B shares that may be acquired by Ms. Dillon-Ridgley pursuant to exercisable stock options.
- (14) Includes 140 Class A shares held by Mr. Gable as custodian for his son. Includes 4,500 restricted Class B shares, and 10,000 Class B shares that may be acquired by Mr. Gable pursuant to exercisable stock options.
- (15) Includes 297,989 restricted Class B shares, 100,000 Class B shares that may be acquired by Mr. Hendrix pursuant to exercisable stock options, and 4,409 Class B shares beneficially owned by Mr. Hendrix pursuant to the Company's 401(k) plan.
- (16) Includes 4,500 restricted Class B shares, and 10,000 Class B shares that may be acquired by Dr. Henton pursuant to exercisable stock options.
- (17) Includes 4,500 restricted Class B shares, and 10,000 Class B 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 Class A shares held by Ariel Investments, LLC as investment advisor for Ariel Mutual Funds.
- (18) Includes 4,500 restricted Class B shares, and 22,500 Class B shares that may be acquired by Mr. Kohler pursuant to exercisable stock options.
- (19) Includes 156,616 restricted Class B shares, and 50,000 Class B shares that may be acquired by Mr. Lynch pursuant to exercisable stock options.
- (20) Includes 4,500 restricted Class B shares, and 10,000 Class B shares that may be acquired by Mr. Miller pursuant to exercisable stock options.
- (21) Includes 5,600 Class A shares held by Mr. Oliver's wife, although Mr. Oliver disclaims beneficial ownership of such shares. Also includes 4,500 restricted Class B shares, and 10,000 Class B shares that may be acquired by Mr. Oliver pursuant to exercisable stock options.
- (22) Includes 4,500 restricted Class B shares, and 25,000 Class B shares that may be acquired by Mr. Paisner pursuant to exercisable stock options.
- (23) Includes 215,166 restricted Class B shares, and 62,500 Class B shares that may be acquired by Mr. Wells pursuant to exercisable stock options.
- (24) Includes 140,163 restricted Class B shares, and 42,500 Class B shares that may be acquired by Mr. Willoch pursuant to exercisable stock options.

- (25) Includes 1,225,014 restricted Class B shares, and 470,000 Class B shares that may be acquired by all executive officers and directors as a group pursuant to exercisable stock options. Also includes 25,260 Class B shares that are beneficially owned through the Company's 401(k) plan.

Table of Contents

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 so as 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:

Program Component	Behavioral Focus	Ultimate Benefit to Company
Competitive base salary	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 individual performance and 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	Aligns individual interests with the long-term investment interests of

	designed to enhance overall shareholder value	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

Table of Contents

annual bonus program, the long-term incentive program, retirement benefits, deferred compensation arrangements, and, when applicable, special incentive programs.

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 & Partners 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. Occasionally, Pearl Meyer & Partners also may conduct a business performance review of our Company compared with other companies, to assist the Committee in making its compensation decisions.

The Committee also seeks compensation input from the Company's Chief Executive 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.

Table of Contents**Discussion of Principal Elements of Compensation Program*****Base Salaries***

The Committee generally strives to set base salaries at the market median (50th 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 and 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 to create the stock performance graph included in the Company's Annual Report on Form 10-K for the year ended January 2, 2011 (which graph is reproduced below for your reference).

**Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100**

	1/1/06	12/31/06	12/30/07	12/28/08	1/3/10	1/2/11
Interface, Inc.	\$ 100	\$ 173	\$ 201	\$ 63	\$ 104	\$ 197
NASDAQ Composite Index	\$ 100	\$ 110	\$ 123	\$ 71	\$ 107	\$ 126
Self-Determined Peer Group (13 Stocks)	\$ 100	\$ 104	\$ 101	\$ 40	\$ 58	\$ 80

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 1/1/06 (the last day of fiscal 2005).
- (5) The Company's fiscal year ends on the Sunday nearest December 31.
- (6) The following companies are included in the Self-Determined Peer Group depicted above: Actuant Corp.; Acuity Brands, Inc.; Albany International Corp.; BE Aerospace, Inc.; The Dixie Group, Inc.; Herman Miller, Inc.; HNI Corporation (formerly known as Hon Industries, Inc.); Kimball International, Inc.; Knoll, Inc. (beginning in March, 2005 upon trading commencement); 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. In this Proxy Statement, compensation for Named Executive Officers based outside the United States is reported in U.S. dollars based on the currency exchange rate in effect as of the end of each fiscal year, and therefore fluctuations in currency exchange rates may impact the reported amounts.

Table of Contents

Base salary adjustments for executive officers generally are made (if at all) annually and are dependent on the factors described above. The Named Executive Officers received no base salary increases during the period December 2007 through December 2010.

Please see the Summary Compensation Table included in this Proxy Statement for the base salaries of the Named Executive Officers in 2010.

Annual Bonuses

The Committee administers the shareholder-approved Executive Bonus Plan, which provides quarterly and annual 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 and, in some cases, individual performance goals. 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 in the third quartile (between the market 50th percentile and the market 75th percentile) for comparable companies, provided that the performance objectives are substantially achieved.

Each executive officer of the Company, including the Chief Executive Officer, is assigned a bonus potential (typically ranging between 65% and 110% of base salary), and a personalized set of quarterly and annual financial objectives. Actual awards can range from 0% to 125% of the bonus potential, depending on the degree to which the established financial objectives are achieved, and are paid on a quarterly and annual basis in the following manner:

Achievement of Objectives	Percentage of Bonus Opportunity Payable	Timing of Payment to Employee Participant
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

In 2010, 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 and Wells (who manages the Company's Americas floorcoverings business), these objectives consisted of growth in operating income and cash flow for operations managed, earnings per share and FLOR (consumer products division) gross billings, and the relative weights assigned to these financial objectives were 60%, 5%, 20% and 15%, respectively. For Messrs. Lynch and Willoch, these objectives consisted of growth in operating income, earnings per share and cash flow, and the relative weights assigned to these financial objectives were 60%, 20% and 20%, respectively. For Mr. Coombs (who manages the Company's Asia-Pacific floorcoverings business), the objectives were growth in operating income, gross billings and cash flow for operations managed and earnings per share, and the relative weights were 60%, 15%, 5% and 20%, respectively.

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 125% 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.

Table of Contents

For 2010, 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, although Messrs. Hendrix and Wells earned no bonus with respect to their objective based on growth in FLOR gross billings.

For fiscal year 2011, annual incentive awards are again based on the achievement of important corporate or business unit (division or subsidiary) financial performance. The annual incentive awards for 2011 are structured in a manner similar to the annual incentive awards in 2010, except that (1) for Mr. Hendrix and Mr. Wells, the relative weights for their financial objectives, which consist of operating income and cash flow for operations managed, FLOR gross billings and earnings per share, were adjusted to be 60%, 10%, 10% and 20%, respectively, and (2) for Mr. Coombs, the financial objectives are operating income and cash flow for operations managed and earnings per share, and the relative weights assigned to those financial objectives are 60%, 20% and 20%, respectively.

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 are met, and these performance criteria are designed to drive shareholder value. (As discussed below, 50% of the 2008 and 2010 awards are ineligible for time/retention vesting and are forfeited altogether if the performance criterion is not met. In addition, for the 2008 award, the shares that are eligible for time/retention vesting are reduced share-for-share by the number of shares that vest based on achievement of the performance criterion).

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, although the Committee, in its discretion, may permit limited transfers of awards to family members or for estate planning purposes.

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

Table of Contents

(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, although the Compensation Committee, in its discretion, may permit limited transfers of options to family members or for estate planning purposes.

Other Potential Awards

The Omnibus Stock Plan also provides for the award of stock appreciation rights, deferred shares, performance shares and performance units. To date, the Committee has not granted any of these types of awards.

Recent Omnibus Stock Plan Awards to Named Executive Officers

The long-term incentive awards made under the Omnibus Stock Plan in January 2008 to the Company's executive officers consisted of restricted stock grants with performance-based vesting and, with respect to a portion of such grants, tenure-based vesting. The 2008 awards were higher than the typical restricted stock awards in prior years because they were made pursuant to a three-year performance program applicable during 2008-2010. The 2008 awards are eligible to performance vest to the extent that the Company's earnings per share plus dividends exceeds a specified baseline threshold and reaches a target amount during the performance period (provided that a stated minimum level of operating income also is achieved). At the time of the awards, the Committee believed that a three-year performance period was appropriate because the Committee desired to focus this incentive award on longer-term performance. Fifty percent of each 2008 award is eligible to vest on the fifth anniversary of the grant date if the executive remains employed by the Company at that time, but the shares eligible to vest based on tenure of employment are reduced share-for-share by the number of shares that performance vest (such that if at least fifty percent of the shares performance vest there will be no shares eligible to time vest). The remaining fifty percent would be forfeited altogether if the performance criterion is not met. The 2008 awards originally provided that additional shares would be issued to the executives on a pro rata basis to the extent the performance target was exceeded during the three-year performance period.

The Committee established the baseline threshold for the 2008 awards at the level of the Company's actual earnings per share plus dividends for the prior year period (2007), such that none of the award would performance-vest if the Company failed to achieve some growth in earnings per share plus dividends. Accordingly, at the time of the awards, the Committee believed that the threshold level, while challenging, was reasonably likely to be achieved in normalized market conditions. The Committee established the target level at an amount that exceeded a 20% compound annual growth rate over the actual earnings per share plus dividends for the prior year period (2007), such that the target could be fully achieved or exceeded only with exceptional performance.

In January 2009, the Committee determined that an amendment of the awards was appropriate in response to the deteriorating market conditions brought on by the severe worldwide recession because otherwise the awards, based on obsolete targets, would have had no incentive value whatsoever (yet remain an expense for the Company). The amendment extended the performance period through the year 2012 (to allow some time for economic conditions to stabilize and begin recovering) and reduced the threshold (to a challenging but potentially achievable level that took into account the Company's forecasted decline in earnings per share plus dividends as a result of the worldwide financial and credit crisis) at which such restricted shares would begin to performance vest on a pro rata basis during the extended performance period. However, the performance target that must be achieved for vesting in the entirety of

the award remained unchanged, and the executive's opportunity to receive additional shares for exceeding that performance target was removed. To date, approximately 16% of the 2008 awards have vested, based entirely on 2010 performance.

As an additional performance incentive, each of the Named Executive Officers received an award of stock options in 2009. Each award vests one-half on the first two anniversaries of the grant date and has a term of ten years. The Committee believes these awards were appropriate in light of the decreased likelihood of vesting in the 2008 restricted stock awards described above, and to further align management and shareholder interests by granting awards focused directly on an increase in the Company's stock price.

In July 2010, each of the Named Executive Officers received an award of restricted stock, as described in the Grants of Plan-Based Awards table included in this Proxy Statement. The 2010 awards are eligible to performance vest to the extent that the Company's earnings per share plus dividends reaches specified target levels during a three-year performance period, with a special accelerated vesting opportunity based on 2010 earnings per share plus dividends. Fifty percent of any unvested shares from the 2010 award will vest on the third anniversary of the

Table of Contents

grant date if the executive remains employed by the Company at that time. The Committee believed these awards were appropriate because (1) due to the performance targets and multi-year nature of the 2008 awards and the subsequent economic downturn, the majority of those restricted shares had little chance of vesting, (2) the Named Executive Officers had received no increase in their respective base salaries for three years, and (3) the Company had performed well throughout the recent economic downturn. Substantially all of these shares vested based on the Company's 2010 performance.

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 these guidelines, executive officers are 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 by January 2009, and all executives have now met this target. 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.

Directors also are subject to stock ownership requirements. The directors who were serving when the requirements were adopted were required to accumulate at least 2,000 shares (unrestricted) by March 31, 2006, and any new director elected thereafter is required to accumulate at least 2,000 shares (unrestricted) by the second anniversary of his or her election. (All directors have met this stock ownership standard.) 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.

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, including, on occasion, special incentive programs to strengthen the alignment of our executive officers' interests with shareholder long-term interests. They are as follows:

- | | |
|--|----------------------------|
| 401(k) Plan and Superannuation Plan | Special Incentive Programs |
| Elective Deferred Compensation Program | Severance Agreements |
| Pension/Salary Continuation Programs | Perquisites |

401(k) Plan and Superannuation Plan

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. In 2008, the Company matched 50% of the first 6% of the employee's eligible compensation (capped by statutory limitations) that the employee contributed to the 401(k) Plan. In March 2009, however, in response to deteriorating market conditions and to help preserve cash, the Company match amount was reduced to 17% of the first 6% of the employee's eligible compensation (capped by statutory limits) that the employee contributed to the 401(k) Plan. Effective January 1, 2010, the Company match amount was restored to 50% of the first 6% of the employee's eligible compensation (capped by statutory limits) that the employee contributes to the 401(k) Plan.

Mr. Coombs, who is based in Australia, participates in a government-required defined contribution retirement plan called a superannuation plan. Pursuant to this plan, the Company contributes monthly to Mr. Coombs' superannuation account an amount equal to 9% of his monthly salary.

Table of Contents

Elective Deferred Compensation Program

The Company maintains the Interface, Inc. Nonqualified Savings Plan and Interface, Inc. Nonqualified Savings Plan II (collectively, 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. 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. In 2008, the Company matched 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. In March 2009, as with the 401(k) Plan match, the Company's Nonqualified Plan match amount was reduced to 17% 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. Effective January 1, 2010, the Company match amount was restored to 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.

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 2009 and 2010, 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 2010.

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 2, 2011. Only one of our executive officers, Mr. Lindsey Parnell, based in Europe, is a participant in a Pension Plan. 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 which 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

Table of Contents

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 full discretion in choosing participants and the benefits applicable to each. The Company's obligations under the Salary Continuation Plan are currently unfunded (although the Company uses insurance instruments to hedge its exposure thereunder); however, the Company is required to contribute the present value of its obligations thereunder to an irrevocable grantor 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 1997, 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.

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.

In January 2009, the Committee adopted a special incentive program that provided executive officers of the Company a bonus compensation opportunity based on the achievement of a key business performance objective. The performance objective was reduction in Company debt and/or accumulation of cash on the balance sheet in a specified amount by the end of fiscal year 2009. (The baseline was the fiscal 2008 year-end balance sheet, and a specified minimum amount of operating income must have been achieved as an additional condition to the bonus opportunity.) This performance objective was viewed as particularly important by the Committee in light of the Company's then-outstanding 10.375% Senior Notes which matured in February 2010. The target amount was set by the Committee at an amount such that, if achieved, the Company would have had sufficient liquidity, considering its cash on hand, borrowing availability, and cash generated during 2009, to pay off the 10.375% Senior Notes while still funding forecasted capital expenditures and working capital, with the threshold being set at approximately two-thirds of the target amount. Given the relatively large balance of 10.375% Senior Notes outstanding at the time the program was adopted, the Committee believed the target could be fully achieved only with exceptional performance. The potential payout to each executive officer for achievement of the performance objective was set at a cash amount equaling 50% to 100% of the officer's respective base salary, depending on the extent (pro rata) to which the specified threshold is exceeded and the specified target is achieved. The potential aggregate payout to the executive officers as a group for achieving the objective ranged from approximately \$1.4 million (for achieving the threshold amount) to approximately \$2.8 million (for achieving the target amount or more). Any bonus paid under this program is excluded

from any severance benefits available to the officer in case of termination (except in case of termination following a change in control of the Company), and also is excluded from the final average earnings formulas of Salary Continuation Agreements and all other applicable retirement or pension plans. During 2009, the performance objective was met to an extent that entitled each executive officer to a bonus amount equaling 50% of base salary. However, in light of economic conditions and the salary freeze then in effect at the Company, the executive officers voluntarily agreed to reduce the bonus amount actually paid by one-half.

No special incentive programs were applicable during 2010.

Table of Contents

Severance Agreements

The Company has substantially similar Employment and Change in Control Agreements in effect with each of Messrs. Hendrix, Lynch, Wells and Willoch, and has two employment agreements in effect with Mr. Parnell covering his activities (i) within and (ii) outside of the United Kingdom. (Mr. Coombs is not a party to an employment or change in control agreement.) 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.

For Messrs. Hendrix, Lynch, Wells and Willoch, these agreements 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 2010 included the following:

Company-provided automobile/allowance	Company-provided telephone
Health club dues	Long-term care insurance
Tax return preparation services	Split dollar insurance agreement (for Mr. Hendrix only)

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.

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.

Table of Contents

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 2011 Proxy Statement and incorporated by reference into the Company's Annual Report on Form 10-K for the year ended January 2, 2011, filed with the Securities and Exchange Commission.

THE COMPENSATION COMMITTEE

Thomas R. Oliver (Chair)
K. David Kohler
Harold M. Paisner

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.

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.

**Change in
Pension**