

INTERFACE INC  
Form 424B2  
November 07, 2006

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**Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-134168**

**PROSPECTUS SUPPLEMENT  
(To Prospectus Dated May 15, 2006)**

**5,000,000 Shares**

**Class A Common Stock  
\$14.65 per share**

We are selling 5,000,000 shares of our Class A common stock. We have granted the underwriters an option to purchase up to 750,000 additional shares of Class A common stock to cover over-allotments.

Our Class A common stock is quoted on the Nasdaq Global Market under the symbol IFSIA . The last reported sale price for our Class A common stock on the Nasdaq Global Market on November 6, 2006 was \$14.79 per share.

**Investing in our common stock involves risks. See Risk Factors beginning on page 10.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<b>Per Share</b>	<b>Total</b>
Public Offering Price	\$ 14.6500	\$ 73,250,000
Underwriting Discount	\$ 0.8424	\$ 4,211,875
Proceeds to Interface (before expenses)	\$ 13.8076	\$ 69,038,125

The underwriters expect to deliver the shares to purchasers on or about November 10, 2006.

**Citigroup**

**Raymond James**

**Stifel Nicolaus**

**SunTrust Robinson Humphrey**

**BB&T Capital Markets**

**November 6, 2006**

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This prospectus supplement is part of a registration statement that we filed with the Securities and Exchange Commission, using a shelf registration process. Under this shelf process, we may sell any combination of the securities described in the registration statement in one or more offerings. We have provided to you in this prospectus supplement a description of the common stock we are now offering. Unless the context indicates otherwise, all references in this prospectus supplement to we, our, us, or the company refer to Interface, Inc. and its subsidiaries on a consolidated basis.

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**You should rely only on the information contained or incorporated by reference in this prospectus supplement or the documents to which we have referred you or information that is contained in any free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to provide you with information that is different from such information. If anyone provides you with different information, you should not rely on it. We have not, and the underwriters have not, authorized anyone to provide you with different information. We, and the underwriters, are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained or incorporated by reference in this prospectus supplement is accurate only as of the date of each document regardless of the time of delivery of this prospectus supplement or any sale of these securities. In case there are any differences or inconsistencies between this prospectus supplement and the information incorporated by reference, you should rely on the information in the document with the latest date.**

**References to our website have been provided for textual reference only, and information on our website does not constitute part of this prospectus supplement. This prospectus supplement is not an offer to sell or the**

**solicitation of an offer to buy our common stock in any circumstances or jurisdiction where the offer or sale is not permitted.**

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**SUMMARY**

*This summary contains basic information about us and this offering. Because it is a summary, it does not contain all the information that you should consider before investing. You should read the entire prospectus supplement carefully, including the section entitled Risk Factors and our financial statements and the accompanying notes incorporated by reference into this prospectus supplement.*

**The Company**

We are the worldwide leader in design, production and sales of modular carpet. Our global market share of the specified carpet tile segment is approximately 35%, which we believe is more than double that of our nearest competitor. In recent years, modular carpet sales growth in the floorcovering industry has significantly outpaced the growth of the overall industry, as architects, designers and end users increasingly recognized the unique and superior attributes of modular carpet, including its dynamic design capabilities, greater economic value (which includes lower costs as a result of reduced waste in both installation and replacement), and installation ease and speed. Our Modular Carpet segment sales, which do not include modular carpet sales in our Bentley Prince Street segment, grew from \$442 million to \$646 million during the 2002 to 2005 period, representing a 13.5% compound annual growth rate.

We are also a leading manufacturer and marketer of other products for the commercial interiors industry, including broadloom carpet, panel fabrics and upholstery fabrics. Our *Bentley Prince Street*<sup>®</sup> brand is the leader in the high-end, designer-oriented sector in the broadloom market segment, where custom design and high quality are the principal specifying and purchasing factors. Our Fabrics Group includes the leading U.S. manufacturer of panel fabrics for use in open plan office furniture systems, with a market share we believe to be approximately 50%, and the leading manufacturer of contract upholstery fabrics sold to office furniture manufacturers in the United States, with a market share we believe to be approximately 30%.

As a global company with a reputation for high quality, reliability and premium positioning, we market products in over 100 countries under established brand names such as *InterfaceFLOR*<sup>®</sup>, *Heuga*<sup>®</sup>, *Bentley Prince Street* and *FLOR*<sup>™</sup> in modular carpet; *Bentley Prince Street* and *Prince Street House and Home*<sup>™</sup> in broadloom carpet; *Guilford of Maine*<sup>®</sup>, *Chatham*<sup>®</sup> and *Terratex*<sup>®</sup> in interior fabrics and upholstery products; and *Intersept*<sup>®</sup> in antimicrobial chemicals. Our principal geographic markets are the Americas, Europe and Asia-Pacific, where our sales were approximately 62%, 31% and 7%, respectively, of total net sales for fiscal year 2005.

Capitalizing on our leadership in modular carpet for the corporate office segment, we embarked on a segmentation strategy in 2001 to increase our presence and market share for modular carpet sales in non-corporate office market segments, such as government, healthcare, hospitality, education and retail space, which combined are almost twice the size of the approximately \$1 billion U.S. corporate office segment. In 2003, we expanded our segmentation strategy to target the approximately \$11 billion U.S. residential market segment for carpet. As a result, our mix of corporate office versus non-corporate office modular carpet sales in the Americas shifted to 48% and 52%, respectively, for the first six months of 2006 compared to 64% and 36%, respectively, in 2001. We believe the appeal and utilization of modular carpet is reaching a tipping point of acceptance in each of these non-corporate office segments, and we are using our considerable skills and experience with designing, producing and marketing modular products that make us the market leader in the corporate office segment to support and facilitate our penetration into these new segments around the world.

Our modular carpet leadership, strong business model and segmentation strategy, implementation of strategic restructuring initiatives we commenced in 2000, and sustained strategic investments in innovative product concepts

and designs enabled us to weather successfully the unprecedented downturn, both in severity and duration, that affected the commercial interiors industry from 2001 to 2003. As a result, we were well-positioned to capitalize on improved market conditions when the commercial interiors industry began to recover in 2004. From 2003 to 2005, we increased our net sales from \$766.5 million to



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\$985.8 million, a 13.4% compound annual growth rate. We increased our net sales from \$481.3 million in the first six months of 2005 to \$509.3 million in the first six months of 2006, notwithstanding the April 2006 sale of our European fabrics business, which had net sales of \$62.8 million in 2005. We expect further improvements in net sales and other related value measurements as we build upon our core strengths and strategies.

### ***Our Strengths***

Our principal competitive strengths include:

*Market Leader in Attractive Modular Carpet Segment.* We are the world's leading manufacturer of carpet tile with a market share in the specified carpet tile segment (which is the segment where architects and designers are heavily involved in specifying, or selecting, the carpet) of approximately 35%, which we believe is more than double that of our nearest competitor. Modular carpet has become more prevalent across all commercial interiors markets as designers, architects and end users become more familiar with its unique attributes. We are driving this trend with our product innovations and designs discussed below, and we expect that this trend will continue. According to the 2006 *Floor Focus* interiors industry survey of the top 250 designers in the United States, carpet tile was ranked as the number one hot product for the eighth consecutive year. We believe that we are well positioned to lead and capitalize upon the continued shift to modular carpet both domestically and around the world.

*Established Brands and Reputation for Quality, Reliability and Leadership.* Our products are known in the industry for their high quality, reliability and premium positioning in the marketplace. Our established brand names in carpets and interior fabrics are leaders in the industry. The 2006 *Floor Focus* survey ranked an Interface brand first or second in each of the five survey categories for carpet: design, quality, service, performance and value. Interface companies also ranked first and fourth in the category of best overall business experience for carpet companies in this survey. On the international front, *Heuga* is one of the well recognized brand names in carpet tiles for commercial, institutional and residential use. *Guilford of Maine*, *Chatham* and *Terratex* are leading brand names in their respective markets for commercial interior fabrics. More generally, as the appeal and utilization of modular carpet continues to expand into new market segments such as education, hospitality and retail space, our reputation as the inventor and pioneer of modular carpet as well as our established brands and leading market position for modular carpet in the corporate office segment will enhance our competitive advantage in marketing to the customers in these new markets.

*Innovative Product Design and Development Capabilities.* Our product design and development capabilities have long given us a significant competitive advantage, and they continue to do so as modular carpet's appeal and utilization expand across virtually every market segment and around the globe. One of our best design innovations is our *i2<sup>tm</sup>* modular product line, which includes our popular *Entropy*<sup>®</sup> product for which we received a patent in 2005 on the key elements of its design. The *i2* line introduced and features random patterning designs (which allow for mergeable dye lots and permit initial installation and replacement without regard to the directional orientation of the carpet tiles), cost-efficient installation and maintenance, interactive flexibility, and recycled and recyclable materials. Our *i2* line of products, which now comprises more than 30% of our total U.S. modular carpet business, represents a differentiated category of smart, environmentally sensitive and stylish modular carpet, and *Entropy* has become the fastest growing product in our history. The award-winning design firm David Oakey Designs, Inc. had a pivotal role in developing our *i2* product line, and our long-standing exclusive relationship with David Oakey Designs remains vibrant and augments our internal research, development and design staff. Another recent innovation is our patent-pending *TacTiles<sup>tm</sup>* carpet tile installation system, which uses small squares of adhesive plastic film to connect intersecting carpet tiles, thus eliminating the need for traditional carpet adhesive resulting in a reduction in installation time and waste materials.

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*Make-to-Order and Global Manufacturing Capabilities.* The success of our modernization and restructuring of operations over the past several years gives us a distinct competitive advantage in meeting two principal requirements of the specified products markets we primarily target – that is, providing custom samples quickly and on-time delivery of customized final products. We also can generate realistic digital samples that allow us to create a virtually unlimited number of new design concepts and distribute them instantly for customer review, while at the same time reducing sampling waste. Approximately 85% of our modular carpet products in the United States and Asia-Pacific markets are now made-to-order and we are increasing our made-to-order production in Europe as well. Our make-to-order capabilities not only enhance our marketing and sales, they significantly improve our inventory turns. Our global manufacturing capabilities in modular carpet production are an important component of this strength, and give us an advantage in serving the needs of multinational corporate customers that require products and services at various locations around the world. Our manufacturing locations across four continents enable us to compete effectively with local producers in our international markets, while giving international customers more favorable delivery times and freight costs.

*Recognized Global Leadership in Ecological Sustainability.* Our long-standing goal and commitment to be ecologically sustainable – that is, the point at which we are no longer a net taker from the earth and do no harm to the biosphere – has emerged as a competitive strength for our business and remains a strategic initiative. It now includes *Mission Zero*<sup>™</sup>, our recently launched global branding initiative, which represents our mission to eliminate any negative impact our companies may have on the environment by the year 2020. Our acknowledged leadership position and expertise in this area resonate deeply with many of our customers and prospects around the globe, and provide us a differentiating advantage in competing for business among architects, designers and end users of our products, who increasingly make purchase decisions based on green factors. The 2006 *Floor Focus* survey, which named us the top company among the Green Leaders and gave our carpet tile the top honors for Green Kudos, found that 74% of such designers consider sustainability an added benefit and 20% consider it a make or break issue when deciding what products to recommend or purchase.

*Strong Operating Leverage Position.* Our operating leverage, which we define as our ability to realize profit on incremental sales, is strong and allows us to increase earnings at a higher rate than our rate of increase in net sales. Our operating leverage position is primarily a result of (1) the specified, high-end nature and premium positioning of our principal products in the marketplace, and (2) the mix of fixed and variable costs in our manufacturing processes that allows us to increase production of most of our products without significant incremental increases in fixed costs. For example, while net sales from our Modular Carpet segment increased from \$442.3 million in 2002 to \$646.2 million in 2005, our operating income from that segment increased from \$42.0 million (9.5% of net sales) in 2002 to \$77.4 million (12.0% of net sales) in 2005.

*Experienced and Motivated Management and Sales Force.* An important component of our competitive position is the quality of our management team and its commitment to developing and maintaining an engaged and accountable work force. Our team is highly skilled and dedicated to guiding our overall growth and expansion into our targeted market segments, while maintaining our leadership in traditional markets and our high contribution margins. We utilize an internal marketing and predominantly commissioned sales force of approximately 660 experienced personnel, stationed at over 70 locations in over 30 countries, to market our products and services in person to our customers. We have also developed special features for our incentive compensation and our sales and marketing training programs in order to promote performance and facilitate leadership by our executives in strategic areas.

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### ***Our Business Strategy and Principal Initiatives***

Our business strategy is (1) to continue to use our leading position in the modular carpet segment and our product design and global make-to-order capabilities as a platform from which to drive acceptance of modular carpet products across industry segments, while maintaining our leadership position in the corporate office market segment, and (2) to return to our historical profit levels in the high-end, designer-oriented sector of the broadloom carpet market and in the interior fabrics market. We will seek to increase revenues and profitability by capitalizing on the above strengths and pursuing the following key strategic initiatives:

*Continue to Penetrate Non-Corporate Office Market Segments.* In both our floorcoverings and fabrics businesses, we will continue our focus on product design and marketing and sales efforts on non-corporate office market segments such as government, education, healthcare, hospitality, retail and residential space. We began this initiative as part of our market segmentation strategy in 2001 primarily to reduce our exposure to the more severe economic cyclicity of the corporate office segment, and we have shifted our mix of corporate office versus non-corporate office modular carpet sales in the Americas to 48% and 52%, respectively, for the first six months of 2006 from 64% and 36%, respectively, in fiscal 2001. To implement this strategy, we:

introduced specialized product offerings tailored to the unique demands of these segments, including specific designs, functionalities and prices;

created special sales teams dedicated to penetrating these segments at a high level, with a focus on specific customer accounts rather than geographic territories; and

realigned incentives for our corporate office segment sales force generally in order to encourage their efforts, and where appropriate, to assist our penetration of these other segments.

As part of this strategy, we launched our *FLOR* and *Prince Street House and Home* lines of products in 2003 to focus on the approximately \$11 billion U.S. residential carpet market segment. These products were specifically created to bring high style modular and broadloom floorcovering to the U.S. residential market. *FLOR* is offered in over 1,200 Lowe's stores, many specialty retailers, over the Internet and in a number of major retail catalogs. Through such direct and indirect retailing, *FLOR* sales have grown dramatically, more than doubling from 2004 to 2005. *Prince Street House and Home* brings new colors and patterns to the high-end consumer market with a collection of broadloom carpet and rugs sold through hundreds of retail stores and interior designers. Through a new agreement between our *FLOR* brand and Martha Stewart Living Omnimedia, we expect to further our penetration of the U.S. residential market with a line of Martha Stewart-branded carpet tiles that we anticipate offering in the second half of 2007. Through our Heuga Home division, we have been marketing modular carpet to the residential segment in select international markets since 2003. We plan to increase our focus on such international residential soft floorcovering markets, the size of which we believe to be approximately \$2.3 billion in Western Europe alone.

In our fabrics business, we successfully penetrated the automotive fabrics market in the fourth quarter of 2005, receiving our first order for product. We believe this new market for our fabrics products has significant potential for growth and profitability for our U.S. fabrics business.

*Penetrate Expanding Geographic Markets for Modular Products.* The popularity of modular carpet continues to increase compared with other floorcovering products across most markets, internationally as well as in the United States. While maintaining our leadership in the corporate office segment, we will continue to build upon our position as the worldwide leader for modular carpet in order to promote sales in all market segments globally. A principal part of our international focus which utilizes our global marketing capabilities and sales infrastructure is the significant opportunities in several emerging geographic markets for modular carpet. Some of these markets, such as China, India

and Eastern Europe, represent large and growing economies that are essentially new markets for modular carpet products. Others, such as Germany, are established markets that are transitioning to the use of modular products from historically low levels of penetration by modular carpet. Each of these emerging markets represents a

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significant growth opportunity for our modular carpet business. Our initiative to penetrate these markets will include drawing upon our internationally recognized *Heuga* brand. For example, we successfully introduced a mid-priced *Heuga* brand into Asia in 2003, and we plan similar products for other regions while also marketing products based on our *i2* line.

*Continue to Minimize Expenses and Invest Strategically.* We have steadily trimmed costs from our operations for several years through multiple and sometimes painful initiatives, which has made us leaner today and for the future. Our historical supply chain and other cost containment initiatives have improved our cost structure and yielded the operating efficiencies we sought. While we still seek to minimize our expenses in order to increase profitability, we will also take advantage of strategic opportunities to invest in systems, processes and personnel that can help us grow our business and increase profitability and value.

*Sustain Leadership in Product Design and Development.* As discussed above, our leadership position for product design and development is a competitive advantage and key strength, especially in the modular carpet segment, where our *i2* products and recent *TacTiles* installation system have confirmed our position as an innovation leader. We will continue initiatives to sustain and augment that strength, and to capitalize upon it to continue to increase our market share in targeted market segments. Our *Mission Zero* global branding initiative, which draws upon and promotes our ecological sustainability commitment, is part of those initiatives and includes placing our *Mission Zero* logo on many of our marketing and merchandising materials distributed throughout the world.

**Recent Developments**

On October 25, 2006, we announced our unaudited operating results for the quarter and nine months ended October 1, 2006.

Net sales in the 2006 third quarter rose 11.0% to \$270.6 million from \$243.9 million in the year ago period. As previously announced, we sold our European fabrics business during the 2006 second quarter. Excluding sales from this business in both periods, our net sales for the 2006 third quarter were \$270.6 million, a 18.4% increase compared with \$228.5 million in the third quarter of 2005. We increased our net sales in the nine months ended October 1, 2006, by 7.6% to \$779.9 million from \$725.2 million in the year ago period. Excluding sales from our divested European fabrics business in both periods, our net sales for the nine-month period were \$762.6 million, a 12.6% increase compared with \$677.1 million in the first nine months of 2005.

Operating income for the 2006 third quarter was \$25.0 million, versus \$20.5 million in the year ago period, an increase of 21.9%. Excluding results from the European fabrics business in both periods, operating income for the third quarter of 2006 was \$25.0 million, versus operating income of \$19.6 million a year ago, an increase of 27.6%. Operating income for the first nine months of 2006 was \$42.8 million, versus operating income of \$58.9 million in the first nine months of 2006. Excluding the results of the European fabrics business from both periods and one-time items during the 2006 period (the one-time items in 2006 were a charge for impairment of goodwill of \$20.7 million, restructuring charges of \$3.3 million, and a loss of \$1.7 million on the divestiture of the European fabrics business), operating income in the 2006 nine-month period was \$67.4 million, versus \$56.5 million a year ago, an increase of 19.3%.

Net income for the 2006 third quarter was \$9.1 million, or \$0.17 per diluted share, versus net income of \$5.1 million, or \$0.10 per diluted share in the third quarter a year ago, an increase of 78.4%. For the 2006 nine-month period, we reported a net loss of \$2.1 million, or \$0.04 per diluted share, versus a net loss of \$4.5 million, or \$0.08 per diluted share in the 2005 nine-month period. Included in our results for the first nine months of 2006 are an impairment of goodwill of \$20.7 million (or \$0.39 per diluted share after tax), restructuring charges of \$3.3 million (or \$0.04 per diluted share after tax), a loss on the divestiture of the European fabrics business of \$1.7 million (or \$0.03 per diluted

share after tax), and other expenses of \$0.9 million (or \$0.01 per diluted share after tax) for premiums paid in connection with our repurchase of \$38.5 million of our 7.30% Senior Notes due 2008. Our results for the first nine months of 2005 included a loss from discontinued operations of \$14.7 million (or \$0.28 per diluted share after tax), a loss on disposal of discontinued operations of \$1.9 million (or \$0.03 per diluted share after tax), and a tax charge related to the repatriation of foreign earnings of approximately \$1.6 million (or \$0.03 per diluted share).

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Our order growth during the third quarter reflects a 20% increase over the level for the comparable period in 2005, to \$287.0 million from \$240.1 million, and is the highest level achieved for any quarter since 2000. Our backlog of unshipped orders (excluding discontinued operations and the divested European fabrics business) was approximately \$132.1 million at October 1, 2006, compared with approximately \$98.7 million at October 2, 2005.

Between July 2, 2006 and November 6, 2006, we have repurchased \$7.7 million of our 7.30% Senior Notes due 2008.

Our reconciliation of the above non-GAAP performance measures to their respective comparable GAAP performance measures (and related discussion of why we use these non-GAAP measures) is provided in our Form 8-K (and filed pursuant to Item 8.01 thereof) dated October 25, 2006, which reconciliation and discussion are incorporated herein by reference. See Incorporation by Reference . The reconciliation and discussion are also available on the investor relations portion of our Internet website at <http://www.interfaceinc.com>.

Interface, Inc., a Georgia corporation, began operations in 1973. Our principal offices are located at 2859 Paces Ferry Road, Suite 2000, Atlanta, Georgia 30339, where our telephone number is (770) 437-6800.

In this prospectus supplement, we use (without the ownership notation after the initial use) several of our trademarks including: *Bentley Prince Street*<sup>®</sup>, *B&W*<sup>™</sup>, *Chatham*<sup>®</sup>, *Cool Blue*<sup>™</sup>, *Entropy*<sup>®</sup>, *Fatigue Fighter*<sup>®</sup>, *FLOR*<sup>™</sup>, *FR-701*<sup>®</sup>, *GlasBac*<sup>®</sup>, *GlasBac Re*, *Guilford*<sup>®</sup>, *Guilford of Maine*<sup>®</sup>, *Heuga*<sup>®</sup>, *i2*<sup>™</sup>, *Intercell*<sup>®</sup>, *InterfaceFLOR*<sup>®</sup>, *Intersept*<sup>®</sup>, *Mad About Plaid*<sup>™</sup>, *Mission Zero*<sup>™</sup>, *NexStep*<sup>®</sup>, *Prince Street House and Home*<sup>™</sup>, *Proscenium*<sup>™</sup>, *Re:Source*<sup>®</sup>, *TacTiles*<sup>™</sup>, *TekSolutions*<sup>®</sup> and *Terratex*<sup>®</sup>. All brand names or other trademarks appearing in this prospectus supplement are the property of their respective holders.

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**The Offering**

Class A common stock offered 5,000,000 shares

Shares to be outstanding after the offering:

Class A common stock 53,092,710 shares

Class B common stock 6,739,262 shares

59,831,972 shares

Use of proceeds We intend to use the net proceeds that we receive from this offering to repay some of our outstanding debt and may use a portion of such proceeds for general corporate purposes.

Nasdaq Global Market symbol IFSIA

The number of shares that will be outstanding after this offering is based on 48,092,710 shares of Class A common stock and 6,739,262 shares of Class B common stock outstanding as of November 3, 2006, and excludes shares issuable upon the exercise of the underwriters' option to purchase 750,000 additional shares of Class A common stock to cover over-allotments and 1,843,125 shares of common stock (which may be Class A or Class B common stock) reserved for issuance upon the exercise of outstanding stock options granted pursuant to our stock incentive plans.



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We derived the summary consolidated financial data presented below from our audited consolidated financial statements and the notes thereto for the years indicated and our unaudited interim consolidated financial statements and the notes thereto for the six-month periods indicated. In our opinion, the unaudited financial information contains all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of operations for such periods. The results for the six months ended July 2, 2006, may not be indicative of results to be achieved for the entire fiscal year. You should read the summary financial data presented below together with those audited and unaudited consolidated financial statements and the notes thereto, which are included in our Annual Report on Form 10-K for the year ended January 1, 2006, and our Quarterly Report on Form 10-Q for the quarter ended July 2, 2006, respectively, both of which are incorporated by reference into this prospectus supplement.

In addition to other information discussed there, you should note that, in the fourth quarter of 2002, we decided to discontinue the operations related to our U.S. raised access flooring business. Substantially all of the assets related to these operations were sold in the third quarter of 2003. In the third quarter of 2004, we also decided to discontinue the operations related to our *Re:Source*<sup>®</sup> dealer businesses, as well as the operations of a small Australian dealer business and a small residential fabrics business. In the second quarter of 2006, we sold our European fabrics business. In connection with the sale, we recorded a pre-tax non-cash charge of \$20.7 million for the impairment of goodwill in the first quarter of 2006, and we recorded a \$1.7 million loss on that divestiture in the second quarter of 2006. For the first quarter of 2006, the European fabrics business generated revenue of \$17.3 million and an operating loss (after the \$20.7 million goodwill impairment charge) of \$19.6 million. The balances have been adjusted to reflect the discontinued operations of these businesses (but not the European fabrics divestiture).

	As of and For the Year Ended					As of and For the Six Months Ended	
	December 30, 2001	December 29, 2002	December 28, 2003	January 2, 2005	January 1, 2006	July 3, 2005	July 2, 2006
	(In thousands, except per share amounts)						
<b>Statement of Operations</b>							
<b>Data:</b>							
Net sales	\$ 875,881	\$ 745,317	\$ 766,494	\$ 881,658	\$ 985,766	\$ 481,260	\$ 509,312
Cost of sales	613,859	522,119	543,251	616,297	681,069	332,893	349,163
Operating income(1)	4,494	24,889	31,351	60,742	82,001	38,393	17,771
Income (loss) from continuing operations	(21,769)	(10,605)	(8,012)	6,440	17,966	6,863	(11,176)
Loss from discontinued operations	(14,518)	(21,679)	(16,420)	(58,815)	(14,791)	(14,525)	(27)
Loss on disposal of discontinued operations			(8,825)	(3,027)	(1,935)	(1,935)	
Cumulative effect of a change in accounting principle(2)		(55,380)					
Net income (loss)	(36,287)	(87,664)	(33,257)	(55,402)	1,240	(9,597)	(11,203)
Income (loss) from continuing operations per common share							
Basic	\$ (0.43)	\$ (0.21)	\$ (0.16)	\$ 0.13	\$ 0.35	\$ 0.13	\$ (0.21)

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Diluted	(0.43)	(0.21)	(0.16)	0.12	0.34	0.13	(0.21)
Average Shares Outstanding							
Basic	50,099	50,194	50,282	50,682	51,551	51,362	52,995
Diluted	50,099	50,194	50,282	52,171	52,895	52,622	52,995

**Statement of Cash Flows**

**Data:**

Depreciation and amortization(3)	\$ 40,369	\$ 32,684	\$ 34,141	\$ 33,336	\$ 31,455	\$ 16,194	\$ 15,931
Capital expenditures(4)	26,424	14,022	16,203	15,783	25,478	5,832	16,083

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	As of and For the Year Ended					As of and For the Six Months Ended	
	December 30, 2001	December 29, 2002	December 28, 2003	January 2, 2005	January 1, 2006	July 3, 2005	July 2, 2006

(In thousands)

**Balance Sheet****Data:**

Cash and cash equivalents	\$ 788	\$ 23,557	\$ 2,890	\$ 22,164	\$ 51,312	\$ 22,441	\$ 27,347
Working capital	291,132	275,075	247,725	228,842	209,512	217,076	204,799
Total assets	954,754	852,048	879,670	869,798	838,990	855,348	814,238
Total long-term debt(5)	448,494	445,000	445,000	460,000	458,000	469,824	428,823
Total shareholders equity	302,475	224,171	218,733	194,178	172,076	164,149	179,941

**Segment Data:**