

SECURITIES AND EXCHANGE COMMISSION

FORM S-4/A

Registration of securities issued in business combination transactions [amend]

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FILER

INTERFACE INC

CIK: **715787** | IRS No.: **581451243** | State of Incorpor.: **GA** | Fiscal Year End: **1231**
Type: **S-4/A** | Act: **33** | File No.: **033-74076** | Film No.: **94514137**
SIC: **2273** Carpets & rugs

Business Address
*ORCHARD HILL RD
P O BOX 1503
LAGRANGE GA 30241
4043196471*

File No. 33-74076

As filed with the Securities and Exchange Commission on
March 1, 1994.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2 TO

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INTERFACE, INC.

(Exact name of issuer as specified in its charter)

Georgia	2273	58-1451243
(State or other	(Primary Standard	(I.R.S. Employer
jurisdiction of	Industrial	Identification
organization)	Classification	Number)
	Code Number)	

Orchard Hill Road
P.O. Box 1503
LaGrange, Georgia 30241
(706) 882-1891

(Address, including zip code, and telephone number, including
area code, of issuer's principal executive offices)

David W. Porter, Esquire
Vice President, General Counsel and Secretary
INTERFACE, INC.
2859 Paces Ferry Road, Suite 2000, Atlanta, Georgia 30339
(404) 319-6471
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

G. Kimbrough Taylor, Esquire
KILPATRICK & CODY
1100 Peachtree Street, Atlanta, Georgia 30309-4530
Telephone: (404) 815-6500

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE
PUBLIC: As soon as possible after this Registration Statement
becomes effective and all other conditions to the merger (the "Merger")
of a subsidiary of the Registrant with and into Prince Street
Technologies, Ltd., a Georgia corporation ("PST"), pursuant to
the Agreement and Plan of Merger described in the enclosed
Prospectus have been satisfied or waived.

If the securities being registered on this Form are being
offered in connection with the formation of a holding company and
there is compliance with General Instruction G, check the
following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON
SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE
DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH
SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL
THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF
THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT
SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING
PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

INTERFACE, INC.

Cross Reference Sheet

Pursuant to Item 501(b) of Regulation S-K, showing the location in the Prospectus of the information required by Part I of Form S-4.

Item Number and Caption in Form S-4 -----	Location or Caption in Prospectus -----
A. INFORMATION ABOUT THE TRANSACTION.	
1. Forepart of the Registration Statement and Outside Front Cover Page of Prospectus	Cover Page of Registration Statement; Cross Reference Sheet; Outside Front Cover Page
2. Inside Front and Outside Back Cover Pages of Prospectus	Inside Front Cover Page; Outside Back Cover Page
3. Risk Factors, Ratio of Earnings to Fixed Charges and Other Information.	Summary;
4. Terms of the Transaction	Summary; The Proposed Merger; Comparison of Securities of Interface and PST
5. Pro Forma Financial Information	Not Applicable
6. Material Contacts with the Company being Acquired	Summary; The Proposed Merger
7. Additional Information Required for Reoffering by Persons and Parties Deemed to be Underwriters.....	Not Applicable
8. Interests of Named Experts and Counsel	Not Applicable
9. Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Not Applicable
B. INFORMATION ABOUT THE REGISTRANT.	
10. Information With Respect to S-3 Registrants	Summary; Incorporation of Documents by Reference
11. Incorporation of Certain Information by Reference	Incorporation of Documents by Reference
12. Information With Respect to S-2 or S-3 Registrants.....	Not Applicable
13. Incorporation of Certain Information by Reference.....	Not Applicable
C. INFORMATION ABOUT THE COMPANY BEING ACQUIRED.	
14. Information With Respect to Registrants Other Than S-2 or S-3 Registrants.....	Not Applicable
15. Information With Respect to S-3 Companies.....	Not Applicable
16. Information With Respect to S-2 or S-3 Companies	Not Applicable

17. Information With Respect to Companies Other Than S-2 or S-3 Companies Summary; Certain Information Regarding PST and PSHC; Management's Discussion and Analysis of Financial Condition and Results of Operations of PST; Financial Statements of PST and PSHC

D. VOTING AND MANAGEMENT INFORMATION.

18. Information if Proxies, Consents or Other Authorizations are to be Solicited Not Applicable

19. Information if Proxies, Consents or Other Authorizations are not to be Solicited or in an Exchange Offer..... Outside Front Cover Page; Summary; The Proposed Merger; Incorporation of Documents by Reference; Certain Information Regarding PST and PSHC

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SUBJECT TO COMPLETION, DATED MARCH 1, 1994

INTERFACE, INC.

PROSPECTUS

This Prospectus relates to the proposed merger (the "Merger") of PST Acquisition Corp, a Georgia corporation ("Sub") and a wholly-owned subsidiary of Interface, Inc., a Georgia corporation ("Interface"), with and into Prince Street Technologies, Ltd., a Georgia corporation ("PST"), immediately following the merger (the "PST/PSHC Combination") with and into PST of Prince Street Holding Company, a Georgia corporation ("PSHC") and the parent company of PST, and, at the effective time of the Merger, the conversion of all of the outstanding shares of PST ("PST Shares") into the right to receive an aggregate of \$9,871,242 payable in the discretion of Interface, subject to certain limitations described herein, in cash or shares of Interface Class A Common Stock ("Interface Stock"), or a combination thereof, pursuant to an Acquisition Agreement dated as of December 3, 1993 (the "Acquisition Agreement"), among Interface, Robert S. Weiner, Randall J. Hatch, Nancy O'Donnell, John O'Donnell, Jacqueline A. Colando, Traccton Corp., PSHC, Steven C. Andrade and Robert D. Williams. See "SUMMARY - The Merger" regarding the manner in which the aggregate consideration for the PST Shares was determined and the number of shares to be issued if the consideration were paid entirely in Interface Stock.

This Prospectus is being delivered to current shareholders of PST and PSHC in connection with the issuance of shares of Interface Stock ("Merger Shares") to them in the Merger. All information regarding Interface and Sub in this Prospectus has been supplied by Interface, and all information regarding PST and PSHC has been supplied by PST and PSHC. This Prospectus is first being sent to shareholders of PST and PSHC on or about _____, 1994.

THE INTERFACE STOCK HAS LIMITED VOTING RIGHTS. FOR A DESCRIPTION OF SUCH LIMITED RIGHTS, SEE "COMPARISON OF SECURITIES OF INTERFACE AND PST".

While this Prospectus contains certain information about corporate actions that are required by shareholders of PST and

PSHC to permit the consummation of the Merger, this document is not a proxy statement of either PST or PSHC, neither of which is soliciting any proxy or consent of shareholders hereby. Formal approvals of the shareholders of PST and PSHC, in their respective capacities as shareholders, will be obtained prior to consummation of the Acquisition Agreement. SHAREHOLDERS OF PST AND PSHC WHO DISSENT TO THE TRANSACTION WILL BE ENTITLED TO BE PAID THE STATUTORILY DETERMINED "FAIR VALUE" OF THEIR SHARES, PROVIDED THEY COMPLY WITH ALL STATUTORY REQUIREMENTS FOR THE EXERCISE OF DISSENTERS' RIGHTS. See "THE PROPOSED MERGER - Rights of Dissenting Shareholders". However, each such shareholder has entered into the Acquisition Agreement (which expressly authorizes the Merger) and would be liable to Interface for damages for breach of contract if the shareholder dissents to the Merger.

WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY

THE SECURITIES TO WHICH THIS PROSPECTUS RELATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Interface Stock is traded through the NASDAQ National Market under the symbol "IFSLA". On _____, 1994, the last reported sale price of the Interface Stock through the NASDAQ National Market was \$ ____ per share.

The date of this Prospectus is _____, 1994.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY INTERFACE. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES DESCRIBED IN THIS PROSPECTUS OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY DISTRIBUTION OF THE SECURITIES DESCRIBED HEREIN SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF INTERFACE, PST OR PSHC SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR SINCE THE DATES AS OF WHICH CERTAIN INFORMATION IS SET FORTH HEREIN.

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AVAILABLE INFORMATION

Interface is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements, and other information filed by Interface with the Commission pursuant to the information requirements of the Exchange Act may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the Commission: New York Regional Office, 75 Park Place, 14th Floor, New York, New York 10007; and Chicago Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60606. Copies of such material can also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

This Prospectus constitutes a part of a registration statement on Form S-4 (together with all amendments and exhibits, the "Registration Statement") filed by Interface with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to Interface and the securities offered hereby, reference is made to the Registration Statement and the exhibits filed as a part thereof. Statements contained in this Prospectus regarding the contents of any contract, agreement or other document referred to are not necessarily complete, and in each instance reference is made to the copy of such contract, agreement or document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. The Registration Statement, including the exhibits thereto, may be inspected without charge at the principal office of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies of all or any part thereof may be obtained from such office upon payment of the prescribed fees.

INCORPORATION OF DOCUMENTS BY REFERENCE

The following documents are incorporated by reference into this Prospectus and are deemed to be a part hereof from the date of the filing of such documents:

- (1) Interface's Annual Report on Form 10-K for the fiscal year ended January 3, 1993, as amended May 6, 1993;
- (2) Interface's Quarterly Reports on Form 10-Q for the quarters ended April 4, 1993, July 4, 1993, and October 3, 1993;
- (3) Interface's Current Report on Form 8-K, dated July 6, 1993, as amended August 30, 1993 and September 2, 1993; and
- (4) The description of Interface's Class A Common Stock contained in the registration statement on Form 8-A, filed with the Commission on April 30, 1984, as amended by Form 8 filed August 19, 1988;

In addition, all documents filed by Interface pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the closing of the Merger shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THIS PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE WHICH ARE NOT PRESENTED HEREIN OR DELIVERED HERewith. THESE DOCUMENTS

(OTHER THAN EXHIBITS TO SUCH DOCUMENTS UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE HEREIN) ARE AVAILABLE, WITHOUT CHARGE, UPON REQUEST FROM ANY PERSON TO WHOM THIS PROSPECTUS IS DELIVERED, INCLUDING ANY BENEFICIAL OWNER, TO DANIEL T. HENDRIX, VICE PRESIDENT-FINANCE, INTERFACE, INC., P.O. BOX 1503, LAGRANGE, GEORGIA 30241, TELEPHONE NUMBER (706) 882-1891. IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE BY _____, 1994.

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SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS OR INCORPORATED BY REFERENCE HEREIN. CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED IN THIS SUMMARY HAVE THE MEANINGS ASCRIBED TO THEM ELSEWHERE IN THIS PROSPECTUS.

GENERAL

This Prospectus relates to the proposed merger (the "Merger") of PST Acquisition Corp, a Georgia corporation ("Sub") and a wholly-owned subsidiary of Interface, Inc., a Georgia corporation ("Interface"), with and into Prince Street Technologies, Ltd., a Georgia corporation ("PST"), immediately following the merger (the "PST/PSHC Combination") with and into PST of Prince Street Holding Company, a Georgia corporation ("PSHC") and the parent company of PST, and, at the effective time of the Merger (the "Effective Time"), the conversion of all of the then-outstanding shares of PST ("PST Shares") into the right to receive an aggregate of \$9,871,242 and payable in the discretion of Interface, subject to certain limitations described herein, in cash, Interface Class A Common Stock ("Interface Stock"), or a combination thereof, pursuant to an Acquisition Agreement dated as of December 3, 1993 (the "Acquisition Agreement"), among Robert S. Weiner, Randall J. Hatch, Nancy O'Donnell, John O'Donnell, Jacqueline A. Colando, Traccon Corp., and PSHC (collectively the "PST Shareholders"); and Steven C. Andrade and Robert D. Williams (collectively, with the PST Shareholders other than PSHC, the "Shareholders") and Interface. See "THE PROPOSED MERGER - The Acquisition Agreement". (The shares of Interface Stock to be issued to the Shareholders in the Merger are referred to herein collectively as the "Merger Shares".)

The Acquisition Agreement appears as Appendix A to this Prospectus and is incorporated herein, and any summary contained herein of the terms of the Acquisition Agreement is qualified by reference to the Acquisition Agreement.

THE PARTIES

Interface. Interface, through its various subsidiaries, manufactures and sells in domestic and international markets carpet tiles under the Interface and Heuga brands, and interior fabrics under the Guilford of Maine and Steven Linens brands, for use in offices, healthcare facilities, airports, educational and other institutions and retail facilities. Through its Bentley Mills subsidiary, which it acquired during the second quarter of 1993, the Company also manufactures and sells high quality, designer-oriented broadloom carpeting used primarily for commercial and institutional applications. In addition, Interface manufactures and sells chemicals used in various rubber and plastic products, and offers Intersept, a proprietary antimicrobial chemical, under a licensing program to manufacturers of other products. Interface's executive offices are located at Orchard Hill Road, P.O. Box 1503, LaGrange, Georgia 30241; its telephone number is (706) 882-1891.

PST. PST is engaged in the manufacture and distribution of innovative and technically advanced tufted broadloom carpeting specified by interior designers and architects and sold to flooring contractors for use by end-users in commercial interiors. PST's offices are located at 36 Enterprise Boulevard, Atlanta, Georgia; its telephone number is (404) 691-0507.

Sub. Sub was formed in December 1993 as a wholly-owned subsidiary of Interface to serve as a vehicle to effect the Merger. Sub's address and telephone number are the same as those of Interface.

PSHC. PSHC is the parent company of PST by virtue of its ownership of all the outstanding Class A common stock of PST. PST is the only operating subsidiary of PSHC, and PSHC is not otherwise engaged in any business operations and does not own any other significant assets. As a result of the PST/PSHC Combination to be effected immediately prior to the Merger, PSHC will no longer exist as a separate entity at the time of the Merger and, accordingly, is not a party to the Merger.

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SUMMARY HISTORICAL INFORMATION

The following summary historical information, which does not give effect to the Merger, should be read in conjunction with the consolidated financial statements and notes thereto of Interface, Inc. and subsidiaries, which are incorporated herein by reference, and the combined financial statements of PST and PSHC (the combined group being referred to herein as "PST/PSHC") appearing elsewhere in this Prospectus.

Interface, Inc. and Subsidiaries (In thousands, except per share amounts)								

Statements of Operations Data:	Fiscal Year (A) <F1>					Nine Months ended	Nine Months ended	
	1992	1991	1990	1989	1988 (B) <F2>	October 3, 1993	October 4, 1992	
	-----	-----	-----	-----	-----	-----	-----	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
Net sales	\$594,078	\$581,786	\$623,467	\$581,756	\$396,651	\$452,672	\$447,505	
Costs of sales	404,130	393,733	410,652	382,455	263,508	309,437	302,422	
Selling, general and administrative expenses	149,509	150,100	153,317	135,468	87,445	110,927	113,204	
Other expense (income)	21,878	23,623	21,818	23,202	11,587	18,656	17,523	
Income before taxes on income	18,561	14,330	37,680	40,631	34,111	13,652	14,356	
Taxes on income	6,311	5,409	14,078	16,084	13,926	4,781	5,265	
Net income	12,250	8,921	23,602	24,547	20,185	8,871	9,091	
Earnings per share:								
Primary	.71	.52	1.37	1.43	1.18	.49	.53	
Fully diluted* <F4>	.71	.52	1.24	1.27	1.15	.49	.53	
Cash dividends paid	4,142	4,136	4,133	3,600	2,649	3,586	3,106	
Cash dividends per share	.24	.24	.24	.21	.16	.18	.18	
Property additions (C) <F3>	14,476	15,375	23,705	25,333	49,261	11,225	11,513	
Depreciation and amortization	22,257	19,723	21,570	17,243	11,621	20,520	16,977	
Weighted average shares outstanding:								
Primary	17,253	17,230	17,214	17,146	17,109	17,280	17,249	
Fully diluted	23,398	23,375	23,359	23,291	18,726	24,068	23,393	

Balance Sheet Data:	At Fiscal Year End (A) <F1>							
	1992	1991	1990	1989	1988	At October 3, 1993		
	-----	-----	-----	-----	-----	-----		
Working capital	\$138,834	\$150,541	\$156,638	\$131,953	\$127,328	\$158,543		
Current ratio	2.5	2.3	2.4	2.2	2.3	2.4		
Net property and equipment	\$137,605	\$139,406	\$141,125	\$126,917	\$119,006	\$143,059		
Total assets	534,120	569,438	582,371	525,814	493,371	643,480		
Total long-term debt	235,488	240,137	254,578	244,158	249,136	297,988		
Shareholders' equity	186,349	198,977	198,409	157,001	135,985	211,032		
Book value per share	10.79	11.55	11.52	9.14	7.94	10.78		

<FN>

(A) <F1> Interface's fiscal year ends on the Sunday nearest December 31.

(B) <F2> During 1988, Interface completed an acquisition accounted for as a purchase.

(C) <F3> Includes property and equipment obtained in acquisitions of businesses.

*<F4> For fiscal years 1992 and 1991 and the nine months ended October, 3, 1993 and October 4, 1992, earnings per share on a fully diluted basis are antidilutive.

</TABLE>

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<TABLE>

<CAPTION>

Prince Street Holding Company and Prince Street Technologies, Ltd.
(In thousands, except per share amounts and number of shares outstanding)

Statements of Operations Data:

	Fiscal Year (A)<F1>				
	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	\$30,671	\$27,814	\$28,066	\$21,348	\$18,624
Costs of goods sold	21,014	19,414	18,560	15,107	12,531
Selling, general and administrative expenses	7,800	7,821	6,908	6,382	5,460
Other expense (income)	889	885	982	673	519
Income (loss) before income taxes and extraordinary item	968	(306)	1,616	(814)	114
Income tax (provision) benefit	(398)	81	(676)	41	(46)
Income (loss) before extraordinary item	570	(225)	940	(773)	68
Extraordinary item - utilization of operating loss carry-forward	88	--	226	--	--
Net income (loss)	658	(225)	1,166	(773)	68
Pro forma earnings per share	952.63	(326.24)	1,687.23	(1,119.14)	98.75
Cash dividends paid	--	--	--	--	--
Property additions	1,205	1,330	1,022	879	615
Depreciation and amortization	722	642	495	312	180
Pro forma weighted average shares outstanding	691	691	691	691	691

Balance Sheet Data:

	At Fiscal Year End (A)<F1>				
	1993	1992	1991	1990	1989
Working capital	\$2,434	\$ 2,291	\$ 3,035	\$2,846	\$ 768
Current ratio	1.4	1.4	1.6	1.8	1.2
Net property and equipment	\$4,223	\$ 3,799	\$ 3,017	\$2,528	\$1,132
Total assets	12,321	11,499	11,863	9,161	5,470
Total long-term debt	4,315	4,630	4,392	4,793	843
Shareholders' equity	2,746	2,088	2,313	1,147	1,347
Book value per share	3,974	3,021	3,348	1,660	1,949

<FN>

(A)<F1> PST/PSHC's fiscal year ends on the Sunday nearest September 30.

</TABLE>

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THE MERGER

Background and General. PSHC is the owner of all of the outstanding shares of the PST Class A common stock. Approximately 92% of the outstanding shares of common stock of PSHC are owned by shareholders holding approximately 96% of the PST Class B common stock. Immediately prior to the Effective Time, PSHC and PST will effect the PST/PSHC Combination pursuant to which PSHC will be merged into PST, with PST remaining as the surviving corporation in the PST/PSHC Combination. The PST/PSHC Combination will eliminate PSHC as a holding company and align the shareholder interests of the resulting combined entity among the former shareholders of PST in accordance with their respective current beneficial interests in PST, as a whole; that intervening transaction will simplify the merger with Interface's subsidiary, enhancing the likelihood that the transaction will qualify as a tax-free reorganization, and will enable Interface to issue the Merger Consideration directly to the ultimate beneficial shareholders of PST. Each share of PSHC common stock issued and outstanding immediately prior to the PST/PSHC Combination will be converted into the

right to receive .000295377 shares of Class B common stock of PST, which percentage represents each PSHC shareholder's beneficial interest in the shares of PST Class A common stock held by PSHC. The shares of PST Class A common stock held by PSHC will be cancelled, and all the outstanding shares of PST Class B common stock issued and outstanding immediately prior to the PST/PSHC Combination will continue unchanged after the PST/PSHC Combination and will continue to evidence the same number of shares of Class B common stock of PST. Accordingly, each shareholder of PST after the PST/PSHC Combination will hold the same effective beneficial interest that the Shareholder held in PST and PSHC, as a whole, prior to the merger of the two companies.

At the Effective Time, following the PST/PSHC Combination, Sub will be merged with and into PST, and Interface will thereby become the holder of all of the issued and outstanding shares of PST. Sub will cease to exist as a separate corporation, and PST will be the surviving corporation in the Merger (the "Surviving Corporation"). The articles of incorporation of PST and the bylaws of Sub, as in effect at the Effective Time, will be the articles of incorporation and the bylaws of the Surviving Corporation.

Conversion of PST Shares. At the Effective Time, all of the then-outstanding shares of PST, which will consist solely of shares of PST Class B common stock as a result of the PST/PSHC Combination (collectively, the "PST Shares"), will be converted into the right to receive an aggregate of \$9,871,242 (the "Merger Consideration"), as adjusted from the initial \$10,500,000 base amount as described in "THE PROPOSED MERGER - The Acquisition Agreement". The \$10,500,000 base amount was determined by agreement of the parties to the Acquisition Agreement, which includes all the Shareholders. See "THE PROPOSED MERGER - Background and Reasons for the Merger". In exchange for the PST Shares, each Shareholder will be entitled to receive a pro rata amount of the Merger Consideration as set forth on Exhibit C to the Acquisition Agreement.

The Merger Consideration is expected to be paid in shares of Interface Stock, valued for such purpose at the average of the closing sale prices for Interface Stock as reported by NASDAQ National Market for the 60 trading days immediately preceding the Closing Date (the "Closing Date Price"). Interface will have the option, however, to pay up to 20% of the aggregate Merger Consideration in cash, with the balance payable in Interface Stock, or, if the Closing Date Price is less than \$12.00 per share, to pay the entire Merger Consideration in cash.

Following the consummation of the PST/PSHC Combination, there will be 691 PST Shares outstanding, each of which will be entitled to a pro rata amount of the Merger Consideration (that is, approximately \$14,285.44 per share). The Closing Date Price cannot be predicted at this time; however, using for illustration purposes only the following sales price information for the Interface Stock, the PST Shares would be converted in the Merger into the following numbers of shares of Interface Stock if the Closing Date Price were as follows and if the Merger Consideration were paid entirely in Interface Stock:

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<TABLE>
<CAPTION>

	Maximum Aggregate Shares of Interface Stock	Shares of Interface Stock Per PST Share
	-----	-----
<S>	<C>	<C>
Last Reported Closing Sales Price of Interface Stock on _____, 1994 *<F1>		
Average of Closing Sales Prices of Interface Stock for the 60 Consecutive Trading Days Ending _____, 1994 *<F1>		
Average of Closing Sales Prices of the Interface Stock for the 40 Consecutive Trading Days Ending _____, 1994 *<F1>		

POSITION OF THE PST AND PSHC BOARDS OF DIRECTORS AND REASONS
FOR THE MERGER

The Board of Directors of each of PST and PSHC have approved the Merger and have informed Interface that they desire that the Merger be consummated. Moreover, each of the Shareholders has executed the Acquisition Agreement, which obligates the Shareholders to cause PST and PSHC to consummate the PST/PSHC Combination and to cause PST immediately thereafter to consummate the Merger, subject only to the satisfaction or waiver of certain limited conditions. With respect to a formal vote or consent the shareholders of PST and PSHC, Board of Directors of each PST and PSHC, each member of which is also a Shareholder, recommend that the respective shareholders approve the PST/PSHC Combination or the Merger, as the case may be.

For a description of the relationships among Interface, PST and PSHC prior to the Acquisition Agreement, and the reasons for entering into the Acquisition Agreement, see "Certain Pre-Existing Relationships Between the Parties" and "Background and Reasons for the Merger" under "THE PROPOSED MERGER", below.

APPROVALS OF THE MERGER

Interface. The Acquisition Agreement and the transactions contemplated thereby have been approved and adopted by the Board of Directors of Interface and are not required under Georgia law to be approved by the shareholders of Interface. The Acquisition Agreement and the transactions contemplated thereby will be approved and adopted by the Board of Directors and sole shareholder of Sub prior to consummation of the Merger.

PST and PSHC. The Acquisition Agreement and the transactions contemplated thereby have been approved and adopted by the Boards of Directors of PST and PSHC. Under Georgia law, the PST/PSHC Combination is required to be approved by the holders of a majority of the outstanding shares of PSHC common stock and the

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holders of the outstanding shares of the PST Class A and Class B common stock voting as a single class, and the Merger is required to be approved by the holders of a majority of the PST Shares. Although each shareholder of PST and PSHC has executed the Acquisition Agreement and accordingly might be deemed to have approved both the PST/PSHC Combination and the Merger, a formal approval of the shareholders (in such capacities) will be obtained prior to consummating those transactions. Each shareholder, however, has previously granted an irrevocable proxy in favor of Robert S. Weiner, the Chairman and Chief Executive Officer of PST and PSHC, to vote such holder's PST and PSHC common stock with respect to virtually all matters, including matters relating to the PST/PSHC Combination and the Merger. Dr. Weiner has informed Interface that he intends to vote all such shares in favor of approval of the Acquisition Agreement, the PST/PSHC Combination and the Agreement and Plan of Merger between Sub and PST (which is attached to the Acquisition Agreement as Exhibit B), Executive officers and directors of PST (after the PST/PSHC Combination) will beneficially own 87.5% of the outstanding PST Shares.

DISSENTERS' RIGHTS

Under Georgia law, holders of shares of Interface common stock will not be entitled to dissenters' rights in connection with the Merger because Interface is not a party to the Merger. A Shareholder of PST and PSHC who dissents to the Merger will be entitled to be paid the statutorily determined "fair value" of his, her or its shares, provided that he, she or it meets all applicable statutory requirements, including not voting the shares in favor of the Merger or the Acquisition Agreement. See "THE PROPOSED MERGER - Rights of Dissenting Shareholders". However, each such shareholder has entered into the Acquisition Agreement (which expressly authorizes the Merger) and would be liable to Interface for damages for breach of contract if the shareholder dissents to the Merger.

CONDITIONS TO AND TERMINATION OF THE MERGER

The consummation of the Merger is subject to a number of conditions, including the consummation of the PST/PSHC Combination. See "THE PROPOSED MERGER - The Acquisition Agreement".

EFFECTIVE TIME

The Effective Time of the Merger will occur on the date and at the time that the articles or certificate of merger of Sub and PST are filed with the Secretary of State of Georgia as contemplated by the Acquisition Agreement, unless a later date or time is specified therein. Interface anticipates that the closing pursuant to the Acquisition Agreement will occur on, or as promptly thereafter as reasonably practicable, the first business day (the "Closing Date") that is 20 business days after the date of this Prospectus (or a lesser number of days if permitted by applicable legal requirements) and as of which all conditions to consummation of the Merger have been satisfied or waived by the party or parties legally entitled to do so.

INDEMNIFICATION

The Acquisition Agreement provides for the Shareholders, jointly and severally, to indemnify Interface and its affiliates and PST and PSHC, subject to a threshold of one-half of one percent (1/2%) of the Merger Consideration and a limitation of their total liability to not more than 50% of the Merger Consideration, with respect to losses arising out of or relating to certain representations, warranties and agreements made by the Shareholders, PST and PSHC in the Acquisition Agreement. (Without regard to such threshold and liability limitation, however, the Shareholders could be liable to Interface (up to \$350,000) if PST or PSHC pays any termination fee to Mohawk Industries, Inc., a company with which the Shareholders previously had entered into a letter of intent to sell PST and PSHC. See "THE PROPOSED MERGER - Background and Reasons for the Merger". Interface contends that neither PST nor PSHC has any binding obligation to pay such a fee.) The Acquisition Agreement provides that neither PST nor PSHC will be liable to any Shareholder as a result of any breach of any representation, warranty

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or agreement of PST or PSHC in the Acquisition Agreement, and that no Shareholder will have a right of contribution against either PST or PSHC on account of any event arising prior to or as of the Closing Date.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

Neither Interface nor PST nor PSHC has made any representation regarding the federal income tax consequences resulting from the Merger or the other transactions contemplated by the Acquisition Agreement, and no opinion of counsel has been furnished with respect to such matters. Accordingly, while a discussion is included herein as to Interface's belief with respect to certain possible federal income tax consequences, the Shareholders are urged to consult their own respective tax advisors regarding the tax consequences to them resulting from such transactions. See "THE PROPOSED MERGER - Certain Federal Income Tax Consequences".

EXCHANGE OF STOCK CERTIFICATES

At the Effective Time, each Shareholder will be required to surrender certificates representing all of such Shareholder's PST Shares in order to receive certificates representing the portion of the Merger Consideration payable in Interface Stock issuable to such Shareholder.

REGULATORY APPROVALS

No governmental approvals are required with respect to the Merger except for the acceptance by the Georgia Secretary of State of the articles or certificate of merger that will be filed by Interface and PST with the Georgia Secretary of State. Filings have been made with the Federal Trade Commission ("FTC") and Department of Justice under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act"). Prior to consummation of the Merger and payment of the Merger Consideration, the HSR Act requires that a waiting period of thirty days from the date of filing with the FTC must have expired or early termination of the waiting period must have been requested and granted. The parties requested early termination of the waiting period, which

was granted on December 30, 1993.

ACCOUNTING TREATMENT OF THE MERGER

The Merger will be accounted for under the purchase method of accounting. See "THE PROPOSED MERGER - Accounting Treatment of the Merger".

MARKET PRICES OF INTERFACE STOCK

The Interface Stock is traded through Nasdaq National Market under the symbol "IFSIA". On December 3, 1993 (the last trading day prior to the public announcement of the Acquisition Agreement), the closing sale price of the Interface Stock as reported by Nasdaq National Market was \$14.375 per share. On _____, 1994 (the last trading day before the date of this Prospectus), such closing sale price as reported by Nasdaq National Market was \$_____. There is no public market for the PST Shares. See "CERTAIN INFORMATION REGARDING PST AND PSHC - Stock Ownership and Other Stock Information".

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COMPARATIVE UNAUDITED PER SHARE DATA

The following table sets forth certain data concerning the historical net earnings, dividends and book value per share for each of Interface and PST/PSHC, which do not give effect to the Merger, and for Interface and PST/PSHC on a pro forma and equivalent pro forma basis, respectively, after giving effect to the payment of the Merger Consideration. The pro forma information presented is for informational purposes only and is not necessarily indicative of future combined earnings or financial position that would have been reported had the Merger been completed at the beginning of the respective periods or as of the date for which such unaudited pro forma information is presented. The information presented below should be read in conjunction with the historical financial statements of Interface incorporated by reference herein and of PST and PSHC included elsewhere herein.

<TABLE>
<CAPTION>

	Interface (historical)		Interface (pro forma consolidated) (1)<F1>	
	Year ended January 3, 1993	Nine months ended October 3, 1993	Year ended January 3, 1993	Nine months ended October 3, 1993
<S>	<C>	<C>	<C>	<C>
Net earnings per common share	\$.71	\$.49	\$.68	\$.50
Cash dividends declared per share	\$.24	\$.18	\$.24	\$.18
Book value per common share at period end.....	\$10.79	\$10.78	\$10.95	\$11.03

<CAPTION>

	PST/PSHC (historical)		PST/PSHC equivalent (pro forma consolidated) (2)<F2>	
	Year ended September 27, 1992	Nine months ended October 3, 1993	Year ended January 3, 1993	Nine months ended October 3, 1993
<S>	<C>	<C>	<C>	<C>
Net earnings per common share	\$(326.24)	\$551.37	\$626.73	\$460.82
Cash dividends declared per share.....	---	---	---	---
Book value per common share at period end.....	\$3,021.32	\$3,973.95	\$10,092.00	\$10,166.00

<FN>
(1)<F1> Based on the purchase method of accounting, assuming a Closing Date Price of \$15.50 per share and the issuance of

636,854 shares of Interface Stock in payment of the Merger Consideration. Final determination of required purchase accounting adjustments and the fair value of the assets and liabilities of PST has not yet been made. Interface will undertake a study to determine the fair value of PST's assets and liabilities and will make appropriate purchase accounting adjustments based upon completion of that study.

(2)<F2> Equivalent pro forma consolidated per share information for PST/PSHC reflects the Interface pro forma consolidated per share information, as adjusted to a pre-Merger PST/PSHC share basis, assuming a conversion ratio of 921.64 shares of Interface Stock for each share of PST common stock.

</TABLE>

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THE PROPOSED MERGER

The following is a brief summary of certain aspects of the Merger. This summary does not purport to be complete and is qualified in its entirety by reference to the Acquisition Agreement, which appears as Appendix A to this Prospectus and is incorporated herein by reference.

BACKGROUND AND REASONS FOR THE MERGER

Background

During 1990, PST began to seek additional capital in order to finance expansion of its operations, equipment purchases and other working capital requirements. PST had discussions with several potential sources of capital about a variety of financing options. On July 20, 1990, Interface and PST entered into a financing arrangement pursuant to which Interface and PST executed a loan agreement for a \$3,700,000 credit facility (the "Loan Agreement"), and PST granted Interface a stock subscription warrant to acquire between 15% and 40% of the equity of PST, the actual percentage to be determined based upon PST's financial performance during its 1991 through 1994 fiscal years (the "Stock Warrant"). Additionally, all of the shareholders of PST executed a stock option agreement (the "Stock Option Agreement") in favor of Interface pursuant to which Interface was granted an option to acquire all of the outstanding shares of PST from such shareholders for a price determined pursuant to certain formulae set forth in the Stock Option Agreement and discussed more fully in "Certain Pre-Existing Relationships Between the Parties - Stock Option Agreement". In addition, Interface was also granted, under the Stock Option Agreement, a right of first refusal in the event that the shareholders of PST desired to sell their PST shares or substantially all of the assets of PST to a third party.

On August 20, 1993, PST, PSHC and the Shareholders executed a letter of intent with Mohawk Industries, Inc. ("Mohawk"), pursuant to which the Shareholders expressed their intent to sell either the assets and business or shares of PST and PSHC to Mohawk for a purchase price estimated to be in the \$10,000,000 to \$13,000,000 range, subject to various purchase price adjustments and the execution of a definitive acquisition agreement (the "First Mohawk Letter of Intent"). On or about August 23, 1993, PST informed Interface of the existence of the First Mohawk Letter of Intent. On September 10, 1993, Interface informed PST that it intended to exercise its right of first refusal under the Stock Option Agreement within the exercise period provided therein. On September 17, 1993, Mohawk withdrew its offer under the First Mohawk Letter of Intent, thereby terminating, at that time, any discussions of PST's acquisition by Mohawk, or Interface's acquisition of PST pursuant to its right of first refusal.

On October 13, 1993, PST, PSHC and the Shareholders executed a second letter of intent (the "Second Mohawk Letter of Intent") with Mohawk pursuant to which the Shareholders once again expressed their intent to sell either the assets and business or shares of PST and PSHC to Mohawk for a purchase price estimated by the Shareholders to be \$12,000,000, or \$15,000,000 if Interface

exercised its Stock Warrant, subject to various purchase price adjustments and the execution of a definitive acquisition agreement. The Second Mohawk Letter of Intent provided for up to 100% of the purchase price to be paid in Mohawk common stock. On or about October 13, 1993, PST informed Interface of the existence of the Second Mohawk Letter of Intent.

Between October 13, 1993 and November 15, 1993, a series of negotiations took place between Interface and representatives of the Shareholders regarding the terms and conditions on which Interface might exercise its right of first refusal to acquire the outstanding shares of PST, including the valuation of the Mohawk proposal in the Second Mohawk Letter of Intent. On November 15, 1993, the last day on which Interface could exercise its right of first refusal under the Stock Option Agreement, Interface notified the Shareholders that it had elected to exercise the right of first refusal. As a result of Interface's notification, the parties commenced discussions

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regarding the value of the Mohawk proposal and term of the definitive acquisition agreement to be entered into by the parties. After a series of negotiations, the parties agreed that the value of the Mohawk Proposal to the shareholders in the Second Mohawk Letter of Intent was equal to a base amount of \$10,500,000, and executed the definitive acquisition documentation on December 3, 1993. The Acquisition Agreement contains certain indemnifications by the Shareholders in favor of Interface for termination fees that may be payable under the Second Mohawk Letter of Intent and provides for adjustments to the base amount of Merger Consideration based on PST's earnings for the fiscal year ended October 3, 1993. See "The Acquisition Agreement" below.

Reasons for the Merger

The shareholders of PST and PSHC desired more liquidity for their investments in PST and PSHC, neither of whose shares are publicly traded, and were thus seeking a purchaser for PST and PSHC. When the shareholders executed the Second Mohawk Letter of Intent, Interface's right of first refusal under the Stock Option Agreement was triggered, and the PST Shareholders were obligated thereby to sell their shares of PST to Interface if Interface exercised its right of first refusal.

In connection with negotiating the 1990 financing transaction, Interface obtained certain future rights, as part of the Stock Option Agreement, to purchase all of the capital stock of PST. Interface did so because it believed that it might want to acquire PST in the future depending upon developments in PST's and Interface's respective businesses and in the carpet industry generally. In addition to the right of first refusal, the Stock Option Agreement conferred upon Interface an outright option for such a purchase at any time during the period from October 31, 1994 to March 31, 1995. However, upon receiving notice that the Shareholders had entered into the Second Mohawk Letter of Intent and had initiated the right of first refusal procedure, Interface was forced to decide whether to acquire PST immediately or to allow Mohawk, which, like Interface, is a leading carpet manufacturer, to pursue its acquisition of PST. After a review of PST's business and financial prospects, Interface concluded that PST's product lines, proprietary processes and favorable relationships with the design community would complement and expand Interface's existing product lines and production capabilities, including its newly-acquired broadloom carpet operation, and would be beneficial to Interface's operations generally. Consequently, Interface elected to exercise its right to acquire PST.

CERTAIN PRE-EXISTING RELATIONSHIPS BETWEEN THE PARTIES

Loan Agreement

Under the Loan Agreement, Interface agreed to lend \$3,000,000 to PST pursuant to a fixed rate promissory note (the "Fixed Rate Note") and committed to lend an additional \$700,000 to PST pursuant to a floating rate promissory note (the "Floating Rate Note"). As collateral for the loans, PST granted Interface a security interest in all of its inventory and equipment and certain of its real property located in Cartersville, Georgia, on which PST operates a skein dye facility. Certain of the

equipment in which Interface was granted a security interest is subject to a prior security interest of another lender.

The Fixed Rate Note provides for interest to accrue at eight percent (8%) per annum, payable quarterly. The Floating Rate Note provides for interest to accrue at the prime rate of interest charged by Bankers Trust Company, adjusted quarterly, plus one-half (1/2) percentage point per annum, payable quarterly; as of the date of this Prospectus, the effective rate is _____ per cent (___%). The principal outstanding on each of the Fixed Rate Note and the Floating Rate Note is payable, by their respective terms, in a single balloon payment on the earlier of (a) thirty (30) days after (but not earlier than October 31, 1994) (i) Interface delivers notice of its intention to surrender its option, or terminate a previous election to exercise its option under the Stock Option Agreement or (ii) expiration of the option period provided for in the Stock Option Agreement without Interface having elected to exercise its option, or (b) seven days after the closing of the purchase of all of the stock of PST pursuant to an

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exercise by Interface of its option under the Stock Option Agreement. The Fixed Rate Note further provides for a \$2,000,000 mandatory prepayment upon the death of Robert S. Weiner prior to its maturity date.

As of the date hereof, \$3,000,000 in principal is outstanding under the Fixed Rate Note, and \$563,498 in principal is outstanding under the Floating Rate Note.

The Loan Agreement contains certain financial covenants that require PST to maintain, among other things, certain levels of net worth and certain financial ratios, and restricts dividends, officer compensation and property acquisitions. As of its 1993 fiscal year end, PST was in default on one of these financial covenants, the restriction on capital expenditures and lease obligations, but received a waiver of such default from Interface. The waiver was not contingent upon consummation of the Merger. See note 4 to the combined financial statements of PST and PSHC.

Stock Warrant

The Stock Warrant provided Interface with the right, for a period of 10 years from July 20, 1990, to subscribe for and purchase 125 shares of PST's Class A common stock and 68.5 shares of PST's Class B common stock from PST, originally representing twenty percent (20%) of the equity of PST on a fully diluted basis (subject to upward or downward adjustment based upon PST's annual earnings during its fiscal years 1991 through 1994, to a minimum of 15% and a maximum of 40%, and certain anti-dilution provisions contained therein) at a price of \$3,000,000. As a result of PST's failure to reach certain annual earnings targets for its 1991 through 1993 fiscal years, at the time the Acquisition Agreement was executed, the applicable upward adjustment in the number of shares Interface could subscribe for under the Stock Warrant resulted in Interface's being entitled to subscribe for and purchase thirty percent (30%) of PST's outstanding equity, on a fully diluted basis, at the \$3,000,000 purchase price. Pursuant to the terms of the Stock Warrant, upon sixty (60) days' written notice (during which Interface could exercise the Warrant), PST would have the right to redeem the Stock Warrant on March 31, 1995 for \$3,000,000 plus certain additional payments to Interface. The Acquisition Agreement provides that Interface shall cancel the Stock Warrant at or prior to the closing.

Stock Option

The Stock Option Agreement granted Interface the right and option to purchase all, but not less than all, of the capital stock of PST owned by the Shareholders at a purchase price equal to the greater of \$8,750,000 or an amount calculated by multiplying the Value Line median price/earnings ratio for the week ending immediately prior to the exercise of the option times the average net income of PST, as defined in the Stock Option Agreement, over the three-year period ending September 30, 1994. The option was exercisable at any time from October 1, 1994 to March 31, 1995 (the "Option Period"). The Stock Option Agreement also granted Interface a right of first refusal if

the Shareholders received prior to the commencement of the Option Period an offer from a third party to purchase the PST shares or substantially all of the assets of PST. The purchase price for PST under the right of first refusal was stated as the lesser of (i) the aggregate consideration proposed to be paid to the Shareholders in the offer by the third party, and (ii) the greater of (a) 50% of PST's net sales, (b) the Value Line median price/earnings ratio for the week ending immediately prior to the exercise of the option multiplied by PST's average net income for the three year period immediately preceding the date Interface receives the notice of the Shareholders' intention to sell their shares, and (c) \$7,500,000. Interface exercised its right of first refusal under the Stock Option Agreement in response to the Second Mohawk Letter of Intent and the parties proceeded to enter into the Acquisition Agreement with a purchase price based upon (i) above.

Business Relations Agreement

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On July 20, 1990, Interface and PST entered into a business relations agreement (the "Business Relations Agreement"), whereby each party agreed, through March 31, 1995, to promote the products of the other with their respective customers in certain situations where such customers had a need for products sold by the other party. The Business Relations Agreement was terminated by Interface on January 14, 1993 in accordance with its rights thereunder.

THE ACQUISITION AGREEMENT

General

The Acquisition Agreement provides that, upon the satisfaction or waiver of certain conditions to the closing, the parties shall cause two mergers to occur. First, PSHC and PST will be combined into a single entity by PSHC's merger into PST, with PST continuing as the surviving corporation. Immediately thereafter, Sub will be merged into PST, and PST will continue as the surviving corporation and become a wholly-owned subsidiary of Interface.

Pursuant to the PST/PSHC Combination, the PST articles of incorporation will be the articles of incorporation of PST, as the surviving corporation, and the PST bylaws will be the bylaws of PST as the surviving corporation. The PST/PSHC Combination will become effective upon the filing with the Secretary of State of Georgia of duly executed articles or a certificate of Merger. Pursuant to the PST/PSHC Combination (i) all the outstanding shares of Class A common stock of PST will be cancelled and retired, and no consideration will be delivered in respect thereof; (ii) each issued and outstanding share of the Class B common stock of PST will continue unchanged as one share of Class B common stock of PST (and the Class B common stock will then constitute the only class of PST common stock issued and outstanding); and (iii) each share of the common stock of PSHC issued and outstanding at the time of the PST/PSHC Combination will be converted into, and certificates therefor shall thereafter evidence only the right to receive upon surrender by the holder thereof, .000295377 shares of Class B common stock of PST.

Pursuant to the Merger, the PST articles of incorporation will be the articles of incorporation of PST, as the surviving corporation, and the Sub bylaws will be the bylaws of PST, as the surviving corporation. At the Effective Time, (i) each of the issued and outstanding shares of common stock of Sub will be converted into one share of PST Class B common stock; and (ii) all of the shares of the Class B common stock of PST issued and outstanding immediately prior to the Effective Time will be converted into, and certificates therefor shall thereafter evidence only the right to receive upon surrender by the holder thereof, a pro rata amount of the Merger Consideration as set forth on Exhibit C to the Acquisition Agreement, which appears as Appendix A to this Prospectus. As a result of the PST/PSHC Combination, no shares of Class A common stock of PST or shares of PSHC will be outstanding at the Effective Time.

The Merger Consideration will be payable entirely in shares of Interface Stock, based upon the Closing Date Price, unless

(i) Interface has exercised its option under the Acquisition Agreement to pay up to 20% of the Merger Consideration in cash by providing written notice thereof to the Shareholders no later than five (5) days before Closing, or (ii) Interface exercises its further option under the Acquisition Agreement to pay 100% of the Merger Consideration in cash if the Closing Date Price is less than \$12.00 per share.

Following the consummation of the PST/PSHC Combination, there will be 691 PST Shares outstanding, each of which will be entitled to a pro rata amount of the Merger Consideration (that is, approximately \$14,285.44 per share). The Closing Date Price cannot be predicted at this time; however, using for illustration purposes only the following sales price information for the Interface Stock, the PST Shares would be converted in the Merger into the following numbers of shares of Interface Stock if the Closing Date Price were as follows and if the Merger Consideration were paid entirely in Interface Stock:

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<TABLE>

<CAPTION>

	Maximum Aggregate Shares of Interface Stock	Shares of Interface Stock Per PST Share
	-----	-----
<S>	<C>	<C>
Last Reported Closing Sales Price of Interface Stock on _____, 1994		
Average of Closing Sales Prices of Interface Stock for the 60 Consecutive Trading Days Ending _____, 1994		
Average of Closing Sales Prices of the Interface Stock for the 40 Consecutive Trading Days Ending _____, 1994		

</TABLE>

In lieu of issuing a fractional share to a Shareholder, Interface may pay such holder an amount of cash equal to the amount of such fraction multiplied by the Closing Date Price.

None of the outstanding shares of Interface Stock will be modified in the Merger, and all of such shares will continue to be outstanding capital stock of Interface after the Effective Time. All outstanding options or other rights to acquire Interface Stock will be unaffected by the Merger, and will continue to be outstanding in accordance with their terms.

REPRESENTATIONS AND WARRANTIES

The Acquisition Agreement contains various representations and warranties of the Shareholders relating to, among other things: (a) organization and similar corporate matters; (b) capital structure and ownership of shares; (c) compliance with agreements and governmental regulations; (d) corporate books and records; (e) necessary consents; (f) possession of franchises and licenses; (g) certain accounting and financial reporting matters; (h) the absence of undisclosed liabilities; (i) title to property; (j) bank accounts; (k) receivables; (l) inventory; (m) returns and consignments; (n) personal property; (o) real property; (p) authority to conduct business and intellectual property rights (q) material contracts; (r) insurance; (s) customers and suppliers; (t) contingencies; (u) taxes; (v) parachute payments; (w) employment and labor matters; (x) employee benefit matters; (y) environmental matters; (z) the absence of certain business practices; (aa) governmental reports; (bb) agreements and transactions with related parties; and (cc) the absence of changes since the date of PST's most recent fiscal year end. Any misrepresentation or breach of warranty with respect to these matters by the Shareholders, PST or PSHC could entitle Interface to refuse to consummate the Merger or to seek indemnification as discussed below.

The Acquisition Agreement contains representations and warranties of Interface with respect to organization, authorization and full disclosure. Any misrepresentation or breach of warranty with respect to these matters by Interface could entitle the Shareholders to refuse to consummate the Merger.

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INDEMNIFICATION

The Acquisition Agreement provides that the Shareholders will indemnify and hold harmless Interface, its affiliates, their respective officers and directors, PST and PSHC for any losses, damages, liabilities, costs and expenses ("Losses") arising out of or relating to any misrepresentation, breach of warranty, or nonfulfillment of an agreement contained in the Acquisition Agreement or in any certificate, schedule, instrument or document delivered pursuant thereto, and all Losses of any nature whatsoever, whether known or unknown, to the extent such Losses relate to a liability of PST that was not reflected or reserved against in full in PST's audited balance sheet as at September 27, 1992, or that were not disclosed to Interface as required by the Acquisition Agreement.

The Shareholders will not be obligated to make such indemnification with respect to any Losses until the aggregate Losses exceed one-half of one percent (1/2%) of the Merger Consideration; thereafter such indemnification will be limited to an aggregate maximum of fifty percent (50%) of the Merger Consideration. (Without regard to such threshold and liability limitation, however, the Shareholders could be liable to Interface (up to \$350,000) if PST or PSHC pays any termination fee to Mohawk. Interface contends that neither PST nor PSHC has any binding obligation to pay such fee.) The Acquisition Agreement provides that neither PST nor PSHC will be liable to any Shareholder as a result of any misrepresentation, breach of warranty or nonfulfillment of an agreement of PST or PSHC in the Acquisition Agreement, and no Shareholder will have a right of contribution against either PST or PSHC on account of any event arising prior to or as of the Closing Date.

CERTAIN OTHER AGREEMENTS

Adjustment to Merger Consideration. Pursuant to the Acquisition Agreement, the initial \$10,500,000 base amount of Merger Consideration was subject to downward adjustment if PST's adjusted earnings before interest and taxes for its fiscal year ended October 3, 1993, calculated in accordance with generally accepted accounting principles ("GAAP") consistently applied, with certain agreed upon non-GAAP adjustments ("Adjusted EBIT"), was less than \$2,060,371. The Adjusted EBIT was only \$1,928,279, and accordingly the Merger Consideration was reduced from \$10,500,000 to \$9,871,242, based on a formula in the Acquisition Agreement that required a reduction equal to 70% of the product of (i) 6.8 multiplied by (ii) the amount that the Adjusted EBIT was less than \$2,060,371.

Non-Competition Agreement. As an inducement to Interface to enter into the Acquisition Agreement and to consummate the Merger, Robert S. Weiner, the Chairman and Chief Executive Officer of PST and PSHC, agreed to a non-competition covenant in the Acquisition Agreement (the "Non-Compete") that will commence on the Closing Date and end on the fourth anniversary thereof. Except as described in the next sentence, the Non-Compete prohibits Dr. Weiner from engaging in, consulting with, or owning, controlling, managing or otherwise participating in the ownership, control or management of a business engaged in the manufacture, purchase for resale, sale, or distribution, within any part of the continental United States or Canada, of broadloom carpet (including, without limitation, tufted carpet in any roll width) or carpet tile, except as an employee on behalf of PST or its affiliates. Dr. Weiner will not be prohibited from engaging in, consulting with, or owning, controlling, managing or otherwise participating in the ownership, control, or management of an entity that manufactures, sells or distributes broadloom carpet solely and exclusively for use in the residential end user market, and that neither manufactures, sells or distributes any broadloom carpet or carpet tiles for use in any market other than the residential end user market, nor is affiliated

with any entity that manufactures, sells or distributes broadloom carpet or carpet tile for use in any market other than the residential end user market. Dr. Weiner is also restricted by the Non-Compete from (i) soliciting the patronage of any person or entity to whom PST sold any products during the 12-month period immediately preceding the Closing Date, or (ii) soliciting or inducing any person employed by PST or PSHC to leave such employment, whether or not such employment is pursuant to a written contract.

Expenses. The Acquisition Agreement provides that Interface will be responsible for all of its expenses incurred in connection with the negotiation and performance of the Acquisition Agreement, except as discussed

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below. The Acquisition Agreement further provides that PST is permitted to pay up to \$500,000 of valid and verifiable bona fide expenses (including brokerage commissions based upon an aggregate Merger Consideration of no more than \$12,000,000) associated with the negotiation and performance of the Acquisition Agreement, whether incurred by the Shareholders, PST or PSHC. The Shareholders (collectively) and Interface have each agreed to pay fifty percent (50%) of all costs and out-of-pocket expenses (including, but not limited to, fees and expenses of Interface's attorneys, accountants and other professionals, and filing fees paid to the Commission or otherwise), incurred by Interface with respect to the preparation and filing of this Prospectus and the Registration Statement of which it is a part, and any other costs and expenses related to the registration of the Interface Stock for issuance in the Merger.

Restriction on Sale of Shares. Notwithstanding that the Merger Shares have been registered for issuance to the Shareholders in the Merger, each Shareholder has agreed that, on any particular day during the period commencing on the Closing Date and continuing through the third anniversary thereof (each a "Sale Date"), the Shareholder will not sell or otherwise dispose of any Interface Stock in excess of the number of shares equal to (i) 100,000 shares or, until the 30th day after the Closing Date, 250,000 shares (as applicable, the "Base Monthly Number") minus (ii) the aggregate number of shares of Interface Stock sold or disposed of by all of the Shareholders during the 30 calendar-day period ending on the date immediately before the Sale Date. The foregoing restriction is in addition to (and shall continue to apply in the absence of) any restriction on the resale by Shareholders of their Merger Shares as a result of Rule 145 under the Securities Act or any other restriction on transfer of Interface Stock by a Shareholder, such as Rule 144 under the Securities Act if such Shareholder becomes an "affiliate" of Interface within the meaning of Rule 144. All certificates representing Merger Shares shall bear an appropriate legend referencing the restrictions set forth in the Acquisition Agreement.

This Prospectus does not cover any resale of Merger Shares by the Shareholders; accordingly, any Shareholder who is an "affiliate" of PST within the meaning of Rule 144 as of the time the Shareholders vote or consent (or are deemed to have voted or consented) to approve the Merger, shall in addition to the contractual restriction described above be subject to the restrictions provided in Rule 145(d) with respect to public offers or sales of Merger Shares. Because the issuance to the Shareholders of the Merger Shares has been registered, however, Rule 145(d) would nonetheless permit a Shareholder who is such an affiliate to sell, within any three-month period, a number of shares of Interface Stock up to the greater of one percent (1%) of the outstanding shares of Interface Stock or the average weekly reported trading volume of Interface Stock during the four calendar weeks preceding the sale, if current public information about Interface is available as described in Rule 144(c) and if the shares are sold in a "broker's transaction" or in a transaction directly with a "market maker", each as defined or described in Rule 144.

Operations Pending Closing. Pursuant to the Acquisition Agreement, the Shareholders have agreed, during the period from the date of the Acquisition Agreement until the Closing Date, except as permitted by the Acquisition Agreement

or as consented to in writing by Interface, to carry on the respective businesses of PST and PSHC only in the ordinary and usual course and consistent with prior practices, without the creation of any additional indebtedness for borrowed money. Pending the Closing, PST and PSHC have agreed (a) not to enter into any material contract, or otherwise to contract or effect any transaction with a related party; (b) not to sell, distribute or supply goods or services to any customer or any third party except in the ordinary course of business at prices and on terms consistent with prior operating practices; (c) not to sell, otherwise dispose of or encumber any of the assets or properties of PST or PSHC, except for the sale of inventory and the normal disposal of used motor vehicles and equipment in the ordinary course of business; (d) not to contract for the purchase of raw materials, products, services and supplies other than as is necessary to conduct normal business operations and to maintain normal inventories at prices and on terms consistent with prior operating practices; (e) to maintain, preserve and protect all of their assets and properties; (f) to maintain in full force and effect all insurance policies with respect to their assets and properties; (g) to maintain their books, records and accounts in the usual, regular and ordinary course of business; (h) to use their best efforts to preserve their business organizations, to keep available the services

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of their present employees, to preserve the goodwill of their suppliers, customers and others having business relations with either of them, and to assist in retaining the services of key employees and agents of each after the Closing Date; (i) not to amend their articles of incorporation or bylaws; (j) not to change their authorized or issued share capital, nor to transfer any shares of stock beneficially or of record; (k) not to grant any right or option to purchase or otherwise acquire any share capital or other security of either company, or declare a dividend or other distribution or payment with respect to any share capital or redeem or otherwise acquire any of their share capital; (l) not to make any changes affecting the banking arrangements of either company; (m) not to increase the compensation payable to any director, officer, employee or agent of either company, nor declare and pay any bonuses or profit sharing payments or other arrangements except for the payment of bonuses that were previously disclosed to Interface pursuant to the Acquisition Agreement; (n) not to permit any of their employee benefit plans to enter into a "prohibited transaction" within the meaning of ERISA; (o) not to fail to take any action necessary to maintain the qualification of each employee benefit plan under ERISA and Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"); and (p) to timely make all contributions or other payments to employee benefit plans that either company is obligated to make as of the date of the Acquisition Agreement.

Conditions to Closing

The obligations of the Shareholders to effect the PST/PSHC Combination and the Merger are subject to a number of conditions, including, among others, that: (a) Interface pays the Merger Consideration as required; and (b) the representations and warranties of Interface contained in the Acquisition Agreement are true and correct as of the date when made and as of the Closing Date. The obligations of Interface to effect the Merger are subject to a number of conditions, including, among other, that: (a) a certificate evidencing that there are no material adverse changes in the business of either PST or PSHC as of the Closing Date is delivered by the Shareholders to Interface; (b) a legal opinion of counsel to the Shareholders, satisfactory to counsel for Interface, is delivered to Interface; (c) all governmental consents required for the consummation of the transactions contemplated by the Acquisition Agreement have been received and such transactions do not violate any order or decree of any court or governmental body; (d) the delivery to Interface by the Shareholders of all consents necessary for the continuation, in full force and effect after the Closing, of each of PST's and PSHC's leases, loan agreements and other contracts and agreements to maintain each company's business in the same manner as conducted prior to the Closing [except as affected by the PST/PSHC Combination]; (e) the

termination by PST and PSHC, without further liability, of all agreements with the Shareholders or their affiliates or relatives; and (f) no stop order suspending the effectiveness of the Registration Statement of which this Prospectus forms a part has been issued and remains in effect.

REGULATORY APPROVALS

No governmental approvals are required with respect to the Merger, except for the acceptance by the Georgia Secretary of State of the articles or certificate of merger that will be filed by Interface and PST with the Georgia Secretary of State. Filings have been made with the FTC and Department of Justice under the HSR Act. Prior to consummation of the Merger and payment of the Merger Consideration, the HSR Act requires that a waiting period of thirty days from the date of filing with the FTC must have expired or early termination of the waiting period must have been requested and granted. The parties requested early termination of the waiting period, which was granted on December 30, 1993.

ACCOUNTING TREATMENT OF THE MERGER

Interface will account for the Merger as a "purchase" under GAAP. Accordingly, PST's results of operations will be included in Interface's consolidated results of operations from and after the Effective Time. For purposes of preparing Interface's consolidated financial statements, Interface will establish a new accounting basis for PST's assets and liabilities based upon the fair values thereof and PST's purchase price, including the transaction

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costs of consummating the acquisition. Final determination of required purchase accounting adjustments and of the fair value of the assets and liabilities of PST has not yet been made. Interface will undertake a study to determine the fair value of certain of PST's assets and liabilities and will make appropriate purchase accounting adjustments based upon completion of that study.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

While Interface believes the following to be an accurate summary of the material federal income tax consequences resulting from the Merger, neither Interface nor PST has made any representation regarding the federal income tax consequences resulting from the Merger or the other transactions contemplated by the Acquisition Agreement, and no opinion of counsel has been rendered with respect to such matters. Accordingly, no assurance is given regarding the federal income tax consequences of the Merger, and the Shareholders are urged to consult their own respective tax advisors regarding such consequences (and the consequences of other tax laws) to them. For purposes of the following discussion, Interface assumes, in each case where a belief as to a "tax-free" reorganization treatment of the Merger is expressed, that the Shareholders will retain a sufficient amount of Merger Shares to meet the continuity of proprietary interest requirement of Section 368 of the Code.

No Exercise of Cash Option. If Interface pays all of the Merger Consideration in shares of Interface Stock, Interface believes that the Merger would be treated as a "tax-free reorganization" for federal income tax purposes under Sections 368(a)(1)(A) and 368(a)(2)(E) of the Code. In such event, the principal federal income tax consequences of the Merger would be as follows:

(1) Except for the recognition of gain as required by Section 356(a) of the Code with respect to (a) expenses of the Shareholders paid by PST or Interface, (b) cash received by the Shareholders in lieu of the issuance of fractional shares of Interface Stock or (c) cash received by the Shareholders upon exercise by such Shareholder of his, her or its dissenters' rights, no gain would be recognized by the Shareholders upon the exchange of capital stock of PST for Interface Stock as a result of the Merger; and

(2) In general, transaction expenses of the Shareholders paid by PST or Interface, cash received by the Shareholders in lieu of fractional shares or cash received by the Shareholders exercising their dissenters' rights would be treated as amounts

distributed in lieu of their shares and would be taxable under the provisions of Section 302 of the Code.

Exercise of Twenty-Percent Cash Option. If Interface exercises its option to pay up to twenty percent (20%) of the Merger Consideration in cash, Interface believes that the federal income tax characterization of the Merger depends on the amount of cash consideration paid by Interface. If the quotient obtained by dividing (a) the sum of the amount of cash paid by Interface as part of the Merger Consideration plus the transaction expenses of the Shareholders paid by Interface or PST by (b) the sum of the total Merger Consideration plus the transaction expenses of the Shareholders paid by Interface or PST (the "Cash Consideration Quotient"), does not exceed twenty percent (20%), Interface believes that the Merger would be characterized as a tax-free reorganization under Section 368(a)(1)(A) and Section 368(a)(2)(E) of the Code. In such event, the principal federal income tax consequences of the Merger would be identical to the consequences described above, if Interface makes no election to pay any of the Merger Consideration in cash, as discussed above, except that in addition to such consequences, any part of the Merger Consideration that Interface elects to pay in cash would be treated as amounts distributed in lieu of the shares of the Shareholders and would be taxable under the provisions of Section 302 of the Code.

If the Cash Consideration Quotient exceeds 20%, however, Interface believes that the Merger would not qualify as a tax-free reorganization under the Code. In such event, the sum of (a) the fair market value of the Interface Stock received by the Shareholders, (b) any cash received by the Shareholders, and (c) transaction expenses of the Shareholders paid by PST or Interface would be treated as amounts distributed in lieu of their shares and would be taxable under the provisions of Section 302 of the Code.

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Exercise of One-Hundred-Percent Cash Option. If Interface has and exercises its option to pay 100% of the Merger Consideration in cash (as a result of the Closing Date Price being less than \$12.00 per share), Interface believes that the Merger would not qualify as a tax-free reorganization under the Code. In such event, the sum of (1) the cash Merger Consideration and (2) transaction expenses of the Shareholders paid by PST or Interface would be treated as amounts distributed in lieu of their shares and would be taxable under the provisions of Section 302 of the Code.

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX EFFECTS. THE DISCUSSION IS BASED UPON THE CODE, TREASURY REGULATIONS THEREUNDER AND ADMINISTRATIVE RULINGS AND COURT DECISIONS AS OF THE DATE HEREOF. ALL OF THE FOREGOING ARE SUBJECT TO CHANGE, AND ANY SUCH CHANGE COULD AFFECT THE CONTINUING VALIDITY OF THIS DISCUSSION. THE SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN RESPECTIVE TAX ADVISORS CONCERNING ALL TAX CONSEQUENCES OF THE MERGER TO THEM.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

Interface and PST expect that all of the executive officers and employees of PST who are also shareholders of PST will continue as PST employees after the Merger, although none of these persons has entered into an employment agreement with PST. Interface is discussing with these persons their possible roles with PST and Interface after the Merger, including the nature and scope of responsibilities, base and performance bonus compensation arrangements, and other terms of employment. No agreements or definitive terms have been reached, and no such matter is a condition to consummation of the Merger or will affect the amount (or manner of payment) of the Merger Consideration or any other term of the Merger. Interface has not yet determined whether employees of PST who are not shareholders of PST will continue as PST employees after the Merger and will make such decisions after the Merger is consummated.

SET FORTH BELOW IS A SUMMARY OF THE PROCEDURES RELATING TO THE EXERCISE OF DISSENTERS' RIGHTS UNDER ARTICLE 13 OF THE GEORGIA BUSINESS CORPORATION CODE (THE "GBCC"). THE FOLLOWING SUMMARY DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE PROVISIONS OF ARTICLE 13 OF THE GBCC AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO APPENDIX B HERETO AND TO ANY AMENDMENTS TO SUCH PROVISIONS AS MAY BE ADOPTED AFTER THE DATE OF THIS PROSPECTUS. THE PROVISIONS FOR DEMANDING APPRAISAL ARE COMPLEX AND MUST BE COMPLIED WITH PRECISELY. ANY PST SHAREHOLDER INTENDING TO DISSENT FROM THE PROPOSED MERGER SHOULD CONSULT CAREFULLY THE TEXT OF APPENDIX B AND IS ALSO ADVISED TO CONSULT LEGAL COUNSEL.

EACH HOLDER OF PST SHARES IS A PARTY TO AND HAS EXECUTED THE ACQUISITION AGREEMENT. AS A RESULT, INTERFACE BELIEVES THAT NO SHAREHOLDER CAN VOTE AGAINST OR OBJECT TO THE MERGER AND EXERCISE DISSENTERS' RIGHTS WITHOUT BREACHING THE ACQUISITION AGREEMENT. Moreover, each Shareholder has granted an irrevocable proxy in favor of Robert S. Weiner to vote their PST Shares with respect to virtually any matter, including with respect to the Merger and any other matter arising as a result of the Acquisition Agreement, and Dr. Weiner has informed Interface that he intends to vote the PST Shares to approve the Acquisition Agreement and the Merger. Subject to the consequences of a resulting breach of the Acquisition Agreement, Shareholders may have dissenters' rights under the GBCC if Dr. Weiner does not vote the Shareholder's PST Shares in favor of the Merger or if a Shareholder successfully revokes the irrevocable proxy and does not vote his, her or its PST Shares in favor of the Merger or otherwise consent to the Merger.

Under the GBCC, any holder of record of PST Shares who objects to the Merger and who fully complies with all the provisions of Article 13 of the GBCC will be entitled to demand and receive payment in cash of an

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amount equal to the fair value of all, but not less than all, of such holder's PST Shares if the Merger is consummated. A shareholder of record may assert dissenters' rights as to fewer than the shares registered in such holder's name only if the holder dissents with respect to all shares beneficially owned by any particular beneficial owner and notifies PST in writing of the name and address of each person on whose behalf he asserts dissenters' rights. For the purpose of determining the amount to be received in connection with the exercise of statutory dissenters' rights under the GBCC, the fair value of a dissenting shareholder's PST Shares equals the value of the shares immediately before the Effective Time of the Merger, excluding any appreciation or depreciation in anticipation of the Merger.

Any holder of PST Shares desiring to receive payment of the fair value of such holder's PST Shares in accordance with the requirements of the GBCC: (a) must deliver to PST prior to the time the vote or consent is taken, a written notice of the holder's intent to demand payment for the holder's shares if the Merger is consummated; (b) must not vote (personally or through any proxy, including any proxy previously granted to Dr. Weiner) such holder's shares in favor of the Merger or otherwise consent to the Merger; and (c) must demand payment and deposit stock certificates representing the holder's PST Shares in accordance with the terms of a notice which will be sent to the shareholder by PST no later than 10 days after the Merger is approved. A filing of the written notice of intent to dissent with respect to the Merger Agreement should be sent to: Robert S. Weiner, Prince Street Technologies, Ltd., 36 Enterprise Boulevard, Atlanta, Georgia 30336. A shareholder who votes for the Merger will have no dissenters' rights. A shareholder who does not satisfy each of the aforementioned requirements is not entitled to payment for such holder's PST Shares under the dissenters' rights provisions of the GBCC and will be bound by the terms of the Merger as set forth in the Acquisition Agreement.

Within 10 days of the later of the Effective Time of the Merger or receipt of a payment demand by a shareholder who deposits stock certificates in accordance with PST's

dissenters' notice sent to those shareholders who notified PST of their intent to dissent, PST must offer to pay to such dissenting shareholder the amount PST estimates to be the fair value of the dissenting shareholder's shares, plus accrued interest. Such notice and offer must be accompanied by: (a) PST's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of making an offer, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any; (b) an explanation of how the interest was calculated; (c) a statement of the dissenting shareholder's right to demand payment of a different amount under Section 14-2-1327 of the GBCC; and (d) a copy of the dissenters' rights provisions of Article 13 of the GBCC.

If the dissenting shareholder accepts PST's offer by written notice to PST within 30 days after PST's offer (or is deemed to have accepted such offer by failure to respond within such 30 days), PST must make payment for such holder's shares within 60 days after the making of the offer or the Effective Time of the Merger, whichever is later. Upon payment of the agreed value, the dissenting shareholder will cease to have any interest in such holder's PST Shares.

If within 30 days after PST offers payment for the shares of a dissenting shareholder, the dissenting shareholder notifies PST in writing that the holder does not accept PST's estimate of fair value of the holder's shares and interest due thereon and demands payment of the holder's own estimate of the fair value of the shares and interest due thereon, then PST, within 60 days after receiving the payment demand of a different amount from a dissenting shareholder, must file an action in a court of competent jurisdiction requesting that the fair value of such shares be found and determined. PST must make all dissenting shareholders whose demands remain unsettled parties to the proceeding. If PST does not commence the proceeding within such 60-day period, it shall be required to pay each dissenting shareholder whose demand remains unsettled the amount demanded by the dissenting shareholder.

RESALES OF INTERFACE STOCK

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The Merger Shares that will be issued to the Shareholders have been registered under the Securities Act pursuant to the Registration Statement of which this Prospectus is a part. However, because certain of the Shareholders will be affiliates of PST as of the time the Merger is approved (or is deemed to have been approved) by the shareholders of PST, such persons will not be able to resell the Merger Shares received by them unless such shares are subsequently registered for resale under the Securities Act or are sold in compliance with the restrictions contained in Rule 145(d) under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. In addition, there are certain contractual restrictions on sales by all of the Shareholders of any Interface Stock, whether or not such Interface Stock constitutes Merger Shares received in the Merger. See "The Acquisition Agreement - Certain Other Agreements".

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

GENERAL

The following discussions are based on the combined, financial results of PST and PSHC as if they were a single entity during the periods discussed, and most references are made (for purposes of convenience) solely to "PST". During these periods, PSHC had no business operations except indirectly through PST. PSHC is the parent company of PST and does not own any significant assets other than its shares of PST Class A common stock.

RESULTS OF OPERATIONS

During the three fiscal years ended October 3, 1993, PST's primary focus was to increase its market share in the mid- to upper-end designer specified commercial market. PST introduced many products in the lower price range of the mid- to

upper-end market in order to facilitate its entry into the end-user/national accounts market and to accommodate the generally lower renovation/improvement budgets of PST's customers that resulted from recessionary conditions in the United States economy that were prevalent during most of the period. During the same time period, PST also expanded and upgraded its sales force.

As a result of PST's continuing product introduction and sales force expansion, PST's net sales increased from \$28.1 million for the year ended September 29, 1991 to \$30.7 million for the year ended October 3, 1993. This 9.3% increase was achieved in spite of the recessionary economic conditions. During the same period, however, operating income decreased by \$700,000 from \$2.6 million for the year ended September 29, 1991 to \$1.9 million for the year ended October 3, 1993, and PST experienced a net loss of approximately \$225,000 for the intervening year ended September 27, 1992. In each case such declines were due primarily to increases in cost of sales and selling expenses.

The reduction in operating income from the 1991 fiscal year level is primarily the result of an increase in cost of sales as a percentage of net sales for the respective years (68.5%, 69.8% and 66.1% for the 1993, 1992 and 1991 fiscal years, respectively), which reflects both a reduction in average selling price of PST's products during the last three fiscal years and a slight shift in PST's product mix to include more lower-priced products necessary for the end-user/national account markets. These lower-priced products contributed to the reduced average selling price of all products sold, but they also had an offsetting effect on average cost of sales because of the lower costs associated with them; as a result, these products did not cause the increase in cost of sales as a percentage of net sales. The primary factor in the reduction in average selling price was increased competition within the carpet industry brought on by the recessionary economic conditions in the United States that prevailed for most of the period.

Selling, general and administrative expenses also increased during this period, with the fiscal year 1993 level exceeding the fiscal year 1991 level by 12.9% (\$900,000). The rate of these increases exceeded the net sales growth rate during those fiscal years. The increase in these expenses, however, reflects PST's initiatives to

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strengthen its market position through new and innovative product introductions and expanding and upgrading its sales force.

The following table shows, as a percentage of net sales, certain items from PST's combined statements of income for the three fiscal years ended October 3, 1993.

<TABLE>
<CAPTION>

	Fiscal Years		
	1993	1992	1991
	----	----	----
<S>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	68.5	69.8	66.1
	----	-----	-----
Gross margin	31.5	30.2	33.9
Operating expenses:			
Selling expenses	18.3	20.4	17.6
General and administrative expense	7.1	7.7	7.0
	----	----	----
Total operating expenses	25.4	28.1	24.6
	----	----	----
Operating income	6.1	2.1	9.3
Other income (expense):			
Interest	(2.2)	(2.4)	(2.5)

Factoring commissions	(0.9)	(0.9)	(1.0)
Other	0.2	0.1	--
	----	----	-----
Other income (expense) -- net	(2.9)	(3.2)	(3.5)
Income (loss) before income taxes and extraordinary item	3.2	(1.1)	5.8
Income taxes (provision) benefit:			
Current	(1.4)	-	(1.5)
Deferred	0.1	0.3	(0.9)
	----	----	----
Total income taxes (provision) benefit)	(1.3)	0.3	(2.4)
Income (loss) before extraordinary item	1.9	(0.8)	3.4
Extraordinary item - utilization of operating loss carryforward	0.3	-	0.8
	----	-----	----
Net income (loss)	2.2%	(0.8)%	4.2%
	====	=====	====

</TABLE>

1993 COMPARED WITH 1992

For the fiscal year ended October 3, 1993, PST's net sales increased \$2.9 million (10.3%) compared to the prior fiscal year. This increase was the result of a 10% increase in unit sales, and a 2.6% increase in average selling price, of PST's products over the prior fiscal year. Unit sales and average selling price of PST's products had been lower in the 1992 fiscal year than in the 1991 fiscal year.

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Cost of sales, which is comprised of direct labor and materials costs and other variable manufacturing expenses, as well as fixed manufacturing expenses, decreased as a percentage of net sales by 1.3% to 68.5% (\$21 million) in the 1993 fiscal year as compared to 69.8% (\$19.4 million) for the 1992 fiscal year (although it remained higher than the percentage for the 1991 fiscal year). This cost reduction was primarily the result of increased efficiency in PST's utilization of raw materials resulting from PST's emphasis on controlling waste, and the reduction of workers' compensation costs resulting from PST's continuing efforts to significantly reduce workers' compensation claims.

Selling, general and administrative expenses as a percentage of net sales decreased to 25.4% (\$7.8 million) for the 1993 fiscal year as compared to 28.1% (\$7.82 million) for the 1992 fiscal year. As discussed above, PST has been committed during the past three fiscal years to increased new product introductions and expansions in its sales force, both of which continued during the 1993 fiscal year. The amounts incurred for these initiatives were lower during the 1993 fiscal year than during the 1992 fiscal year, but the 1993 levels were higher than in years prior to 1992 as PST continued to seek to improve its market position.

PST's other income (expense) - net continued at approximately the same level for the 1993 fiscal year (\$889,000) as for the 1992 fiscal year (\$885,000), as PST's other expenses continued to be greater than its other income. However, the amount of this item for the 1993 fiscal year was slightly less as a percentage of net sales as compared to the 1992 fiscal year (2.9% compared to 3.2%). The decrease was mainly due to a reduction in variable interest rates, which offset the effect of higher levels of borrowing under PST's factoring agreement. Under this agreement, the factor (a commercial bank) provides credit services and working capital advances of up to 90% of the value of approved invoices for carpet shipped in the normal course of PST's business.

1992 COMPARED WITH 1991

For the fiscal year ended September 27, 1992, PST's net sales decreased

by \$0.25 million (0.9%) to \$27.814 million compared with \$28.066 million for 1991 fiscal year. This decrease was the result of some price erosion and a change in the product mix, which combined to offset a 5% increase in unit sales. 1992 was a fiercely competitive period in the carpet industry, as the slowdown in the United States real estate markets continued, which affected adversely the demand for carpet products.

Cost of sales increased as a percentage of net sales to 69.8% (\$19.4 million) for the 1992 fiscal year as compared to 66.1% (\$18.6 million) for the 1991 fiscal year primarily because of competitive pressures on pricing. During the 1992 fiscal year, PST's average manufacturing cost per square yard remained virtually unchanged, while its average selling price per square yard decreased by 6%. This price reduction was a result of increased competition.

Selling, general and administrative expense as a percentage of net sales increased to 28.1% (\$7.82 million) for the 1992 fiscal year as compared with 24.6% (\$6.91 million) for the previous year. This increase was due to the increased marketing and product development initiatives that are described above.

Other income (expense) - net decreased as a percentage of net sales to 3.2% (\$885,000) for the 1992 fiscal year as compared to 3.5% (\$982,000) for the 1991 fiscal year due to the fall in the prime interest rate in 1992, which determines the rates for PST's bank debt, factor advances and the Floating Rate Note to Interface. Factor commissions also dropped as a percentage of net sales due to a reduction in the rate charged by the factor.

LIQUIDITY AND CAPITAL RESOURCES

PST's primary capital requirements are for working capital (including inventory, raw materials and other supplies, and receivables financing) and debt service. These needs are currently met by a combination of cash from operations, funds available under a factoring agreement with a bank and open account credit from suppliers. At

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October 3, 1993 working capital was \$2.4 million as compared to \$2.3 million at September 27, 1992 and \$3.0 million at September 29, 1991.

PST's capital expenditures for equipment and for expansion or improvements to its physical facilities vary from year to year. During the three fiscal years ended October 3, 1993, PST had an aggregate of approximately \$3.5 million of capital expenditures, primarily for expansion of its yarn skein dyeing facility and for tufting equipment. (Capital expenditures for 1993, 1992 and 1991 were approximately \$1.2 million, \$1.3 million and \$1.0 million, respectively.) PST also repaid \$1.4 million in debt during this period, which had been incurred primarily to finance the above-described expansion of the dyeing facility. PST anticipates approximately \$1.0 million of capital expenditures for the 1994 fiscal year. PST believes that cash from operations plus funds available under its factoring agreement will be sufficient to meet its liquidity requirements for the next twelve months, including its debt service requirements. As a result of consummation of the Merger, PST may be liable for certain payments, as described in note 10 to the combined financial statement of PST and PSHC.

Recent Accounting Pronouncements

PST does not expect the adoption of recently issued accounting standards to have a material effect on its combined statements. Specifically, the FASB has issued Statement 106 "Employers' Accounting for Postretirement Benefits Other than Pensions" and Statement 112 "Employers' Accounting For Postemployment Benefits." PST does not offer benefits of the type addressed in these statements and, therefore, does not expect them to have any effect on operating results. In addition, PST does not expect the adoption of FASB 109, "Accounting for Income Taxes," which is required for fiscal years beginning after December 15, 1992, to have a material effect on the combined financial statements.

BUSINESS AND GENERAL

PST, which was incorporated in Georgia in 1987, is engaged in the manufacture and distribution of technically advanced tufted broadloom carpeting in approximately 50 different styles and textures for use in mid to upscale commercial interiors. Approximately 85% of PST's sales during 1993 were to or through "specified-to-buy" firms, such as interior design firms and architects, and approximately 15% were sold to flooring contractors for use by end-users of carpet products. While most of PST's sales are in the corporate segment of the commercial market, PST also has sales in the hospitality, healthcare, and retail segments of the commercial market.

PST's Prince Street Technologies (REGISTERED TRADEMARK) products center around multi-dimensional textured carpets with a hand-tufted look. Its texturing mechanism is its proprietary tufting and "tip-shearing" process, which it markets under the trademark SculptureWeave (REGISTERED TRADEMARK). PST has also developed a new proprietary process, SculptureWeave II, which provides PST with the capability to create new types of products that have both styling and performance advantages over existing techniques. PST has also developed Access Back (REGISTERED TRADEMARK), a patented broadloom backing system that offers the virtues of tufted carpet with the benefits of carpet tiles. PST's carpets contain anti-static fibers in both the yarn and carpet backing to ensure that the user will not experience electric shocks.

PST focuses on developing unique products that replicate a designer's specifications, and it emphasizes service to designers. PST believes it provides the interior design industry with the widest range of colors and styles in the carpet industry, and it can generally provide samples of standard carpets to customers in as little as one day and samples of customized products in less than one week. As a result of its emphasis on service and unique products, PST has received design awards from the interior design industry, including the 1993 "DOC" Awards - Monsanto

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Challenge - for outstanding product development (four awards); the 1992 "DOC" Awards - Monsanto Challenge - for outstanding product development (three awards); 1991 Roscoe Award for outstanding achievement and product design; and 1991 "DOC" Awards - Monsanto Challenge - for outstanding product development (one award).

PSHC, which was incorporated in Georgia in 1987, serves as the parent holding company of PST and has no other operating subsidiary and no direct business operations. Its only material asset is its investment in PST Class A common stock.

FACILITIES

PST's headquarters and certain manufacturing and support activities are located near the Hartsfield Atlanta International Airport, approximately eight miles from downtown Atlanta, Georgia. PST's corporate offices and showroom occupy approximately 25% of an approximately 55,000 square foot building, which is leased through September 30, 1998 with no renewal option. The remainder of the building is used to store carpet samples, architectural sample book inventories and yarns. PST also leases an approximately 58,000 square foot tufting facility and an approximately 20,000 square foot facility located adjacent to its corporate offices, both of which are leased through November 30, 1995 with no renewal option. In addition, PST has a skein dye facility in Cartersville, Georgia. The Cartersville facility comprises two separate buildings, one of which is owned and one of which is leased (through November 1998, with three five year renewal terms), totalling approximately 60,000 square feet. PST also leases showrooms in four cities: New York, (through March 1996), Chicago (through August 1996), Houston (through August 1995), and San Francisco (through August 1995). None of the showroom leases has a renewal option.

EMPLOYEES

As of December 28, 1993, PST employed a total of approximately 255 persons, the majority of whom were employed in production positions. PSHC has no employees. PST believes its relations with its employees are satisfactory.

STOCK OWNERSHIP AND OTHER STOCK INFORMATION

The following table sets forth certain information regarding the Class A and Class B common stock of PST and the common stock of PSHC beneficially owned as of December 28, 1993 by (i) each shareholder of PST and PSHC (which include each executive officer and each director of PST and PSHC); and (ii) all directors and executive officers of PST as a group and all directors and executive officers of PSHC as a group. Except as otherwise indicated, all shares shown in the table below are held with sole voting and investment power. The share ownership does not reflect the PST/PSHC Combination.

(Remainder of page intentionally left blank)

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<TABLE>
<CAPTION>

Name and Address or No. in Group -----	No. and Class of PST Common Stock -----	Percentage of PST Stock		No. of Shares of PSHC -----	Percentage of of PSHC Shares -----
		Of Class Indicated -----	Of Combined Voting Power (3)<F3> -----		
<S>	<C>	<C>	<C>	<C>	<C>
Robert S. Weiner 1016 Old Powers Ferry Road Atlanta, Georgia 30327	114 Class B (1)<F1>	59.7%	49.7% (4)<F4>	1,085,991.5 (1) (4)<F1><F4>	64.2% (4)<F4>
John and Nancy O'Donnell 12 Weathervane Westport, Connecticut 06880	40 Class B (2)<F2>	20.9%	17.4%	206,609 (2)<F2>	12.2%
Jacqueline A. Colando 7609 Woodland Lane Burr Ridge, Illinois 60525	22 Class B (2)<F2>	11.5%	9.6%	113,816 (2)<F2>	6.7%
Randall J. Hatch 4702 Ageratum Court Acworth, Georgia 30102	8 Class B (2)<F2>	4.2%	3.5%	149,182.5 (2)<F2>	8.8%
Robert D. Williams	0	--	--	57,043 (2)<F2>	3.4%
Steven C. Andrade	0	--	--	80,108 (2)<F2>	4.7%
Traccton Corp.	7 Class B (2)<F2>	3.6%	3.1%	0	--
PSHC 36 Enterprise Blvd. Atlanta, 30336	500 Class A (2)<F2>	100.0%	16.8%	--	--
All directors and executive officers of PST as a group (4 persons)	162 Class B (1)<F1>	84.8%	70.6%	1,498,826 (1)<F1>	88.5%
All directors and executive officers of PSHC as a group (4 persons)	162 Class B (1)<F1>	84.8%	70.6%	1,498,826 (1)<F1>	88.5%

</TABLE>

[FN]

(1)<F1> Does not include 77 shares of PST Class B common stock, 500 shares of PST Class A common stock, and 606,757.5 shares of PSHC common stock, with respect to which Dr. Weiner holds irrevocable proxies granting him sole voting power with respect to virtually any matter, including with respect to the Merger. As a result of such proxies, Dr. Weiner may be deemed beneficially to own 100% of the Class A and Class B common stock of PST and 100% of the PSHC common stock. See "SUMMARY - Approvals of the Merger".

(2)<F2> Shares are subject to an irrevocable proxy in favor of

Robert S. Weiner that grants sole voting power to Dr. Weiner.

- (3)<F3> The Class A and Class B common stock vote as a single class, with each share of Class A common stock entitled to one vote and each share of Class B common stock entitled to 13 votes.
- (4)<F4> As a result of his controlling stock ownership of PSHC shares (64.2%), Dr. Weiner controls the vote of PSHC's shares of PST Class A common stock, and accordingly he controls 66.4% of the combined voting power of PST's outstanding shares, without regard to the irrevocable proxies he has received from the other Shareholders.

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As of December 31, 1993, there were outstanding 500 shares of PST Class A common stock, 191 shares of PST Class B common stock, and 1,692,750 shares of PSHC common stock. As of that same date, there were seven holders of record of PST Class B common stock, one holder of record of PST Class A common stock and six holders of record of the PSHC common stock. There is no public trading market for the PST Class A or Class B common stock or the PSHC common stock.

Neither PST nor PSHC paid any cash dividends on its respective Class A or Class B common stock during the 1992 and 1993 fiscal years.

COMPARISON OF SECURITIES OF INTERFACE AND PST

GENERAL

The following is a summary of material differences between the rights of holders of PST Shares and the rights of holders of Interface Stock. If the Merger is consummated, and Interface does not have or does not exercise the option to pay 100% of the Merger Consideration in cash, then holders of PST Shares at the Effective Time will become holders of shares of Interface Stock. The rights of such former PST Shareholders (including the former PSHC shareholders) as holders of Interface Stock will be governed by the laws of the State of Georgia and by the Interface articles of incorporation and the Interface bylaws. Because each of PST and Interface is organized under the laws of Georgia, these differences arise from various provisions of the respective articles of incorporation and bylaws of PST and Interface. This summary is qualified in its entirety by reference to the full text of such documents.

VOTING RIGHTS

The Interface articles of incorporation divide the common stock of Interface into two classes and provide that, except with respect to the election and removal of directors and except as required by the GBCC, holders of both classes of Interface common stock vote as a single class on all matters and are entitled to cast one vote per share. Neither class has cumulative voting rights. Holders of the Interface Class B Common Stock ("Interface Class B Stock") are entitled as a class to elect a majority of the Interface Board of Directors. Holders of the Interface Stock are entitled as a class to elect the remaining directors, and accordingly the holders of a majority of the Interface Class B Stock are able to control the management of Interface.

The common stock of PST is also divided into two classes with disparate voting rights. The PST Class B Common Stock and the PST Class A Common Stock vote together as a single class on all matters as to which the PST shareholders are entitled to vote, except as required by the GBCC. In all such matters, the holders of the PST Class B Common Stock are entitled to 13 votes per share, and the holders of the PST Class A Common Stock are entitled to one vote per share. Upon consummation of the PST/PSHC Combination, all of the outstanding shares of PST Class A Common Stock will be cancelled and retired.

PREFERRED STOCK PREFERENCE

Interface currently has outstanding 250,000 shares of Series A Cumulative Convertible Preferred Stock ("Series A Preferred")

which are entitled to a preferential 7% annual cumulative cash dividend, payable quarterly, and to preferential liquidation rights. Shares of Series A Preferred are non-voting, except as required by law and in limited circumstances to protect their preferential dividend and liquidation rights, although they are convertible into shares of Interface Stock at the rate of one share of Interface Stock for each \$14.7875 of face value (plus accrued dividends) of Series A Preferred.

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PST has no shares of preferred stock outstanding.

SPECIAL MEETINGS OF SHAREHOLDERS

The Interface bylaws require the Interface chairman of the board or president to call a special meeting of the Interface shareholders upon the request of the holders of 75% or more of all classes of Interface common stock outstanding. In addition, the Interface bylaws impose certain other requirements as to the form of the request and the length of time an Interface shareholder must hold his, her or its stock prior to making such a request.

The PST articles of incorporation permit the holders of 25% or more of the outstanding PST common stock to call a special meeting of the PST Shareholders.

SHAREHOLDER ACTION WITHOUT MEETING

The Interface bylaws permit the Interface shareholders to take action without a meeting by a written consent signed by the holders of all of the outstanding shares of Interface common stock entitled to vote.

The PST articles of incorporation permit the PST Shareholders to take action without a meeting by a written consent signed by the holders of PST common stock holding the amount of shares of PST common stock that would be necessary to approve the action at a meeting of PST Shareholders.

SHAREHOLDER PROPOSALS AND NOMINATIONS

The Interface bylaws require notice to the Interface Board of Directors, in advance of any shareholders meeting, of any shareholder proposals or nominations by any shareholders of candidates for election as directors. In addition, Interface shareholders that wish to make shareholder proposals or director nominations must provide the information specified by the Interface bylaws with respect to such proposals or nominations to the Interface Board of Directors.

PST has no similar provisions in its bylaws or articles of incorporation.

SUPERMAJORITY BOARD VOTE

The Interface bylaws require in certain circumstances the affirmative vote of two-thirds of the entire Interface Board of Directors to recommend or approve certain extraordinary corporate transactions specified in the Interface bylaws involving certain 10% shareholders and persons commencing or announcing an intention to commence a tender offer or proxy contest involving Interface common stock.

PST has no similar provisions in its bylaws or articles of incorporation.

BUSINESS COMBINATIONS WITH INTERESTED SHAREHOLDERS

The provision of the GBCC concerning "Business Combinations with Interested Shareholders" (the "Business Combinations Provision") generally prohibits Georgia corporations who have chosen in their bylaws to be covered by the statute from entering into certain business combination transactions with any "interested shareholder" (generally defined as any person other than the corporation or its subsidiaries beneficially owning at least 10% of the voting stock of the corporation), unless the corporation's board of directors approves the business combination (a) prior to the date the interested shareholder became an interested shareholder or acquired 90% or more of the outstanding voting

stock of the corporation as part of the transaction in which it became an interested shareholder; or (b) after the date the interested shareholder became an interested shareholder, if it acquired 90% or more of the outstanding voting stock of the corporation and a majority of the remaining outstanding voting stock approved the business combination.

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Interface has elected in its bylaws to be governed by the Business Combinations Provision. The Business Combinations Provision is not applicable to PST because PST has not indicated in its bylaws that it would so apply.

LEGAL MATTERS

Certain legal matters regarding the issuance of Interface Stock in connection with the Merger have been passed upon for Interface by the law firm of Kilpatrick & Cody, Atlanta, Georgia.

EXPERTS

The consolidated financial statements and schedules of Interface incorporated by reference in this Prospectus have been audited by BDO Seidman, independent certified public accountants, to the extent and for the periods set forth in their reports incorporated herein by reference and are incorporated herein in reliance upon such reports given upon the authority of said firm as experts in auditing and accounting.

The combined financial statements of PST and PSHC at October 3, 1993 and September 27, 1992 and for each of the three years in the period ended October 3, 1993, appearing in this Prospectus, have been audited by Deloitte & Touche, independent certified public accountants, to the extent set forth in their report appearing elsewhere herein (which report expresses an unqualified opinion and includes an explanatory paragraph referring to a potential future liability relating to a proposed merger), and are included herein in reliance upon such report thereon given upon the authority of said firm as experts in auditing and accounting.

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INDEX TO FINANCIAL STATEMENTS AND APPENDICES

COMBINED FINANCIAL STATEMENTS OF PST AND PSHC

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INDEPENDENT AUDITORS' REPORT

To the Boards of Directors and Stockholders of

We have audited the accompanying combined balance sheets of Prince Street Holding Company ("PSHC") and Prince Street Technologies, Ltd. ("PST") (as so combined "the Company") as October 3, 1993 and September 27, 1992 and the related combined statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended October 3, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Company at October 3, 1993 and September 27, 1992 and the results of its operations and its cash flows for each of the three years in the period ended October 3, 1993 in conformity with generally accepted accounting principles.

As discussed in Note 10, the shareholders of the Company have entered into an acquisition agreement with Interface, Inc. which provides for PSHC to merge into PST and immediately thereafter for PST to merge with a subsidiary of Interface, Inc. Consummation of such merger could cause the Company to incur certain future liabilities to another potential merger partner.

/s/ DELOITTE & TOUCHE

Atlanta, Georgia
December 29, 1993

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PRINCE STREET HOLDING COMPANY
AND PRINCE STREET TECHNOLOGIES, LTD.

COMBINED BALANCE SHEETS

<TABLE>
<CAPTION>

	October 3, 1993	September 27, 1992
	-----	-----
ASSETS		
CURRENT ASSETS:		
<S>	<C>	<C>
Cash and cash equivalents	\$ 185,381	\$ 460,662
Accounts receivable:		
Trade	186,002	138,181
Factor	1,248,702	591,600
Rebates and other	525,592	178,334
Income tax refund receivable		58,289
Officers, employees, and affiliate	88,517	223,788
	-----	-----
Total accounts receivable	2,048,813	1,190,192
Inventory	5,213,195	5,218,067
Sample books	440,465	443,565
Prepaid expenses and other current assets	53,106	98,387
	-----	-----
Total current assets	7,940,960	7,410,873
PROPERTY AND EQUIPMENT:		
Land	54,200	54,200
Buildings	662,480	648,350

Leasehold improvements	276,229	239,003
Machinery and equipment	4,771,529	3,795,022
Furniture and fixtures	743,949	712,244
Vehicles	156,198	146,611
	-----	-----
	6,664,585	5,595,430
Less accumulated depreciation and amortization	2,441,457	1,796,094
	-----	-----
Property and equipment - net	4,223,128	3,799,336
OTHER ASSETS	156,591	144,843
LOANS TO SHAREHOLDERS	100,000	
DUE FROM AFFILIATES		43,794
	-----	-----
	\$12,320,679	\$11,498,846
	=====	=====

<CAPTION>

	October 3, 1993	September 27, 1992
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
<S>	<C>	<C>
Accounts payable	\$ 4,056,832	\$ 3,674,508
Accrued payroll and commissions	393,826	357,169
Customer deposits	195,219	334,197
Current maturities of long-term debt	454,499	456,624
Current income tax payable	152,993	
Other current liabilities	224,274	297,472
Due to affiliates	29,069	
	-----	-----
Total current liabilities	5,506,712	5,119,970
LONG-TERM DEBT - Net of current maturities	3,860,853	4,173,871
DEFERRED INCOME TAXES	188,081	89,968
DEFERRED RENT	19,035	27,303
SHAREHOLDERS' EQUITY:		
Prince Street Holding Company common stock, \$.01 par value; 10,000,000 shares authorized, 1,692,749 shares issued and outstanding	16,928	16,928
Prince Street Holding Company additional paid-in capital	774,883	774,883
Prince Street Technologies, Ltd. common stock, Class B, \$.01 par value; 10,000,000 shares authorized, 191 shares issued and outstanding	2	2
Prince Street Technologies, Ltd. additional paid-in capital	689,810	689,810
Retained earnings	1,274,375	616,111
Stock subscription receivable	(10,000)	(10,000)
	-----	-----
Total shareholders' equity	2,745,998	2,087,734
	-----	-----
	\$12,320,679	\$11,498,846
	=====	=====

</TABLE>

See notes to combined financial statements.

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PRINCE STREET HOLDING COMPANY
AND PRINCE STREET TECHNOLOGIES, LTD.

COMBINED STATEMENTS OF OPERATIONS

<TABLE>

<CAPTION>

	Year Ended		
	October 3, 1993	September 27, 1992	September 29, 1991
	-----	-----	-----
<S>	<C>	<C>	<C>

NET SALES	\$ 30,671,460	\$27,814,070	\$ 28,066,119
COST OF GOODS SOLD (including related party maintenance expense of \$0, \$0, and \$96,000 in each of the three years, respectively)	21,013,566	19,413,580	18,560,165
Gross margin	9,657,894	8,400,490	9,505,954
OPERATING EXPENSES:			
Selling expenses	5,611,475	5,683,816	4,931,196
General and administrative expenses (including related party consulting expense of \$37,196 in each of the three years)	2,189,432	2,137,632	1,976,429
Total operating expenses	7,800,907	7,821,448	6,907,625
OPERATING INCOME	1,856,987	579,042	2,598,329
OTHER INCOME (EXPENSES):			
Interest	(679,530)	(662,579)	(716,461)
Factoring commissions	(261,772)	(255,586)	(273,062)
Other	51,974	33,172	7,366
Other income (expenses) - net	(889,328)	(884,993)	(982,157)
EARNINGS (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	967,659	(305,951)	1,616,172
INCOME TAXES (PROVISION) BENEFIT:			
Current	(418,452)		(433,013)
Deferred	20,840	80,520	(243,226)
EARNINGS (LOSS) BEFORE EXTRAORDINARY ITEM	570,047	(225,431)	939,933
EXTRAORDINARY ITEM - Utilization of operating loss carryforward	88,217		225,946
NET EARNINGS (LOSS)	\$ 658,264	\$ (225,431)	\$ 1,165,879
PRO FORMA EARNINGS (LOSS) PER SHARE OF COMMON STOCK BEFORE EXTRAORDINARY ITEM	\$ 824.96	\$ (326.24)	\$ 1,360.25
PRO FORMA NET EARNINGS (LOSS) PER SHARE OF COMMON STOCK	\$ 952.63	\$ (326.24)	\$ 1,687.23
PRO FORMA WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (See Note 10)	691	691	691

</TABLE>

See notes to combined financial statements.

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PRINCE STREET HOLDING COMPANY
AND PRINCE STREET TECHNOLOGIES, LTD.
COMBINED STATEMENTS OF SHAREHOLDERS' EQUITY

<TABLE>

<CAPTION>

	Prince Street Holding Company		Prince Street Technologies, Ltd.		Retained Earnings (Deficit)	Stock Subscription Receivable	Total
	Common Stock	Additional Paid-in Capital	Common Stock Class B	Additional Paid-in Capital			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, SEPTEMBER 30, 1990	\$ 16,928	\$ 774,883	\$ 2	\$ 689,810	\$ (324,337)	\$ (10,000)	\$ 1,147,286
Net income					1,165,879		1,165,879
BALANCE, SEPTEMBER 29, 1991	16,928	774,883	2	689,810	841,542	(10,000)	2,313,165

Net loss					(225,431)		(225,431)
BALANCE, SEPTEMBER 27, 1992	16,928	774,883	2	689,810	616,111	(10,000)	2,087,734
Net income					658,264		658,264
BALANCE, OCTOBER 3, 1993	\$ 16,928	\$ 774,883	\$ 2	\$ 689,810	\$1,274,375	\$ (10,000)	\$2,745,998

</TABLE>
See notes to combined financial statements.

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<TABLE>
PRINCE STREET HOLDING COMPANY
AND PRINCE STREET TECHNOLOGIES, LTD.

COMBINED STATEMENTS OF CASH FLOWS
<CAPTION>

	Year Ended		
	October 3, 1993	September 27, 1992	September 29, 1991
OPERATING ACTIVITIES:			
<S>	<C>	<C>	<C>
Net income(loss)	\$ 658,264	\$ (225,431)	\$ 1,165,879
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	722,294	641,823	494,815
Amortization of discount on note payable and deferred loan cost	149,931	133,905	118,971
Loss (gain) on disposals of assets	(6,575)	10,604	38,292
Loan forgiven in lieu of consulting fees	118,867		
Changes in operating assets and liabilities:			
Accounts receivable - trade and other	(395,079)	(48,397)	155,535
Accounts receivable factor	(657,102)	1,801,941	(1,699,388)
Tax refund receivable	58,289	(24,715)	(33,574)
Inventory	4,872	(409,040)	(13,501)
Sample books	3,100	(131,373)	35,023
Prepays and other assets	4,735	172,737	(297,457)
Accounts payable	382,324	913,355	338,357
Taxes payable	152,993	(278,822)	278,822
Accrued payroll and commissions	36,657	(58,039)	144,526
Customer deposits	(138,978)	(248,622)	331,308
Other current liabilities	(73,198)	33,641	37,595
Deferred income taxes	98,113	(80,520)	170,488
Deferred rent	(8,268)	(12,624)	1,741
Net cash provided by operating activities	1,111,239	2,190,423	1,267,432
INVESTING ACTIVITIES:			
Purchases of property and equipment	(1,205,381)	(1,330,242)	(1,022,491)
(Increase) decrease in due from affiliates	72,863	(174,049)	(4,127)
Decrease in investments			20,000
Cash received on asset disposal	65,870	500	
Increase (decrease) in short-term investment		69,096	(69,096)
(Increase) decrease in officer, employee, and affiliate receivables	135,271	(124,531)	(20,277)
Net cash used in investing activities	(931,377)	(1,559,226)	(1,095,991)
FINANCING ACTIVITIES:			
Cash overdraft		(637,607)	637,607
Proceeds from long-term debt		564,813	
Principal payments on long- term debt and capital lease obligations	(455,143)	(450,544)	(398,888)
Repayment of notes payable to shareholder			(111,100)
Net cash provided by (used in) financing activities	(455,143)	(523,338)	127,619
NET INCREASE IN CASH AND CASH EQUIVALENTS	275,281	107,859	299,060

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	460,662	352,803	53,743
	-----	-----	-----
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 185,381	\$ 460,662	\$ 352,803
	=====	=====	=====

</TABLE>

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PRINCE STREET HOLDING COMPANY
AND PRINCE STREET TECHNOLOGIES, LTD.

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 3, 1993, SEPTEMBER 27, 1992,
AND SEPTEMBER 29, 1991 (continued)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest during the years ended October 3, 1993, September 27, 1992, and September 29, 1991 was approximately \$57,000, \$539,000 and \$607,000, respectively.

Cash paid for income taxes during the years ended October 3, 1993, September 27, 1992, and September 29, 1991 was \$0, approximately \$303,000, and \$0, respectively.

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During the year ended October 3, 1993, PST exchanged equipment with an aggregate net book value of approximately \$23,000 for similar equipment. The exchange was accounted for as a like kind exchange of similar equipment. PSHC forgave a loan receivable and the related interest of approximately \$132,000 from a shareholder in lieu of consulting services performed by the shareholder.

During the year ended September 27, 1992, PST sold a piece of equipment to a vendor in exchange for a credit memo in the amount of \$18,000. PST applied the credit memo against purchases during the year ended September 27, 1992.

During the year ended September 29, 1991, PST made a deposit of \$123,000 with an affiliated company for the purchase of a machine. During the year ended September 27, 1992, PST applied the deposit to the cost of the machine.

See notes to combined financial statements

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PRINCE STREET HOLDING COMPANY
AND PRINCE STREET TECHNOLOGIES, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 3, 1993, SEPTEMBER 27, 1992,
AND SEPTEMBER 29, 1991

1. SIGNIFICANT ACCOUNTING POLICIES

Prince Street Technologies, Ltd., ("PST") is a carpet manufacturer whose products are sold throughout the United States for commercial use. The combined financial statements include the financial statements of Prince Street Holding Company ("PSHC") and PST (as so combined "the Company"). PSHC will be merged into PST in 1994. Such acquisition will be accounted for as if it were a pooling-of-interests since the transaction will be between related parties (Note 10).

Inventory - Inventories are stated at the lower of cost or market. Cost includes materials, direct and indirect labor, and factory overhead. Market for finished goods and work in process is net realizable value, and for raw materials is replacement cost. PST uses the first-in, first-out (FIFO) method of valuing its inventories.

Sample Books - The cost of manufacturing sample books is capitalized and amortized on a straight-line basis over the estimated period of benefit of 12 months.

Property and Equipment - Property, plant, and equipment is recorded at cost. Additions, renewals, and betterments are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation of property for financial reporting purposes is generally provided on the straight-line method over the following useful lives:

Buildings	30 years
Leasehold improvements	7-10 years
Furniture, fixtures, and equipment	7 years
Vehicles	5 years

Income Taxes - Deferred income taxes are provided for timing differences in recording various items for financial and income tax reporting purposes. The Company does not expect the adoption of FASB 109, Accounting for Income Taxes, which is required for fiscal years beginning after December 15, 1992, to have a material effect on the consolidated financial statements.

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less.

Fiscal Year - The Company's fiscal year is either a 52- or 53-week period with year-end falling on the Sunday closest to September 30.

Pro Forma Earnings Per Share - The Company's earnings per share are computed by dividing net earnings by the pro forma weighted average outstanding common shares computed after giving effect to the pending merger described in Note 10 between PST and PSHC.

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Recently Issued Accounting Standards - The FASB has issued Statement 106, "Employers' Accounting For Postretirement Benefits Other Than Pensions" and Statement 112, "Employers' Accounting For Postemployment Benefits." The Company does not offer any benefits of the type addressed in these statements and, therefore, does not expect these pronouncements to have any impact on the Company's operating results or financial position.

Reclassifications - Certain amounts have been reclassified to conform to the current year presentation.

2. FACTORED RECEIVABLES

PST maintains a factoring agreement for substantially all sales. This agreement provides PST immediate payment for receivables sold to the factor. These payments are for receivables that are currently due or are advances for receivables that are due in the future.

PST sold certain receivables to the factor on a recourse basis. Receivables subject to recourse in the amount of \$144,524 and \$255,198 were uncollected by the factor at October 3, 1993 and September 27, 1992, respectively.

3. INVENTORIES

At October 3, 1993 and September 27, 1992, inventories comprised the following:

	1993	1992
Raw materials	\$1,727,473	\$1,641,584
Work in process	506,822	543,478
Finished goods	2,978,900	3,033,005
	-----	-----
	\$5,213,195	\$5,218,067
	=====	=====

4. LONG-TERM DEBT

The following represents PST's long-term debt and capital lease obligations at October 3, 1993 and September 27, 1992:

<TABLE>
<CAPTION>

	1993 -----	1992 -----
<S>	<C>	<C>
Subordinated \$3,000,000 note payable to Interface, Inc. net of unamortized discount of \$183,126 and \$323,116 at October 3, 1993 and September 27, 1992, respectively, maturing October 1994. The stated rate of interest of 8% is payable quarterly and the effective interest rate is 14%	\$ 2,816,874	\$2,676,874
Installment note payable having receivables and certain equipment as collateral, due September 1995 with monthly principal payments of \$25,000 beginning December 1990. Interest at 1.5% above prime is payable monthly. The rate of interest was 8% at October 3, 1993 and September 27, 1992, respectively	650,000	950,000

</TABLE>

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<TABLE>
<CAPTION>

	1993 -----	1992 -----
<S>	<C>	<C>
Advances under the additional credit facility with Interface, Inc., as described below, maturing October 1994. Interest at 1/2% above prime is payable quarterly. The rate of interest was 6.5% at October 3, 1993 and September 27, 1992, respectively	\$ 563,498	\$ 563,498
Capital lease obligations due March 1995 with aggregate monthly payments of principal and interest of \$9,408. The effective interest rate is 11.28%	205,050	288,402
Note payable with certain equipment as collateral, due April 1994 with monthly principal and interest payments of \$4,250. The rate of interest is 12.1%	28,589	73,163
Capital lease obligation due through April 1995 with combined monthly principal and interest payments of \$2,962. The effective interest rate is 12.4%	51,341	78,558
	-----	-----
	4,315,352	4,630,495
Less current maturities	454,499	456,624
	-----	-----
Long-term debt and capital lease obligations, net of current maturities	\$ 3,860,853	\$ 4,173,871
	=====	=====

</TABLE>

In connection with the note payable to Interface, PST issued stock warrants with an ascribed value of \$575,109 to acquire common stock (see Note 6). Accordingly, the principal amount of the note payable was discounted by the value ascribed to the warrants and is reflected in the financial statements through recording a credit to additional paid-in capital and a charge to the discount on the note. Such discount will be amortized to interest expense over the term of the loan.

The note payable to Interface is subordinate to a limited extent to the secured installment note payable due September 1995 as well as any advances under the factoring agreement. The Interface note payable has as collateral certain inventory, equipment, and buildings and provides for an additional loan facility of \$700,000 upon the occurrence of certain events. The additional advances bear interest at 1/2% above the prime rate (6.5% at October 3, 1993) and have the same repayment terms as the \$3,000,000 note. At October 3, 1993 and September 27, 1992, PST had borrowed \$563,498 against the additional facility.

Aggregate maturities of long-term debt and capital lease obligations are as follows:

Fiscal Year Ending	
1994	\$ 454,499
1995	3,810,687
1996	50,000

	\$ 4,315,186
	=====

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The Interface loan agreement requires PST to maintain, among other things, certain levels of net worth and certain financial ratios, as well as restricts dividends, officers' compensation, and property additions.

At September 27, 1992, PST was in default of the following financial statement ratio covenants; current ratio of not less than 150% - actual ratio 146%; ratio of net income plus income taxes plus interest expense (net of amortization of loan discount) to interest expense (net of amortization of loan discount) not less than 2.75 - actual 0.50; audited financial statements furnished to lender no later than 90 days after year end; as well as a covenant not to guarantee indebtedness of others, and on January 14, 1993 obtained a waiver of such defaults.

In fiscal 1993, PST exceeded the restrictions on capital expenditures and lease obligations. Capital expenditures and new lease obligations limited to \$700,000 actual \$1,205,381. Subsequent to October 3, 1993, PST obtained a waiver of such default.

The installment note payable also contains restrictive covenants requiring maintenance of certain levels of net worth and certain financial ratios along with limitations on obligations incurred for capital expenditures. In fiscal 1993, PST exceeded the restrictions on capital expenditures and lease obligations. Capital expenditures and new lease obligations were limited to \$413,873 - actual expenditures \$1,205,381. Subsequent to October 3, 1993, PST obtained a waiver of such default.

5. INCOME TAXES

For the year ended October 3, 1993, PST utilized its entire net operating loss carryforward for book and tax purposes of approximately \$228,000 and \$535,000, respectively, resulting in an extraordinary item of \$88,217. At October 3, 1993, PST has an alternative minimum tax credit carryforward for income tax purposes of approximately \$200,000, which in accordance with Internal Revenue Code Section 53, has no expiration date.

Income tax expense for the years ended October 3, 1993, September 27, 1992, and September 29, 1993 consists of the following:

	1993 -----	1992 -----	1991 -----
Current tax expense:			
Federal	\$(399,148)		\$(371,108)
State	(19,304)		(61,905)
	-----		-----
	(418,452)		(433,013)
Deferred tax expense:			
Federal	28,703	\$ 80,520	(198,512)
State	(7,863)		(44,714)
	-----	-----	-----
	20,840	80,520	(243,226)
	-----	-----	-----
	\$(397,612)	\$ 80,520	\$(676,239)
	=====	=====	=====

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The actual income tax expense differs from the income tax expense that would result from the application of the U.S. Federal Corporate income tax rate of 34% in each of the three fiscal years as follows:

<TABLE>

<CAPTION>

	1993 -----	1992 -----	1991 -----
<S>	<C>	<C>	<C>
Computed tax expense at the U.S. federal corporate income tax rate	\$ (329,004)	\$104,023	\$(549,498)

Increase resulting from:			
State income tax, net of federal benefit	(17,930)		(70,369)
Permanent differences	(22,461)	(18,359)	(20,716)
Other - net	(28,217)	(5,144)	(35,656)
	-----	-----	-----
	\$ (397,612)	\$ (80,520)	\$ (676,239)
	=====	=====	=====

</TABLE>

Deferred taxes arise from the recognition of certain items of revenue and expense for tax purposes in different years from those in which they are recognized in the financial statements. The sources of these differences and the tax effect of each for each of the three fiscal years are as follows:

	1993	1992	1991
	----	----	----
<S>	<C>	<C>	<C>
Depreciation	\$ (42,544)		\$ (104,852)
Inventories	(6,824)		(37,694)
Alternative minimum tax	96,000	\$ 80,520	11,888
Workers' compensation			(27,915)
Contingency	13,600		
Other - net	(39,392)		(84,653)
	-----	-----	-----
Net deferred income tax (provision) benefit	\$ 20,840	\$ 80,520	\$ (243,226)
	=====	=====	=====

</TABLE>

6. SHAREHOLDERS' EQUITY

During 1989, PST was involved in a recapitalization whereby 25% of the ownership of the Class A common stock of PST was reissued as Class B common stock which has a 13-to-1 voting preference. The remaining 500 shares of Class A common stock are held by PSHC, an entity owned by the Class B common shareholders of PST. All of the Class B common stock is subject to shareholder agreements restricting its transfer.

In connection with the \$3,000,000 note payable to Interface, Inc., PST entered into a stock warrant agreement entitling Interface to acquire common stock representing 20% of the outstanding common stock of PST for a purchase price of \$3,000,000. The warrant agreement contains antidilution provisions which prevent the percentage of ownership subject to purchase from being reduced by issuance of additional stock or stock options at a price per share over than certain stated minimum amounts per share. In addition to the stock warrant agreement, the shareholders entered into a stock option agreement granting Interface the right and option to purchase all, but not less than all, of the capital stock of PST owned by the shareholders at a purchase price equal to the greater of \$8,750,000 or an amount calculated pursuant to certain formulae based upon the average net income of PST over the three-year period ending September 30, 1994. The option is exercisable at any time from October 1, 1994 to March 31, 1995 (the "Option Period"). The stock option agreement also granted Interface a right of first refusal if the shareholders received prior to the commencement of the Option Period an offer from a third party to

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purchase their PST shares. The purchase price for the shares of PST under the right of first refusal was stated as the lesser of (i) the aggregate consideration proposed to be paid to the shareholders in the offer by the third party, and (ii) the greater of (a) such amounts determined by the application of certain formulae calculated on PST's (1) net sales and (2) average net income, or (b) \$7,500,000.

The warrant agreement also specifies that the percentage of common stock purchasable under the warrant agreement for \$3,000,000 will be adjusted downwards or upwards between 2% and 6% per year if annual earnings, as defined, fall below or exceed certain threshold amounts. The maximum percentage purchasable is 40% and the minimum is 15%. For the years ended October 3, 1993 and September 27, 1992, the percentage of

common stock purchasable under the warrant agreement was adjusted upwards 5%, based on annual earnings, as defined. No adjustment of the percentage of ownership occurred based on annual earnings, as defined, for the year ended September 28, 1991. The aggregate percentage available to Interface at October 3, 1993 is 30%.

The warrant agreement is exercisable through July 20, 2000 and may be redeemed by PST on March 31, 1995 by repayment of the \$3,000,000 note to Interface plus an amount equal to 12% per annum of \$3,000,000 or such lesser amount as shall be outstanding under the note, which shall increase to 20% per annum on any portion of such note repaid prior to redemption of the warrant agreement.

7. STOCK OPTIONS

At October 3, 1993, 83 shares of Class B common stock are reserved for issuance upon exercise of options granted to officers and key employees. The options, which were granted during 1989, have an option price of \$10 and expire ten years from the issue date. At October 3, 1993 and September 27, 1992, all 83 options were outstanding and exercisable. On November 22, 1993, all 83 stock options were canceled by the option holders.

8. RENT EXPENSE AND LEASE COMMITMENTS

Rent expense charged against income amounted to approximately \$609,000, \$548,000, and \$443,000 in 1993, 1992, and 1991, respectively. Deferred rent is provided to recognize rent expense on the straight-line basis.

Future minimum rental commitments under noncancelable capital and operating leases at October 3, 1993 are as follows:

Fiscal Year Ending	Capital Leases	Operating Leases
1994	\$148,457	\$530,210
1995	144,831	495,918
1996		141,509
1997		50,290
Thereafter		45,714
	-----	-----
Future minimum lease payments	293,288	\$1,263,641
		=====
Less amount representing interest	36,897	

Present value of future minimum lease payments	\$256,391	
	=====	

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Property and equipment includes equipment under capital lease of \$653,736 with accumulated depreciation of \$343,476 and \$244,660 at October 3, 1993 and September 27, 1992, respectively.

9. RELATED PARTY TRANSACTIONS

In 1988, PSHC entered into an agreement with a former officer to purchase common stock and prohibit competition from such former officer for \$180,000, payable \$5,000 monthly for 36 months. PST has an equipment maintenance agreement with a company ("Traccton") which is controlled by the majority shareholder of PST. During 1991, PST expensed approximately \$96,000 under this maintenance agreement. During 1991, PST purchased \$261,200 of machinery and equipment from Traccton and made a \$123,000 deposit on future equipment purchases. The deposit was applied against equipment purchases in 1992. PST purchased \$850,000 and \$297,612 of machinery and equipment from Traccton during 1993 and 1992, respectively.

In 1989, PST entered into a consulting agreement with a shareholder to provide certain consulting services through 1993. In 1991, PST paid the remaining future amounts due under

the agreement of \$150,000 at a discount.

10. SUBSEQUENT EVENT

On December 3, 1993, the shareholders of the Company signed an acquisition agreement which provided for PSHC to merge into PST and immediately thereafter for PST to merge with a subsidiary of Interface, Inc. In the merger of PSHC into PST, all of the shares held by PSHC will be canceled and the existing shareholders of PSHC, who are also the remaining shareholders of PST, will be issued 500 shares of PST Class B common stock in exchange for the outstanding shares of PSHC. The number of outstanding shares of PST Class B common stock after the merger of PSHC and PST will be 691.

On October 13, 1993, Mohawk Industries, Inc. ("Mohawk") entered into a letter of intent to acquire the Company which contained certain provisions for liquidated damages payable to Mohawk if the Company did not close such transaction with Mohawk. Interface exercised its right of first refusal as discussed in Note 6 and, therefore, the Company may have incurred a liability to Mohawk of up to \$750,000 under such liquidated damages provision. Certain shareholders have agreed to indemnify the Company for up to \$350,000 of such liquidated damages if the Company becomes obligated to make such payments.

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APPENDIX A

Execution
Counterpart

INTERFACE, INC.

December 3, 1993

ACQUISITION

OF

PRINCE STREET TECHNOLOGIES, LTD.

AND

PRINCE STREET HOLDING COMPANY

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ACQUISITION AGREEMENT
PRINCE STREET TECHNOLOGIES, LTD.
PRINCE STREET HOLDING COMPANY

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ACQUISITION AGREEMENT

THIS AGREEMENT is made this 3rd day of December, 1993, by and among Interface, Inc., a Georgia corporation ("Purchaser"), and Robert S. Weiner, Randall J. Hatch, Nancy O'Donnell, John O'Donnell, Jacqueline A. Colando, Traccton Corp. ("Traccton"), Prince Street Holding Company (collectively the "PST Shareholders") and Steven C. Andrade, and Robert D. Williams (collectively with the PST Shareholders, the "PST/PSHC Shareholders");

W I T N E S S E T H:
- - - - -

WHEREAS, the total authorized share capital of Prince Street Technologies, Ltd., a Georgia corporation ("PST"), consists of 10,000,000 shares of Class A common stock and 10,000,000 shares of Class B common stock, both with a par value of \$.01 per share, of which 500 and 191 shares of Class A common stock and Class B common stock, respectively, are presently issued and outstanding (collectively the "PST Shares", and together with the Additional PST Shares, as hereinafter defined, the "Shares"); and

WHEREAS, the PST Shareholders are the record and beneficial owners of all the PST Shares; and

WHEREAS, the total authorized share capital of Prince Street Holding Company, a Georgia corporation ("PSHC", and together with PST, individually a "Company" and collectively the "Companies," which terms shall include PST as the surviving corporation in the mergers provided for herein), consists of 10,000,000 shares of common stock, with a par value of \$.01 per share, of which 1,692,749 shares are presently issued and outstanding (collectively the "PSHC Shares"), 10,000,000 shares of Class B common stock, with a par value of \$.01 per share, of which no shares are presently issued and outstanding, and 1,000,000 shares of preferred stock, with a par value of \$.01 per share, of which no shares are presently issued and outstanding; and

WHEREAS, the PST/PSHC Shareholders, other than PSHC and Traccton, are the record and beneficial owners of all of the PSHC Shares (the PST/PSHC Shareholders other than PSHC being hereinafter referred to as the "Shareholders"); and

WHEREAS, PST and Purchaser are parties to that certain Stock Subscription Warrant No. W-1 dated July 20, 1990, whereby, as of the date hereof, Purchaser is entitled to subscribe to and purchase from PST so much of the Class A common stock and Class B common stock of PST that after the exercise of such warrant would

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entitle Purchaser to own 30% of the outstanding common stock of PST on a fully diluted basis (the "Warrant"); and

WHEREAS, the Shareholders have provided Purchaser with a copy of a letter of intent dated October 13, 1993, from Mohawk Industries, Inc. (the "Mohawk Letter") providing for a total valuation of the Companies of \$15,000,000 on a fully-diluted basis, subject to adjustment (the "Total Company Amount"); and

WHEREAS, the PST/PSHC Shareholders' collective portion of the Total Company Amount on a fully-diluted basis is 70% of the Total Company Amount, or \$10,500,000 in the absence of any adjustments; and

WHEREAS, in reliance on and subject to the terms, conditions, representations, warranties, covenants and agreements herein contained, Purchaser desires to acquire the PST/PSHC Shareholders' interests in PST and PSHC from the PST/PSHC Shareholders, and the PST/PSHC Shareholders desire to dispose of such interests on a tax free basis, subject and pursuant to this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. MERGER.

1.1 AGREEMENTS TO CAUSE MERGERS. (a) On or before the Closing Date (as defined in Paragraph 1.3 below), and prior to the Closing (as defined in Paragraph 1.3 below), the PST/PSHC Shareholders shall take such actions as shall be necessary to cause PSHC to be merged with and into PST (hereinafter referred to as the "PST/PSHC Merger.") PST shall be the surviving corporation in the PST/PSHC Merger, and the PST/PSHC Merger shall be consummated in accordance with an Agreement and Plan of Merger in the form attached hereto as Exhibit A (the "PST/PSHC Merger Agreement"). The PST/PSHC Shareholders shall cause PST and PSHC to execute and deliver the PST/PSHC Merger Agreement, with the approval of their respective Boards of Directors and shareholders, on or before the Closing Date and prior to the consummation of the PST/PSHC Merger. The PST/PSHC Merger Agreement shall require the filing of Articles of Merger or Certificate of Merger with the Secretary of State of Georgia and the effectiveness of the PST/PSHC Merger at the time of such filing. The PST/PSHC Shareholders shall cause such filing and effectiveness (the "PST/PSHC Closing") to be accomplished prior to the Effective Time of the Merger (as defined in subparagraph 1.1(b) below). The PST/PSHC Merger Agreement shall provide that upon consummation of the PST/PSHC Merger, by virtue of the PST/PSHC

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Merger and without any action on the part of any record holder of PST or PSHC:

- (i) all of the PST Shares held by PSHC shall be cancelled and retired and shall cease to exist and no shares of PST or other consideration shall be delivered in respect thereof;
- (ii) all of the PST Shares held by shareholders of PST other than PSHC issued and outstanding immediately prior to the PST/PSHC Closing shall continue unchanged and shall continue to evidence the same number of shares of common stock of PST as the surviving corporation in the PST/PSHC Merger; and
- (iii) all of the PSHC Shares issued and outstanding immediately prior to the PST/PSHC Closing shall be converted in the aggregate into 500 shares of Class B common stock of PST (the "Additional PST Shares"). In exchange for each such PSHC Share, each of the shareholders of PSHC shall be entitled to receive a portion of the Additional PST Shares in accordance with Attachment A to the form of PST/PSHC Merger Agreement attached to this Agreement as Exhibit A.

(b) At the Closing, upon the terms, conditions, representations, warranties, covenants and agreements contained herein, Purchaser and the Shareholders shall take such actions as shall be necessary to cause PST Acquisition Corp., a Georgia corporation ("Sub"), which is, or will be, a wholly-owned subsidiary of Purchaser to be merged with and into PST, as the surviving corporation in the PST/PSHC Merger. PST shall be the surviving corporation in such merger (hereinafter referred to as the "Merger"), and the Merger shall be consummated in accordance with an Agreement and Plan of Merger in the form attached hereto as Exhibit B, which shall be completed in accordance with this Agreement and executed and delivered at Closing (the "Merger Agreement"), and which shall require the filing of Articles of Merger or Certificate of Merger with the Secretary of State of Georgia and the effectiveness of the Merger at the time of such filing on the Closing Date (the "Effective Time of the Merger").

1.2 CONVERSION OF SHARES IN MERGER OF PST AND SUB.
Upon the consummation of the Merger at Closing, by virtue of the Merger and without any action on the part of any record holder of PST or Sub:

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(a) each share of the common stock of Sub issued and outstanding immediately prior to the Closing shall be converted into the right to receive continue unchanged and shall continue to evidence the same number of shares of the Class B common stock of PST as the surviving corporation in the Merger (the "Surviving Corporation"); and

(b) all of the PST Shares and the Additional PST Shares (collectively the "Converted Shares") shall in the aggregate be converted into the right to receive Ten Million Five Hundred Thousand and No/100 Dollars (\$10,500,000) in the aggregate (the "Merger Consideration"), subject to adjustment as provided in Paragraph 1.4 below, and payable as provided in Paragraph 1.3 below. In exchange for each Converted Share, former shareholders of PST (including former shareholders of PSHC becoming shareholders of PST in the PST/PSHC Merger) shall be entitled to receive a portion of the aggregate Merger Consideration in accordance with Exhibit C, attached to this Agreement.

1.3 PAYMENT OF MERGER CONSIDERATION. Subject to the following provisions of this Paragraph 1.3, the Merger Consideration shall be payable in shares of Class A Common Stock of Purchaser ("Purchaser Shares"). For purposes of paying Merger Consideration in Purchaser Shares, each Purchaser Share shall be valued at the average of closing sale prices for Purchaser Shares as reported on the NASDAQ National Market System for the 60 trading days immediately preceding the Closing Date (the "Closing Date Price"). Notwithstanding the foregoing, (a) Purchaser shall have the option to pay up to 20% of the aggregate Merger Consideration in cash, with the balance payable in Purchaser Shares, such option to be exercised by notice to the Shareholders given not later than 5 days prior to Closing and specifying the percentage of the Merger Consideration that Purchaser will pay in cash, and (b) if the Closing Date Price is less than \$12.00 per share, Purchaser shall be entitled to pay the entire Merger Consideration at Closing in cash. If the Merger Consideration is paid by a combination of cash and Purchaser Shares as set forth in clause (a) of the preceding sentence, each Converted Share shall be converted upon consummation of the Merger into the right to receive cash and Purchaser Shares in the same ratio as each of the other Converted Shares, provided, however, that any fractional shares that would otherwise be issuable based upon the ratable portion of the Merger Consideration to be paid in Purchaser Shares, may be paid in cash in lieu of issuing any fractional shares of Purchaser. At or before Closing, the PST/PSHC Shareholders shall cause PST, as the surviving corporation in the PST/PSHC Merger, and Purchaser shall cause Sub, to enter into, with the approval of their respective Boards of Directors, the Merger Agreement in substantially the form of Exhibit B hereto, duly completed in a manner consistent with this Agreement and providing for conversion of the Converted Shares into the right to receive Purchaser Shares, to receive a combination of

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Purchaser Shares and cash, or to receive cash, as designated by Purchaser consistent with this Paragraph 1.3, the Shareholders and Purchaser shall duly approve the Merger in their respective capacities as shareholders of the parties to the Merger Agreement, and the Shareholders and Purchaser shall cause the Merger to become effective on the Closing Date by the filing of Articles of Merger or a Certificate of Merger with the Secretary of State of Georgia.

1.4 ADJUSTMENT TO MERGER CONSIDERATION. If PST's Adjusted EBIT for the fiscal year ended October 3, 1993 ("1993 EBIT") is less than \$2,060,371, the Merger

Consideration shall be subject to adjustment by reducing the Merger Consideration by the amount, if any, of the Shareholder EBIT Shortfall Adjustment Amount. As used herein, "Shareholder EBIT Shortfall Adjustment Amount" shall mean an amount equal to 70% of the result of (i) 6.8, multiplied by (ii) \$2,060,371 minus 1993 EBIT. As used herein, "Adjusted EBIT", shall mean PST's earnings before interest and taxes ("EBIT"), calculated in accordance with generally accepted accounting principles consistently applied, with the adjustments to EBIT set forth on Exhibit 1.4. If the total Merger Consideration shall be reduced in accordance with the foregoing, the allocable portion of the Merger Consideration into which each Shareholder's Converted Shares are convertible, as set forth on Exhibit C, shall be correspondingly reduced by such Shareholder's ratable portion of the Shareholder EBIT Shortfall Adjustment Amount, determined on the basis of the amount of Merger Consideration such Shareholder would receive in the absence of an adjustment, as compared to the total Merger Consideration in the absence of an adjustment, as set forth on Exhibit C.

1.5 DETERMINATION OF SHAREHOLDER EBIT SHORTFALL ADJUSTMENT AMOUNT. The Shareholder EBIT Shortfall Adjustment Amount, if any, shall be determined as follows. Not later than December 17, 1993 (provided Purchaser timely responds to any loan confirmation request delivered to it pursuant to PST's year-end audit), the Shareholders shall cause PST to provide to Purchaser PST's audited financial statements for the fiscal year ended October 3, 1993 and prepared in accordance with generally accepted accounting principles consistently applied, together with an unqualified audit opinion thereon of Deloitte & Touche in standard form, and together with schedules certified by PST showing PST's computation of 1993 EBIT. Upon receipt thereof, Purchaser and the Shareholders shall each be entitled to review all work papers and documents of the Shareholders, PST, PSHC, and, as soon as practicable, Deloitte & Touche relating to the preparation of such audited financials and computation of 1993 EBIT. Unless within 7 business days after receipt of the financial statements, schedules and other documents referred to above including but not limited to work papers prepared by or for Deloitte & Touche, Purchaser (i) gives notice, with reasonable specificity, that it disputes PST's computation of 1993 EBIT and proposes a greater adjustment to the

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amount of Merger Consideration than any shown on PST computations, or (ii) gives notice that Purchaser has not received the schedules, work papers and documents required to be provided, or other information that Purchaser has reasonably requested be provided, such PST computations shall be binding on all parties. In the event Purchaser gives notice in accordance with (ii) above, the time periods in Paragraph 1.6 below shall be tolled and suspended until such information is provided to Purchaser in which case Purchaser shall have an additional 5 business days from the delivery of all requested information, to provide the notice in (i) above.

1.6 RESOLUTION OF MERGER CONSIDERATION DISPUTE. If Purchaser gives notice to the Shareholders that it disputes PST's computation of 1993 EBIT as provided in Paragraph 1.4 and proposes an adjustment to the amount of the Merger Consideration, Purchaser and the Agent shall cooperate in good faith with the purpose of reaching agreement in writing on Purchaser's proposed adjustment. If they cannot agree on or before the fifteenth (15th) business day after the Purchaser gives notice of its proposed adjustment to the Merger Consideration, then either Purchaser or the Agent may give written notice to the other that it proposes to arbitrate Purchaser's proposed adjustment, and either party may then submit the disputed adjustments to arbitration by the Atlanta office of KPMG Peat Marwick, or, if such firm is unable or unwilling to serve, such other firm of nationally recognized certified public accountants as shall be independent of and reasonably

satisfactory to Purchaser and the Agent (the "Independent Accountant"). All work papers and related records of Deloitte & Touche, PST and PSHC shall be made available to the Independent Accountant. The Independent Accountant shall determine whether any of Purchaser's proposed adjustments are required under the principles applicable to computation of the amount of the Merger Consideration as provided herein and issue its report within forty-five (45) business days after either party notifies the other that it proposes to arbitrate. The determination of the Independent Accountant will be final and binding upon the parties. The Shareholders and Purchaser shall each pay one-half of the reasonable fees of the Independent Accountant in serving as arbitrator hereunder.

1.7 CLOSING. The closing of the transactions contemplated in this Agreement (the "Closing") shall take place at the principal offices of Kilpatrick & Cody in Atlanta, Georgia, or such other place in Atlanta, Georgia, as is selected by Purchaser, at 10:00 a.m. local time on the second business day after the date on which (i) all conditions to closing contained in Sections 6 and 7 have been satisfied, and (ii) any dispute between the parties regarding any proposed adjustment to the Merger Consideration as provided in Paragraph 1.4 shall have been resolved, but in no event later than the date which is 120 days after the Registration

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Statement has been filed, and by such date all such conditions shall be satisfied (the "Closing Date"); provided, however, the parties hereto agree to use their best reasonable efforts to have the Closing on or before January 31, 1994; provided further, however, that if notwithstanding the reasonable efforts of the parties to have the Registration Statement become effective within the period provided above, the Registration Statement has not become effective within 120 days after its filing, but all other conditions to Purchaser's obligation are satisfied, Purchaser shall be required to proceed with Closing on the date which is 120 days after the Registration Statement is filed and pay all of the Merger Consideration at Closing in cash.

1.8 TRANSACTIONS AND DOCUMENTS AT CLOSING.

(a) At the Closing, each PST/PSHC Shareholder shall deliver to Purchaser certificates representing all PST Shares, Additional PST Shares, and PSHC Shares held (or held prior to the PST/PSHC Merger) by such party, duly endorsed for transfer, with all required stock transfer stamps, if any, affixed, and upon such delivery of such certificates by all PST/PSHC Shareholders, the parties shall cause the Effective Time of the Merger to occur, and Purchaser shall cause the Surviving Corporation to pay to the Shareholders the Merger Consideration, (1) by wire transfer of immediately available funds, to an Atlanta, Georgia, account to be designated by the Agent in writing, of any portion of the Merger Consideration payable in cash, and (2) delivery of certificates representing all Purchaser Shares issuable in satisfaction of all or a portion of the Merger Consideration, in either case in accordance with Paragraphs 1.3, 2.11, 2.13 and the other provisions of this Agreement. Purchaser Shares into which Converted Shares shall be converted pursuant to the Merger shall be deemed to have been issued at the Effective Time of the Merger. All deliveries, payments and other transactions and documents relating to the Closing shall be interdependent and none shall be effective unless and until all are effective (except for any of the same as to which the party entitled to the benefit thereof has waived satisfaction or performance thereof as a condition precedent to Closing).

(b) From time to time and at any time, at Purchaser's request, whether on or after the Closing Date, and without further consideration, the PST/PSHC Shareholders or their Agent shall, at the expense of the PST/PSHC Shareholders, execute and deliver such further documents and instruments of conveyance and transfer and shall take such further reasonable actions as may be necessary or

convenient, in the opinion of Purchaser, to transfer and convey to the Surviving Corporation all of their right, title and interest in and to the Shares, free and clear of any and all liens, caims, charges and encumbrances, or as may otherwise be necessary or convenient to carry out the intent of this Agreement.

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1.9 Default by One Shareholder. If any PST/PSHC Shareholder fails or refuses to deliver to Purchaser or the Surviving Corporation, at the Closing as provided in Paragraph 1.7 hereof, any of the Shares to be converted or cancelled by such party hereunder, then such failure or refusal shall not relieve the other PST/PSHC Shareholders of any obligation under this Agreement, and Purchaser, at its option and without prejudice to its rights against such defaulting party, may either proceed with the Merger, or refuse to proceed and thereby terminate all of its obligations hereunder, without any liability to any of the PST/PSHC Shareholders as a result of such termination.

2. ADDITIONAL AGREEMENTS.

2.1 PURCHASER'S ACCESS AND INSPECTION. The PST/PSHC Shareholders shall provide Purchaser and its authorized representatives full access during normal business hours from and after the date hereof until the Closing to all of the Companies' assets, properties, contracts, commitments, books and records for the purpose of making such investigation as Purchaser may desire, including, without limitation, having surveys made of the Companies' Real Property (as defined in Paragraph 3.17(a) below), and the Shareholders shall furnish Purchaser such information concerning the Companies' affairs as Purchaser may request. The PST/PSHC Shareholders shall cause the personnel of each Company to assist Purchaser in making such investigation and shall cause the counsel, accountants, engineers, consultants and other non-employee representatives of each Company to be reasonably available to Purchaser for such purposes. Purchaser agrees that it will not require access to or assistance from any personnel of the Companies or any of their counsel, accountants, engineers, consultants and other non-employee representatives other than as reasonably necessary and customary in performing due diligence in connection with a business combination. No investigation made heretofore or hereafter by Purchaser shall limit or affect the representations or warranties of the Shareholders hereunder, each of which shall survive any such investigation.

2.2 CONFIDENTIALITY. If the transactions contemplated herein are not consummated, then Purchaser shall return to the Shareholders all documents and other written information furnished by the Shareholders or any Company to Purchaser pursuant to this Agreement, and Purchaser shall not reveal to any third party any of the Companies' trade secrets or confidential business information learned as a result of disclosures made pursuant to this Agreement, provided that the obligations of Purchaser hereunder shall not apply to:

(a) any information which was known to Purchaser prior to its disclosure by the Shareholders or a Company;

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(b) any information which was in the public domain (it being agreed that information disclosed by Companies to Mohawk Industries, Inc., subject to a confidentiality agreement is not, merely because of such disclosure, in the public domain prior to the disclosure thereof by the Shareholders or a Company to Purchaser;

(c) any information which comes into the public domain through no fault of Purchaser; or

(d) any information which is disclosed to Purchaser by

a third party (which term shall not include the counsel, accountants, employees and other non-employee representatives of a Company or the Shareholders) having a legal right to make such disclosure.

Nothing herein relieves any party hereto of any duties pursuant to any other agreement.

2.3 COOPERATION. The parties shall cooperate fully with each other and with their respective counsel and accountants in connection with any steps required to be taken as part of their respective obligations under this Agreement, and all parties shall use their best efforts to consummate the transactions contemplated herein and to fulfill their obligations hereunder, including, without limitation, causing to be fulfilled at the earliest practical date the conditions precedent to the obligations of the parties to consummate the transactions contemplated hereby. Without the prior written consent of the other parties, no party hereto shall take any intentional action that would cause the conditions precedent to the obligations of the parties hereto to effect the transactions contemplated hereby not to be fulfilled, including, without limitation, taking or causing to be taken any action which would cause the representations and warranties made by such party herein not to be true, correct and complete as of the Closing.

2.4 EXPENSES. Except as noted below, the expenses incurred by Purchaser in connection with the authorization, preparation, execution and performance of this Agreement, including, without limitation, all fees and expenses of agents, representatives, counsel and accountants for Purchaser, shall be paid by Purchaser. PST may pay up to \$500,000 of valid and verifiable bona fide expenses (including brokerage commissions, if any to Bollinger, Wells, Lett & Co., Inc., but not any such brokerage commissions based on any consideration to the PST/PSHC Shareholders in excess of \$12,000,000) associated with the negotiation and closing of this Agreement, whether incurred by the Shareholders or either Company. Such \$500,000 of expenses may also include attorney fees and accounting fees associated with

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negotiation of the Mohawk Letter. All other expenses incurred by the Shareholders or the Companies in connection with the negotiation, authorization, preparation, execution and performance of this Agreement or the negotiation of the Mohawk Letter shall be paid by the Shareholders. Notwithstanding any of the foregoing to the contrary, Purchaser and

Shareholders shall each pay fifty percent (50%) of all costs and out-of-pocket expenses (including, but not limited to, fees and expenses of Purchaser's attorneys, accountants and other professionals, and filing fees paid to the Commission or otherwise), incurred by Purchaser with respect to the preparation and filing of the Registration Statement and any other costs and expenses related to the registration of the Purchaser Shares pursuant to Paragraph 2.11.

2.5 BROKERS. Each party hereto represents and warrants that, with the exception of Bollinger, Wells, Lett & Co., Inc., which has acted for the Shareholders and PST, no broker or finder has acted on its behalf in connection with this Agreement or the transactions contemplated herein. Each party shall indemnify the other parties and hold them harmless from and against any and all claims or demands for commissions or other compensation by any broker, finder or similar agent claiming to have been employed by or on behalf of such party; provided that the Shareholders shall indemnify Purchaser, Sub, PST, PSHC and the Surviving Corporation and hold them harmless for any such commissions or compensation to Bollinger, Wells, Lett & Co., Inc. in excess of that permitted to be paid pursuant to Paragraph 2.4.

2.6 COVENANT AGAINST COMPETITION.

(a) In order to induce Purchaser to enter into this Agreement and acquire the Shares as provided herein, and in partial consideration thereof, Robert S. Weiner ("Weiner") agrees that, for a period beginning on the Closing Date and ending on the fourth (4th) anniversary date thereof, he will not, without the prior written consent of Purchaser, for his own account or jointly with another, directly or indirectly, for or on behalf of any

individual, partnership, corporation or other legal entity, as principal, agent or otherwise:

(i) engage in, consult with, or own, control, manage or otherwise participate in the ownership, control or management of a business engaged in the manufacture, purchase for resale, sale, or distribution within any part of the Company Territory (as defined in subparagraph (c) below) of broadloom carpet (including without limitation tufted carpet in any roll width, including but not limited to 6 foot widths) or carpet tile ("Products"), except as an employee and on behalf of PST,

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Purchaser, Sub or any affiliated entities of Purchaser, and except that this provision shall not prohibit Weiner from engaging in, consulting with, or owning, controlling, managing or otherwise participating in the ownership, control or management of a Residential Manufacturer (as defined in subparagraph (c) below); or

(ii) solicit, call upon, or attempt to solicit the patronage of any individual, partnership, corporation or other legal entity having an office or place of business within the Company Territory and to whom PST sold any Products during the 12 month period immediately preceding the Closing Date, for the purpose of obtaining the patronage of any such individual, partnership, corporation or other legal entity for the purchase of any Products from anyone other than PST, except as an employee and on behalf of PST, Purchaser, Sub or any affiliated entities of Purchaser; or

(iii) solicit or induce, or in any manner attempt to solicit or induce, any person employed by either Company to leave such employment, whether or not such employment is pursuant to a written contract with either Company or otherwise.

(b) Each Shareholder agrees that he will not, without the prior written consent of Purchaser, for his own account or jointly with another, directly or indirectly, for or on behalf of any individual, partnership, corporation or other legal entity, as principal, agent or otherwise, use or authorize any other person to use the name "Prince Street" or "Prince Street Technologies", or any name similar thereto, in connection with the manufacture, assembly, purchase for resale, sale, or distribution of any Products.

(c) For the purposes of this Paragraph 2.6, the term "Company Territory" means the continental United States and Canada, which is the territory within which PST has offices and conducts its business and within which PST's customers and accounts are located and PST solicits substantially all of its patronage. For the purposes of this Paragraph 2.6, the term "Residential Manufacturer" shall mean an individual, partnership, corporation or other legal entity which manufactures, sells or distributes broadloom carpet solely and exclusively for use in the residential end user market (the "Residential Market") and which neither

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manufactures, sells or distributes any Products for use in any market other than the Residential Market, nor controls, is controlled by, or is under common control with, any individual, partnership, corporation or other legal entity which manufactures, sells or distributes any Products for use in any market other than the Residential Market.

(d) Notwithstanding anything herein to the contrary (i) it shall not be a breach of the covenants contained in Paragraph 2.6(a) for any Shareholder to own not more than two percent (2%) of the capital stock of any corporation whose shares are publicly traded, and (ii) the covenants described in this Paragraph 2.6 shall apply only if the transactions contemplated by this Agreement are consummated at the Closing.

(e) If .58 of the aggregate Merger Consideration, after any adjustment as provided in Paragraph 1.4, is less than \$5 million, then Purchaser may, at its option, elect to enter into an employment agreement with Weiner, which guarantees a minimum annual compensation of \$150,000 for a four year period commencing the Closing Date and provides for Weiner to perform such duties as are defined by PST's Board of Directors and Weiner agrees to enter into such employment as a condition to the Closing. Purchaser agrees to negotiate in good faith in order to cause Weiner to be paid a salary pursuant to such employment agreement that is commensurate with the duties he provides to PST and generally comparable to similarly situated executives of Purchaser. If Purchaser elects to enter into such employment agreement, the provisions of this Section 2.6 shall cease to apply at such time as the employment agreement is terminated by PST without cause and not before. The provisions of this Section 2.6 shall not apply if Purchaser elects not to enter into such employment agreement with Weiner.

2.7 TERMINATION OF CERTAIN CONTRACTS. If the transactions contemplated herein are consummated at the Closing, then the Companies shall terminate on or prior to Closing, without further liability of the Companies to any Shareholder or to any other party (except to the extent such liability was accrued prior to or relates to a period prior to such termination), all contracts presently in force between the Companies and any Shareholder or any relative or affiliate of any Shareholder.

2.8 Publicity. All press releases and other public announcements respecting the subject matter hereof shall be made only with the mutual agreement of the parties hereto; provided, however, that Purchaser is a publicly held company and may make such announcements and disclosures as may be necessary or convenient to comply with the rules and regulations of the National Association of Securities Dealers, Inc. and any and all applicable federal and state securities laws; provided, further, with respect to any public announcement of the subject matter hereof, Purchaser

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agrees to use its best efforts consistent with such rules, regulations and laws to discuss the contents of such announcement with the Agent to obtain his comments prior to making such announcement.

2.9 OTHER PROCEEDINGS AT CLOSING. At the Closing, Purchaser shall cancel the Warrant without exercise.

2.10 HART-SCOTT-RODINO FILING. Within 15 days after the execution and delivery of this Agreement, each party that is required to file a notification report under the rules and regulations promulgated under the Hart-Scott-Rodino Antitrust Improvements Act shall file such notification report in all places and with all parties as so required thereunder.

2.11 REGISTRATION STATEMENT.

(a) As promptly as practicable following the execution and delivery of this Agreement, Purchaser shall file with the Securities and Exchange Commission (the "Commission") a Registration Statement (the "Registration Statement") on Form S-4 for the purpose of registering under the Securities Act of 1933, as amended (the "Securities Act") the issuance of Purchaser Shares pursuant to the Merger. Purchaser and

the PST/PSHC Shareholders shall, and the PST/PSHC Shareholders shall cause PST to, (i) use all reasonable efforts to have the Registration Statement declared effective under the Securities Act at the earliest practicable time; and (ii) prepare and file any other filings required under the Securities Act, the Securities Exchange Act of 1934, as amended, or any other federal or state securities or blue sky laws relating to the Merger and the other transactions contemplated hereby at the earliest practicable time.

(b) The information to be provided by PST, PSHC, and the Shareholders for use in the Registration Statement shall not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances, not misleading at the time the Registration Statement or other documents are filed with the Commission, and at the time the Registration Statement is declared effective by the Commission.

2.12 AFFILIATES OF PST AND PSHC. Prior to the time the Registration Statement is declared effective by the Commission, PST, PSHC and the Shareholders shall deliver to Purchaser a letter identifying all persons whom they believe are "affiliates" of PST or PSHC as that term is used in Rule 145 under the Securities Act (the "Affiliates").

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2.13 RESTRICTION ON PURCHASER SHARES.

(a) Each Shareholder agrees that, on any single day during the period commencing on the Closing Date and continuing through the third anniversary date thereof (the "Restriction Period"), the Shareholder shall not sell or otherwise dispose of any Purchaser Shares in excess of the Day's Maximum Sale Number in effect for that particular day. As used herein, "Day's Maximum Sale Number" shall mean a number of Purchaser Shares that changes daily and is determined separately for each day in the Restriction Period on which any Shareholder proposes to sell or dispose of Purchaser Shares as the number equal to (i) 100,000 shares (the "Base Monthly Number"), minus (ii) the aggregate number of Purchaser Shares sold or disposed of by all of the Shareholders during the 30 calendar day period ending on the day before the day for which the Day's Maximum Sale Number is being computed; provided, however, that in computing the Day's Maximum Sale Number for any day during the period commencing with the Closing Date and continuing through the 30th calendar day after the Closing Date, the Base Monthly Number shall be deemed to be 250,000 shares, instead of 100,000 shares. The Day's Maximum Sale Number for any day during the Restriction Period shall constitute a maximum limit on the aggregate sales of Purchaser Shares by all of the Shareholders on that day. If more than one Shareholder proposes to sell or dispose of Purchaser Shares on the same day during the Restriction Period, Purchaser shall be entitled to accept aggregate requests for transfers up to the Day's Maximum Sale Number for that day on a "first come - first served" basis or any other reasonable basis. The foregoing restriction shall apply whether or not Rule 145 under the Securities Act or any other restriction on transfer applies to such Shareholder or any other Shareholder, whether or not such Shareholder or any other Shareholders are "affiliates" of Purchaser as defined in Rule 144 under the Securities Act, and notwithstanding that the Purchaser Shares may not be restricted securities within the meaning of Rule 144. Anything in this Agreement to the contrary notwithstanding, it is acknowledged and agreed that this Paragraph 2.13 shall not be interpreted or construed as being in lieu of any volume limitations or other restrictions provided in Rule 145 or any successor provision thereto; and each Shareholder acknowledges and understands that Rule 145, as the same may now be in effect or hereafter amended, may impose on such Shareholder and the Purchaser Shares additional or different volume limitations on sales of Purchaser Shares. Each Shareholder agrees to comply with any applicable restrictions of Rule 145, and further agrees that he, she or it will not offer to sell, sell or otherwise dispose of any of the Purchaser Shares issued to such Shareholder except pursuant to an effective registration statement or another exemption from registration requirements of the Securities Act, and in compliance with all

(b) With respect to any such sale or disposition any Shareholder shall make in accordance with the preceding subparagraph (a) (and, if applicable, Rule 145), such Shareholder will furnish to Purchaser upon request such information as its counsel may deem necessary to assure that such sale or disposition is made in full compliance with this Agreement and such rule.

(c) There shall be placed on all certificates representing Purchaser Shares issued to the Shareholders pursuant to this Agreement appropriate restrictive legends referencing the restrictions of this Agreement and of applicable securities laws.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SHAREHOLDERS.

To induce Purchaser to enter into this Agreement, the transactions contemplated herein, and to issue the Purchaser Shares, the Shareholders jointly and severally represent, warrant and covenant to Purchaser as follows:

3.1 DISCLOSURE MEMORANDUM. The Shareholders have heretofore caused the Companies to deliver to Purchaser a memorandum (the "Disclosure Memorandum") containing certain information regarding the Companies, the PST Shares, and the PSHC Shares as indicated at various places in this Agreement; in each case all disclosures in the Disclosure Memorandum relate solely to PST or the PST Shares, except where the Disclosure Memorandum expressly states that a disclosure relates to PSHC or the PSHC Shares. All information set forth in the Disclosure Memorandum is true, correct, complete and set forth in a manner that is not misleading as of the date of this Agreement. Unless otherwise indicated, all capitalized terms used in the Disclosure Memorandum shall have the same meanings as in this Agreement. All documents and other writings furnished to Purchaser pursuant to this Agreement or the Disclosure Memorandum are true, correct and complete as of the date furnished and any and all modifications or amendments of the same have been delivered to Purchaser. At all times prior to and including the Closing Date, the Shareholders shall promptly provide Purchaser with written notification of any event, occurrence or other information of any kind whatsoever which affects, or may affect, the continued truth, correctness or completeness of any representation, warranty or covenant made in this Agreement, the Disclosure Memorandum or any other document or writing furnished to Purchaser pursuant to this Agreement.

3.2 ORGANIZATION AND COMPLIANCE. Each Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia with its principal office and place of business at the location specified in Schedule 3.2 of the Disclosure Memorandum. Neither Company has any interest, direct or indirect, and has no commitment to purchase or otherwise acquire any interest, direct or indirect, in any other corporation,

partnership, joint venture or other business enterprise, except that PSHC is at the date of this Agreement and will be until consummation of the PST/PSHC Merger a shareholder of PST. Each Company has all requisite corporate power and authority and is entitled to own or lease its properties and to carry on its business as and in the places where such business is now conducted and such properties are owned or leased. Each Company has complied in all material respects with all federal, state and local laws, rules, regulations and ordinances with respect to its operations and the conduct of its business. Each Company is duly licensed, qualified or domesticated as a foreign corporation in the jurisdictions listed as to it in Schedule 3.2 of the Disclosure Memorandum, which are all jurisdictions where the character of the

property owned by it or the nature of the business transacted by it makes such license, qualification or domestication necessary. Schedule 3.2 of the Disclosure Memorandum lists (a) all locations where each Company owns property, has an office or place of business or maintains any inventory, (b) all names under which each Company has operated during the past five years, if different from its present corporate name, and (c) all former subsidiaries, if any, of each Company existing within a five year period prior to the date hereof.

3.3 CAPITALIZATION, OWNERSHIP OF SHARES AND RELATED MATTERS.

(a) PST has an authorized share capital consisting solely of 10,000,000 shares of Class A common stock, par value \$.01 per share, and 10,000,000 shares of Class B common stock, par value \$.01 per share, of which 500 and 191 shares of Class A and Class B common stock, respectively, are issued and outstanding at the date of this Agreement, and are owned of record and beneficially by the PST Shareholders as set forth in Exhibit C attached hereto. Immediately prior to the Effective Time of the Merger, PST will have issued and outstanding no shares of its Class A common stock and 691 shares of its Class B common stock, as set forth in Exhibit C attached hereto. PSHC has an authorized share capital consisting solely of 10,000,000 shares of Common Stock, par value \$.01 per share, of which 1,692,749 shares are issued and outstanding at the date and are owned of record and beneficially by the Shareholders as set forth on Exhibit C attached hereto, 10,000,000 shares of Class B common stock, with a par value of \$.01 per share, of which no shares are issued and outstanding as of the date hereof, and 1,000,000 shares of preferred stock, with a par value of \$.01 per share, of which no shares are issued and outstanding as of the date hereof. All the foregoing issued shares of PST and PSHC are duly and validly issued, fully paid and nonassessable and were authorized, offered, issued and sold in accordance with all applicable federal and state securities laws. None of such shares were issued in violation of the preemptive rights of any past or present shareholder of either Company. Prior to the Effective Time of the Merger, the PST/PSHC Merger will have been consummated, and

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the foregoing issued shares of PSHC shall have been converted to the Additional PST Shares, as provided in Paragraph 1.1. After issuance pursuant to the PST/PSHC Merger, the Additional PST Shares shall have been duly and validly issued, fully paid and nonassessable and authorized, offered, issued and sold in accordance with all applicable federal and state securities laws. None of the Additional PST Shares will be issued in violation of preemptive rights of any past or present shareholder of either Company.

(b) Except as set forth on Schedule 3.3(b), neither Company has any outstanding securities convertible into its share capital or rights to subscribe for or to purchase, or any options for the purchase of, or any agreements or arrangements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its share capital. Neither Company is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its share capital except pursuant to this Agreement, that certain Shareholders Agreement dated December 30, 1988 with respect to PST and that certain Shareholders Agreement dated September 18, 1987 with respect to PSHC. Neither Company has any liability for dividends declared or accrued, but unpaid, with respect to any of its share capital.

(c) Each PST/PSHC Shareholder is the sole owner (or joint owner with another Shareholder) of the number of shares of the Companies shown in Exhibit C attached hereto in each case free and clear of any and all claims, liens, charges, encumbrances and restrictions of any kind whatsoever, and has the full right, power and capacity on his own behalf to enter into and perform this Agreement in accordance with its terms. There are no outstanding contracts, demands, commitments, or other agreements or arrangements under which any PST/PSHC Shareholder is or may become obligated to sell, transfer or assign any of the Shares or any of the PSHC Shares, other than the Shareholders Agreement. Each PST/PSHC Shareholder has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby.

(d) All shares of either Company which have been purchased or redeemed by such Company have been repurchased or redeemed in accordance with all applicable federal, state and local laws, rules, regulations, and ordinances, including, without limitation, all federal and state securities laws. The repurchase or redemption by either Company of its shares has not and will not with the giving of notice or the lapse of time, or both, result in a default or acceleration of the maturity of, or otherwise modify, any agreement, note, mortgage, bond, security agreement, loan agreement or other contract or commitment of such Company.

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3.4 NO INCONSISTENT OBLIGATIONS. Except as disclosed in Schedule 3.4 of the Disclosure Memorandum, neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated herein will result in a violation or breach of, or constitute a default under (a) any term or provision of any material indenture, note, mortgage, bond, security agreement, loan agreement, guaranty, pledge, or other instrument, contract, agreement or commitment, (b) any applicable writ, order, judgment, decree, law, rule, regulation, or ordinance, (c) any applicable ruling or order of any administrative or governmental body, or (d) any other commitment or restriction to which either Company or any Shareholder is a party or by which any of them or any of their respective assets or properties is subject or bound; nor will such actions result in (i) the creation of any claim, lien, charge or encumbrance on any of the Shares or the PSHC Shares or on any of the Companies' assets or properties, or (ii) the acceleration of any obligation of either Company, or (iii) the forfeiture of any material right or privilege of either Company.

3.5 CORPORATE RECORDS. The share records and minute books of each Company heretofore furnished to Purchaser by the Shareholders reflect fully all issuances, transfers and redemptions of its share capital, correctly show the total number of shares issued and outstanding on the date hereof, correctly show all corporate action taken by the directors and shareholders of the Company (including actions taken by consent without a meeting), and contain copies or originals of its articles of incorporation and all amendments thereto, its bylaws as amended and currently in force, and the minutes of all meetings or consent actions of its directors and shareholders.

3.6 CONSENTS. The execution and delivery of this Agreement by the PST/PSHC Shareholders and the consummation of the transactions contemplated by this Agreement (a) do not require the consent, approval or action of, or any filing with or notice to, any person, firm or other entity, or any public, governmental or judicial authority, except as specified in Schedule 3.6 of the Disclosure Memorandum, (b) do not require the consent or approval of any of the Companies' other shareholders or members of either Company's board of directors pursuant to any business combination, takeover or other similar law, rule, regulation or ordinance, and (c) do not impose any other term, condition or restriction on the Purchaser or the Shares pursuant to any business combination, takeover or other similar statute, rule or regulation.

3.7 NO DEFAULT. Neither Company is in material default under or in violation of (a) its articles of incorporation or bylaws, or (b) any writ, order, judgment, decree, law, rule, regulation, or ordinance, or (c) any applicable ruling or order of any administrative or governmental body.

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3.8 POSSESSION OF FRANCHISES, LICENSES, ETC. The Companies possesses all material franchises, certificates, licenses, permits and other authorizations from public, governmental, regulatory or judicial authorities, free from

burdensome restrictions, that are necessary for the ownership, maintenance and operation of its properties and assets, and the Companies are not in violation in any material respect of any thereof.

3.9 FINANCIAL STATEMENTS. Prior to the date hereof, the PST Shareholders have caused PST to deliver to Purchaser copies of the PST's Balance Sheet as at September 27, 1992, September 29, 1991 and September 30, 1990, and Statements of Income, Retained Earnings and Cash Flows for the fiscal years then ended, together with the report thereon of Deloitte & Touche, independent certified public accountants. All of such financial statements (including any related notes and schedules thereto) (the "Audited Financial Statements") are true and correct and have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with prior years and present fairly the financial condition of PST as at the respective dates thereof and the results of its operations and its cash flows for the periods then ended. The PST/PSHC Shareholders have also caused PST to deliver to Purchaser copies of PST's unaudited Balance Sheet as at October 3, 1993 (the "PST Unaudited Balance Sheet"), and unaudited Statements of Income, Retained Earnings and Cash Flows for the twelve-month period then ended, and PSHC to deliver to Purchaser a copy of PSHC's unaudited Balance Sheet as at November 30, 1993 (the "PSHC Unaudited Balance Sheet") (such unaudited Statements of Income, Retained Earnings and Cash Flows, together with the PST Unaudited Balance Sheet, and the PSHC Unaudited Balance Sheet, collectively the "Unaudited Financial Statements"). Except as disclosed in Schedule 3.9 of the Disclosure Memorandum, the Unaudited Financial Statements (including any related notes and schedules thereto) are true and correct, have been prepared from the books and records of PST and PSHC in accordance with generally accepted accounting principles applied on a basis consistent with prior years, and present fairly the financial conditions of PST and PSHC as at the date thereof and the results of PST's operations for the twelve-month period then ended.

3.10 LIABILITIES. Neither Company has any debt, liability or obligation of any kind, whether accrued, absolute, known or unknown, contingent or otherwise (including, without limitation, (a) liability for any foreign, federal, state or local taxes up to but not including the Closing, (b) product or warranty liability arising from or by virtue of the production, manufacture, sale, lease, distribution, delivery or other transfer or disposition of personal property of any type, kind or variety, or (c) unfunded liabilities with respect to any pension, profit-sharing or employee stock ownership plan, whether operated by either Company or any other entity, covering employees of either Company), except (i)

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those of PST reflected on the Balance Sheet as at September 27, 1992 referred to in Paragraph 3.9 above (the "Audited Balance Sheet") or reflected on the PST Unaudited Balance Sheet as at October 3, 1993, or the PSHC Unaudited Balance Sheet as of November 30, 1993, (ii) liabilities incurred by PST in the ordinary course of business since October 3, 1993 (the "Reference Date"), or PSHC since the date of preparation of the PSHC Unaudited Balance Sheet, and (iii) as specifically disclosed in Schedule 3.10 of the Disclosure Memorandum.

3.11 TITLE TO PROPERTIES. PST owns or leases all assets necessary to conduct its business as conducted during the periods covered by the Audited Financial Statements. PST has good and marketable title to all of its owned properties and assets, real and personal, moveable and immovable, tangible and intangible, including, without limitation, those reflected in the Audited Balance Sheet, free and clear of any and all claims, liens, charges, restrictions and encumbrances of any kind or character except (a) as since sold or otherwise disposed of in the ordinary course of business, (b) as expressly set forth in the Audited Financial Statements as securing specific liabilities (with respect to which no default exists), (c) as disclosed in Schedule 3.11 of the Disclosure Memorandum, (d) liens for real estate taxes which are not past due, and (e) minor imperfections of title and encumbrances, if any, which are not substantial in amount, do not detract from the value of the property subject thereto or impair the operations of PST and have arisen only in the ordinary course of business. Without limiting or being limited by any specific

representation regarding PSHC, except as disclosed on Schedule 3.11 of the Disclosure Memorandum, PSHC does not now, nor has it ever, owned, controlled or managed any assets except its PST Shares, and does not now, nor has it ever, conducted any business operations since its organization except providing certain management services.

3.12 BANK ACCOUNTS AND SAFETY DEPOSIT BOXES. Schedule 3.12 of the Disclosure Memorandum contains a list of each and every bank in which either Company maintains an account or safety deposit box, the account numbers, and the names of all persons who are presently authorized to draw thereon or have access thereto.

3.13 RECEIVABLES. If PST has factored substantially all of its accounts receivable which may be factored under customary commercial terms during the preceding two fiscal years, then all notes receivable and accounts receivable shown on the Audited Balance Sheet and all such receivables held by PST on the date hereof were and are valid obligations that arose in the ordinary course of business and to the best knowledge of the Shareholders are valid and collectible obligations of the respective makers thereof and were not and are not subject to any offset or counterclaim. Otherwise, all notes receivable and accounts

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receivable shown on the Audited Balance Sheet and all such receivables held by PST on the date hereof were and are valid and collectible obligations of the respective makers thereof and were not and are not subject to any offset or counterclaim. In either case, except for amounts reserved against on the Audited Balance Sheet and, with respect to notes and accounts arising after the date of the Audited Balance Sheet and outstanding on the date hereof, except for a percentage thereof equal to the percentage which said reserved amounts on the Audited Balance Sheet constituted of the aggregate of notes and accounts receivable at the date of the Audited Balance Sheet. Schedule 3.13 of the Disclosure Memorandum contains an accurate and complete aging schedule, as of a date no earlier than the Reference Date, of all of PST's receivables (including accounts receivable, loans receivable and any advances), together with detailed information as to each such listed receivable which has been outstanding for more than 30 days.

3.14 INVENTORIES. The inventories of PST (including all raw materials, component parts, work-in-process and finished goods) shown on the Audited Balance Sheet, and the inventories produced or acquired by PST subsequent to the date thereof, (a) if finished goods, are merchantable and conform in all material respects to customary trade standards for merchantable goods, except to the extent reserves are taken and (b) if not finished goods, are of a quality and quantity suitable and usable for the production or completion of finished goods, for sale in the ordinary course of PST's business as first quality goods, except to the extent reserves are taken. Except as reflected in the Audited Balance Sheet or disclosed in Schedule 3.14 of the Disclosure Memorandum, none of such items of inventory is obsolete or below standard quality, and each such item of inventory reflected on the Audited Balance Sheet is so reflected on the basis of a complete physical count. Each item of inventory reflected on the Audited Balance Sheet, the Unaudited Balance Sheet, and the books and records of PST is valued at the lower of cost or market in accordance with generally accepted accounting principles consistently applied, PST has recognized all loss resulting from the obsolescence, physical deterioration, changes in prices, discontinuation of product lines or any other change resulting in the valuation of any item of inventory below cost. Except as disclosed in Schedule 3.14 of the Disclosure Memorandum, (i) all firm, noncancelable purchase commitments of PST for inventory goods ("Firm Purchase Commitments") have been reflected in the Audited Balance Sheet and the Unaudited Balance Sheet to the extent required in accordance with generally accepted accounting principles, (ii) PST has not entered into any Firm Purchase Commitments in excess of \$50,000 since the date of the PST Unaudited Balance Sheet, and (iii) no inventory has been acquired by PST for a specific customer contract. All products manufactured or purchased by either Company for sale to its customers, including all finished goods in its

inventories, meet in all material respects the standards of (A) all applicable federal, state and local laws, rules, regulations and ordinances pertaining to the legality of the manufacture and sale of such products, and (B) all representations and warranties made by such Company to its customers. Except as disclosed on Schedule 3.14, none of the goods sold or otherwise distributed by either Company or their respective predecessors prior to the date of Closing shall be, nor has the Company or its predecessors received any notice claiming the same to be, hazardous or unsafe in design, specification, material, content, function or otherwise. Except as disclosed in Schedule 3.14 of the Disclosure Memorandum, neither Company has given nor shall it give any express warranty with respect to any goods or products sold or services performed prior to the Closing Date.

3.15 RETURNS AND CONSIGNMENTS. Except as set forth in Schedule 3.15 of the Disclosure Memorandum, no customer of either Company has any right to return any goods for credit or refund pursuant to any agreement, understanding or practice that the Company will take back goods which are unsold. Without limiting the generality of the foregoing, neither Company presently has any goods in the possession of its customers on consignment or on a similar basis.

3.16 PERSONAL PROPERTY.

(a) Except as set forth in Schedule 3.16(a) of the Disclosure Memorandum, all of the machinery, equipment, vehicles, vessels and all other tangible personal property owned or leased by either Company and used or useable in its business are in good condition and repair, subject to normal wear and tear, suited for the use intended and operated in conformity in all material respects with all applicable laws, rules, regulations and ordinances, including, without limitation, all applicable building and zoning laws, ordinances, and regulations. All leases pursuant to which either Company is lessee or lessor of any personal property are valid and effective as to such Company in accordance with their terms. There is not under any of such leases (i) any default or, to the knowledge of the Shareholders, any claimed default by any Company or event of default or event which with notice or lapse of time, or both, would constitute a default by any Company and in respect of which any Company has not taken adequate steps to prevent a default on its part from occurring, or (ii) to the knowledge of the Shareholders any existing default by any lessee of either Company or any event of default or event which with notice or lapse of time, or both, would constitute a default by any lessee. Except as disclosed on Schedule 3.16(a), neither the Companies nor the Shareholders have any knowledge of any defects or conditions which would cause such tangible personal property to be or become inoperable or unsafe.

(b) Except as disclosed in Schedule 3.16(b) of the Disclosure Memorandum, to the knowledge of the Shareholders, all lessors of any machinery, equipment or other tangible personal property leased by either Company have fully and completely performed and satisfied their respective duties and obligations under such leases, and neither Company has any claims, actions or causes of action against any such lessor for failure to fully and completely perform and satisfy its duties and obligations thereunder.

3.17 REAL PROPERTY.

(a) PST owns or has the right to occupy and use all

real property which is used or useable in its business (the "Real Property"). Schedule 3.17(a) of the Disclosure Memorandum identifies each parcel or tract of the Real Property by location, size and improvements (if any) and describes the nature of PST's interest therein and use thereof.

(b) Except as disclosed in Schedule 3.17(b), PST has good and marketable fee simple title to all Real Property owned by it, and all buildings, structures and other improvements thereon and all fixtures thereto which are used or useable in its business, including, without limitation, all such property reflected on the Audited Balance Sheet.

(c) All agreements with respect to leases, easements, rights of way, licenses, usufructs and other non-ownership interests granted to or by either Company in any Real Property (collectively the "Real Property Leases") are valid and in full force and effect in accordance with their terms. The Companies have furnished Purchaser with copies of all written Real Property Leases, all of which are identified on Schedule 3.17(c) of the Disclosure Memorandum, and Schedule 3.17(c) of the Disclosure Memorandum summarizes the terms of all verbal Real Property Leases. All copies of the Real Property Leases furnished to Purchaser are true, correct and complete and have not been modified in any respect. There is not under any Real Property Lease (i) any default or, to the knowledge of the Companies or any of the Shareholders, any claimed default by either Company or event of default or, to the best knowledge of the Shareholders, event which with notice or lapse of time, or both, would constitute a default by such Company and in respect of which such Company has not taken adequate steps to prevent a default on its part from occurring, or (ii) to the knowledge of either Company or any of the Shareholders, any existing default by any other party to the Real Property Lease, or any event of default or event which with notice or lapse of time, or both, would constitute a default by any other party to the Real Property Lease. The interest of each Company in and under each Real Property Lease is unencumbered and subject to no present claim, contest, dispute, action or, to the best knowledge of the

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Shareholders, threatened action at law or in equity or otherwise.

(d) Each Company is lawfully in possession of all Real Property which is the subject of a Real Property Lease and with respect to which such Company is a lessee or has been granted an interest in such Property ("Leased Real Property"); and all conditions precedent to the obligation of such Company to take possession and continue to occupy all Leased Real Property has been fulfilled. Such Company is presently occupying the entirety of each parcel of the Leased Real Property for the purposes set forth in the Real Property Lease with respect thereto.

(e) All of the Real Property is free from any use or occupancy restrictions, except those disclosed in Schedule 3.17(e) and those imposed by applicable zoning laws, ordinances and regulations, and from all special taxes or assessments, except those generally applicable to other properties in the tax districts in which the Real Property is located. No options have been granted to others to purchase, lease or otherwise acquire any interest in the Real Property, or any part thereof owned by either Company. PST has the exclusive right of possession of each tract comprising the Real Property. There is lawfully available to all of the Real Property water, gas, sewers, electricity, and telephone service sufficient to allow the Companies' business to continue to be conducted as heretofore conducted by the Companies, and all of which are now being utilized by the Companies. All of the Real Property has reasonably suitable ingress and egress and each parcel of Real Property has reasonably suitable access to existing paved roads and other public rights of way. All of the Real Property is free and clear of any liens, charges, claims, security interests, encumbrances or other restrictions, whether existing of record or otherwise, except the following (as to which no event of default has occurred by either Company): (i) liens for ad valorem taxes which are not past due, (ii) easements for the erection and maintenance of public utilities serving the Real Property, and (iii) the items specifically set forth in Schedule 3.17(e) of the Disclosure Memorandum.

(f) The present use of and improvements on the Real Property are in substantial conformity with all applicable laws, rules, regulations and ordinances, including, without limitation, all applicable zoning laws, ordinances and regulations and with all deed restrictions of record, and the Shareholders have no knowledge of any proposed change therein that would affect any of the Real Property or its use. There exists no conflict or dispute to the best knowledge of Shareholders with any regulatory authority or other person relating to any Real Property or the activities thereon. All improvements on the Real Property are located within the lot lines (and within the mandatory set-backs from such lot lines established by zoning ordinance or otherwise) and not over

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areas subject to easements or rights of way to the best knowledge of Shareholders.

(g) All buildings and improvements on the Real Property are in good condition and repair, suited for the operation of the Companies' business and are in substantial compliance with all applicable material laws, rules, regulations, and ordinances, including, without limitation, all applicable material building, electrical, plumbing, gas, fire, environmental and other regulatory laws, rules, regulations, and ordinances, and neither Company has received any notice of any violation or alleged violation of any thereof. To the best knowledge of the Shareholders, no toxic or hazardous materials were used in the construction or improvements of any building located on the Real Property.

(h) Neither PST, PSHC nor any other person has caused any work or improvements to be performed upon or made to any of the Real Property for which there remains outstanding any material payment obligation, that would or might serve as the basis for any claim, lien, charge or encumbrance in favor of the person or entity which performed the work.

(i) All requisite certificates of occupancy and other material permits or approvals required with respect to the improvements on any of the Real Property and the occupancy and use thereof have been obtained and are currently in effect.

(j) Except as set forth in Schedule 3.17(j) of the Disclosure Memorandum, PST owns unencumbered title in and to the improvements, if any, on the Leased Real Property.

(k) Except as set forth in Schedule 3.17(k) of the Disclosure Memorandum, no rent or use fee has been paid in advance, no security deposit has been paid and no brokerage commission is payable by either Company with respect to any Real Property Lease.

(l) Neither Company has received any notice that the owner of any Leased Real Property has made any assignment, pledge or hypothecation of such Real Property Lease or the rents or use fees due thereunder, except as set forth in Schedule 3.17(l) of the Disclosure Memorandum.

(m) Prior to the date hereof, the PST/PSHC Shareholders have caused the Companies to deliver to Purchaser true and correct copies of all deeds, easements, servitudes, mortgages, title insurance policies and other documents relating to or affecting the title to the Real Property, and all of the same are identified on Schedule 3.17(m) of the Disclosure Memorandum.

3.18 AUTHORITY TO CONDUCT BUSINESS AND INTELLECTUAL PROPERTY RIGHTS. To the knowledge of the Companies and the Shareholders,

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each Company has the means, rights and information required to manufacture, process, sell, offer for sale and use the

items and perform the services as presently being manufactured, processed, offered for sale, sold, used or performed by such Company, including, without limitation, the means, rights and information required to manufacture, process, offer for sale, sell and use all such items and perform all such services without incurring any liability for license fees or royalties or any claims of infringement of patents, trade secrets, copyrights, trademark, service mark, or other proprietary rights. Schedule 3.18 of the Disclosure Memorandum describes all proprietary inventions, designs, ideas, processes, methods and other know-how of each Company which are valuable in the operation of such Company's business and, with respect to each such item, indicates whether such Company holds any patent or patent application therefor (in each such case, identifying the date(s) and jurisdiction(s) in which the patent was granted or applied for and the number of such patent or application) or has sought any advice as to the patentability of the same (in each such case, summarizing such advice) or believes it has trade secret protection therefor (in each such case, providing a description of the measures which have been taken to protect the secrecy of the item). Neither Company is a party to, either as licensor or licensee, or is bound by or subject to, any license agreement for any patent, process, trademark, service mark, trade name or copyright, except as described in Schedule 3.18 of the Disclosure Memorandum. All patents, copyrights, trademarks, service marks, trade names, and applications therefor or registrations thereof, owned or used by either Company listed in Schedule 3.18 of the Disclosure Memorandum, and, to the extent indicated thereon, have been duly registered in, filed in or issued by the U.S. Patent and Trademark Office or the corresponding agency or office of the states of the United States or foreign countries indicated. There are no rights of third parties with respect to any trademark, service mark, trade secrets, trade name, patent, patent application, invention or device which would have a material adverse effect on the operations or prospects of either Company. Each Company has complied with all applicable laws, rules, regulations and ordinances relating to the filing or registration of "fictitious names" or trade names.

3.19 MATERIAL CONTRACTS. Schedule 3.19 of the Disclosure Memorandum contains a list of all existing written or oral material contracts and commitments of each Company ("Company Contracts"), including, without limitation, all employment and consulting contracts, union contracts, distributorship agreements, leases, lease purchase agreements, licenses, stock options, employee benefit plans, deferred compensation agreements, group life, health and accident insurance, any other type of insurance, indentures, notes, bonds, mortgages, security agreements, loan agreements, guarantees, franchise agreements, agreements in respect of the issuance, sale or transfer of each Company's share capital, bonds

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or other securities, and any contract which involves a payment of more than \$25,000 or has a term or requires performance over a period of more than one year, except purchase or sales orders arising in the ordinary course of business. The PST/PSHC Shareholders have heretofore caused each Company to deliver to Purchaser a true, correct and complete copy of each of the written Company Contracts and a complete and accurate summary of each oral Company Contract on the aforesaid list to the extent requested. None of the Company Contracts constitute a restraint of trade under any applicable state or federal law. Each Company has performed all material obligations to be performed by it as of the date of this Agreement under all Company Contracts to which it is a party or by which it is bound. Neither Company is in default or in arrears under any of the terms thereof. No condition exists or has occurred which, with the giving of notice or the lapse of time, or both, would constitute a default or accelerate the maturity of, or otherwise modify, any Company Contract, and all Company Contracts are in full force and effect as to the Company shown as a party thereto. To the best knowledge and belief of the Shareholders, no default by any other party to any Company Contract is known or claimed by the Company to exist, and neither Company is a party to any contract, agreement or commitment which will likely result in a loss to such Company upon completion of performance or which cannot readily be fulfilled or performed by such Company in accordance with its terms without undue or unusual expenditures of money or effort.

3.20 INSURANCE. Schedule 3.20 of the Disclosure Memorandum contains a complete list and description of all fire, theft, casualty, life, title, automobile, liability and other policies of insurance maintained by either Company, all of which are, and will be maintained through the Closing Date, in full force and effect. All premiums due thereon have been paid and neither Company has received any notice of cancellation with respect thereto. All such policies taken together to the best knowledge of Shareholders provide adequate coverage to insure the properties and business of the Companies against such risks and in such amounts as are prudent and customary; and without limiting the foregoing, subject to any specified deductibles as set forth in Schedule 3.20 of the Disclosure Memorandum, the Companies' insurance coverage as in effect as of the Closing and for periods prior thereto will insure the Companies from and against any and all losses, damages, costs and expenses which Purchaser may suffer or incur as a result of any claim (as to which the applicable statute of limitations permits an action) that products manufactured or sold by either Company (or any of its predecessors for whose acts and omissions either Company is legally responsible) in connection with such Company's business were defective in any respect which resulted in an injury to a third party. Neither Company will as of the Closing have any liability for premiums or for retrospective premium adjustments for any period prior to the Closing, except as set forth in Schedule

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3.20 of the Disclosure Memorandum. The Shareholders have heretofore caused each Company to deliver to Purchaser a true, correct and complete copy of each such insurance policy requested by Purchaser. Schedule 3.20 of the Disclosure Memorandum also lists and describes all occurrences to the best knowledge of the PST/PSHC Shareholders which may form the basis for a claim by or on behalf of either Company under any such policy; and such Company has timely given notice of all such occurrences to the appropriate insurer and has not waived (either intentionally or inadvertently) its right to make the related claim under any such policy.

3.21 CUSTOMERS AND SUPPLIERS. Schedule 3.21 of the Disclosure Memorandum sets forth the names and addresses of any sole source suppliers of significant goods, equipment or services to either Company (other than public utilities) with respect to which practical alternative sources of supply are not available, and the names and addresses of each customer of either Company that purchased \$100,000 in goods or services from such Company in any of the five prior years or that accounted for 5% or more of such Company's gross revenues in any such year ("Significant Customers"). The Shareholders are not aware, except as disclosed in Schedule 3.21 of the Disclosure Memorandum: (a) that any supplier (including, without limitation, suppliers of energy) or Significant Customers of either Company intends to discontinue or substantially diminish or change its relationship with either Company or the terms thereof, or (b) that any supplier of either Company (including, without limitation, suppliers of energy) intends to increase prices or charges for goods or services presently supplied.

3.22 CONTINGENCIES. Except as set forth in Schedule 3.22 of the Disclosure Memorandum, there are no actions, suits, claims, demands or proceedings pending or, to the best knowledge of the Shareholders, threatened against, by or affecting either Company in any court or before any arbitrator, private alternative dispute resolution system or governmental agency, nor do there exist any other "loss contingencies" (as such term is defined in Statement of Financial Standards No. 5 of the Financial Accounting Standards Board), the eventual outcome of which might have a material adverse effect on either Company or on the operation of its business or on its assets or which would prevent or impede the transactions contemplated by this Agreement. Except as set forth in Schedule 3.22 of the Disclosure Memorandum, neither Company has been charged with, nor, to the best knowledge of the Shareholders, is it under investigation with respect to any charge concerning, any violation of any provision of any federal, state or other applicable law, rule, regulation, or ordinance, or order, decree or governmental restriction with respect to its business. Except as disclosed in Schedule 3.22, there are no unsatisfied judgments against either Company or any consent decrees, writs, restraining orders, or

preliminary or permanent injunctions to which either Company is subject.

3.23 TAXES. Except as disclosed in Schedule 3.23 of the Disclosure Memorandum, all taxes (including, without limitation, all income, property, sales, use, customs, franchise, value added, ad valorem, withholding, employees' income withholding, and social security taxes, and all other taxes imposed on either Company or its income, properties, sales, franchises, operations or Employee Benefit Plans or trusts), and all deposits in connection therewith required by applicable law, imposed by any federal, state, local or foreign jurisdiction, or by any other governmental unit or taxing authority, and all interest and penalties thereon (all of the foregoing hereafter collectively referred to as "Taxes"), which are due and payable by both Companies for all periods through the date hereof have been paid in full, and adequate reserves for all other Taxes, whether or not due and payable, and whether or not disputed, have been set up on the books of PST. From the date of this Agreement to but not including the Closing, the Companies shall pay all Taxes as and when the same become due and payable except those that are being disputed in good faith, and shall set up reserves on PST's books in amounts adequate to cover all liabilities for Taxes arising out of the operation of the Companies prior to but not including the Closing. Except as disclosed in Schedule 3.23, there is not now to the knowledge of the Shareholders any proposed assessment against either Company of additional Taxes of any kind. Each Company has duly filed all federal, state, local and foreign tax returns and reports (including, without limitation, returns for estimated tax), and all returns and reports of all other governmental units or taxing authorities having jurisdiction, with respect to all Taxes, all such returns and reports show the correct and proper amount due, and all Taxes shown on such returns or reports and all assessments received by either Company have been paid to the extent that such Taxes, or any estimates thereon, have become due. There are no waivers or agreements by either Company for the extension of time for the assessment of any Taxes. The federal income tax returns of each Company have been examined by the Internal Revenue Service through the date set forth in Schedule 3.23 of the Disclosure Memorandum, and, except as set forth therein, all the deficiencies proposed and indicated as a result of the examination of such tax returns have been paid and settled. Schedule 3.23 of the Disclosure Memorandum sets forth any position taken by either Company on its federal income tax returns for unexamined years which is substantially at variance with the published position of the Internal Revenue Service. PSHC has been duly qualified and operating as an S Corporation pursuant to the Code at all times from October 1, 1989, and shall continue to be an S Corporation until its existence is terminated by its merger into PST. PST is and at all times has been a C Corporation pursuant to the Code. Neither Company is a "United States real property

holding corporation" within the meaning of the Internal Revenue Code of 1986, as amended.

3.24 PARACHUTE PAYMENTS. Neither of the Companies nor the Shareholders have taken any actions or entered into any agreements providing compensation to employees or officers, the effect of which will continue after the Closing Date, or any other agreement of a similar nature. Except as set forth on Schedule 3.24, neither of the Companies nor any subsidiary or affiliate of either of them has made any payment which constitutes an "excess parachute payment" within the meaning of Section 280(G) of the Code, and no payment by either Company or any subsidiary or affiliate of either of them required to be made under any contract or other agreement will, if made, constitute an "excess parachute payment" within the meaning of Section 280(G) of the Internal Revenue Code. The consummation of the transactions contemplated by this Agreement will not entitle any employee of either Company to severance pay nor will it accelerate the time of payment, vesting or increase the

amount of any compensation or benefits due to any employee of either Company.

3.25 EMPLOYMENT AND LABOR MATTERS.

(a) Schedule 3.25(a) of the Disclosure Memorandum lists all employees and agents who on the date hereof perform services on a regular basis in the business operations of or for either Company and whose annualized rate of compensation exceeds \$50,000 per year. Except as described on Schedule 3.25(a), no such employee or agent has terminated his employment, nor, to the best knowledge and belief of the Shareholders, plans not to continue his employment with the Company with which he or she is employed after the date hereof or after the Closing Date. To the best knowledge of the Shareholders, except as shown on Schedule 3.25(a) of the Disclosure Memorandum, no employee or agent shown on such list has suffered any major illness or hospitalization within the past three years.

(b) Except as set forth in Schedule 3.25(b) of the Disclosure Memorandum, (i) neither Company is a party to any collective bargaining agreement or agreement of any kind with any union or labor organization, (ii) no union or other collective bargaining unit has been certified or recognized by either Company as representing any employee nor, to the knowledge of the Shareholders, is a union or other collective bargaining unit seeking recognition for such purpose, (iii) there are no controversies pending, or to the knowledge of the Shareholders threatened, between either Company and any labor union or collective bargaining unit representing, or seeking to represent, any of its employees, and (iv) there has been no attempt by any union or other labor organization to organize any of the employees of either Company at any time in the past five years to the

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knowledge of the Shareholders. Each Company has substantially complied with all obligations under the National Labor Relations Act, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, as amended, and all other federal, state and local labor or labor related laws applicable to persons employed in connection with such Company's business, including, without limitation, those laws, rules and regulations relating to wages, hours, health and safety, payment of social security withholding and other taxes, maintenance of workers' compensation insurance, labor and employment relations and employment discrimination.

(c) Except as set forth in Schedule 3.25(c) of the Disclosure Memorandum, each Company has substantially complied with all federal, state and local laws, rules, regulations and ordinances respecting health, safety and working conditions of its employees noncompliance with which could reasonably be expected to subject such Company to risk of material adverse consequences, including, without limitation, the Occupational Safety and Health Act of 1970, Pub. L. 91-596, as amended, and all similar federal, state and local laws, rules, regulations and ordinances, and has provided Purchaser with copies of all reports filed and notices provided under any such laws, rules, regulations and ordinances during the last five years to the extent requested. Neither Company's operations involve any risk unusual for the carpet industry to the health or safety of its employees (including, but not by way of limitation, any risk associated with hazardous airborne contaminants or hazardous chemicals or waste materials) and, except as disclosed in Schedule 3.25(c) of the Disclosure Memorandum, to the best knowledge of the Shareholders no employee of either Company has suffered any adverse health consequence or personal injury as a result of his or her working conditions or employment by either Company within the past five years.

3.26 EMPLOYEE BENEFIT MATTERS.

(a) Schedule 3.26(a) lists all plans, programs, and similar agreements, commitments or arrangements maintained by or on behalf of either Company or any other party that provide benefits or compensation to, or for the benefit of, current or former employees of either Company ("Plan" or "Plans"). Except as set forth on Schedule 3.26(a), only current and former employees of PST participate in the Plans. To the extent requested, copies of all Plans and, to the extent applicable, all related trust agreements,

actuarial reports, summary plan descriptions, prospectuses, Annual Report Form 5500s and Internal Revenue Service determination letters, and any related documents requested by Purchaser, have been delivered to Purchaser, and all of the same are true and correct and have not been amended, modified or supplemented.

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(b) With respect to each Plan, except as set forth on Schedule 3.26(b): (i) no litigation or administrative or other proceeding is pending or, to the best knowledge of the Shareholders, threatened involving such Plan; (ii) such Plan has been administered and operated in substantial compliance with, and has been amended to comply with all applicable laws, rules, and regulations, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Internal Revenue Code of 1986, as amended ("Code"), and the regulations issued under ERISA and the Code; (iii) each Company and its predecessors, if any, have made and as of the Closing Date will have made or accrued, all payments and contributions required, or reasonably expected to be required, to be made under the provisions of the Plans or required to be made under applicable laws, rules and regulations, with respect to any period prior to the Closing Date, such amounts to be determined using the ongoing actuarial and funding assumptions of the Plan; (iv) such Plan is fully funded in an amount sufficient to pay all liabilities accrued (including liabilities and obligations for health care, life insurance and other benefits after termination of employment) and claims incurred to the date hereof, or the Unaudited Balance Sheet contains adequate reserves or paid-up insurance has been provided, therefor; (v) on the Closing Date such Plan will be fully funded in an amount sufficient to pay all liabilities accrued (including liabilities and obligations for health care, life insurance and other benefits after termination of employment) and claims incurred to the Closing Date, or adequate reserves will be set up on PST's books and records, or paid-up insurance will be provided, therefor; and (vi) such Plan has been administered and operated only in the ordinary and usual course and substantially in accordance with its terms, and there has not been in the four years prior hereto any material increase in the liabilities of such Plan.

(c) Schedule 3.26(c) lists each Plan which is an "employee benefit plan" as defined in Section 3(3) of ERISA, including any terminated pension plans and Multiemployer Benefit Plans, which covers or covered any employee of either Company ("ERISA Plan").

(d) None of the ERISA Plans is a "multiemployer plan" within the meaning of Section 3(37) of ERISA ("Multiemployer Benefit Plan"), which is contributed to by an employer other than PST or an entity under common control with PST. Neither Company is or has ever been a party to or obligated in any manner to contribute to, or otherwise participate in, any Multiemployer Benefit Plan.

(e) With respect to each ERISA Plan, except as set forth on Schedule 3.26(c), neither such Plan, nor any trustee, administrator, fiduciary, agent or employee thereof, has at any time been involved in a transaction which would constitute a "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code, nor has any such person been involved

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in or caused such Plan to be involved in a breach of fiduciary duty under Section 404 of ERISA.

(f) Of the ERISA Plans, only the Prince Street Technologies, LTD 401(K) Retirement Plan (collectively the "Company Plans") are "employee pension benefit plans" within the meaning of Section 3(2) of ERISA. With respect to each Company Plan, except

as set forth on Schedule 3.26(f): (i) such Company Plan constitutes a qualified plan within the meaning of Section 401(a) of the Code and the trust thereunder is exempt from federal income tax under Section 501(a) of the Code; (ii) all minimum funding standards required by law with respect to the funding of benefits payable or to be payable under such Company Plan have been met; (iii) there is no "accumulated funding deficiency" within the meaning of Code Section 412 under such Company Plan; (iv) no reportable event as described in Section 4043 of ERISA has occurred, or is continuing, with respect to such Company Plan, and neither Company has incurred any liability to the Pension Benefit Guaranty Corporation; (v) if such Company Plan is a defined benefit plan, the fair market value of the assets of the Company Plan trust are not less than the actuarial present value of benefits (both vested and nonvested) accrued under such Company Plan with respect to participants and beneficiaries, determined on a termination basis and as though all such accrued benefits were fully vested and nonforfeitable as of the Closing Date, taking into consideration the subsidies required under the Code and the regulations and rulings thereunder and using the ongoing actuarial methods and assumptions of such Company Plan, which methods and assumptions are reasonable both individually and in the aggregate; and (vi) if the Company Plan is a defined contribution plan, it is funded in an amount equal to the participants' account balances, whether or not vested.

(g) Each Plan which covers, or is intended primarily to cover, only employees who are located in a country other than the United States ("Foreign Plan") is listed on Schedule 3.26(g) and, except as set forth on Schedule 3.26(g): (i) each Foreign Plan covers only employees of PST or an employer which is a part of the same controlled group of corporations as PST; (ii) each Foreign Plan has been funded, administered and operated in compliance with the laws of the jurisdiction(s) to which it is subject; and (iii) with respect to each Foreign Plan, adequate reserves have been provided on the Unaudited Balance Sheet with respect to the liabilities for such Plans, and from the date thereof to the Closing Date PST has and shall continue to provide for adequate reserves therefor on PST's books and records.

(h) Except as set forth on Schedule 3.26(h), neither of the Companies nor any of the Plans, has any obligation to provide, or liability for, health care, life insurance or other benefits after termination of employment ("Post-employment Benefits"), except for retirement benefits under the Company Plans or except as required

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by Section 601 of ERISA and Section 4980B of the Code. With respect to (i) all persons terminated or retired on the Closing Date, and (ii) active employees and other participants and beneficiaries, to the extent Post-employment Benefits (other than qualified retirement plan benefits under the Company Plans) have been, or are reasonably expected to be, earned by service to the Closing Date, paid-up insurance or plan funding will be provided, or the books and records of PST will contain adequate reserves in an amount not less than the present value of all such benefits, determined as though all such Post-employment Benefits were fully vested and nonforfeitable and assuming the continuation of all such Plans, using actuarial methods and assumptions which are reasonable individually and in the aggregate. As of the Closing Date, notice of the unavailability of continuation coverage (as defined in Section 602 of ERISA and Section 4980B of the Code) will have been provided to all persons entitled thereto and all persons electing such coverage have been or will be provided such coverage.

(i) Except as set forth on Schedule 3.26(i), neither of the Companies nor any member of the controlled group of corporations or businesses of which it is a part has taken, or intends to take, any action and no event has occurred which has resulted or could reasonably be expected to result in withdrawal liability under Title IV of ERISA with respect to any Multiemployer Pension Plan.

(j) To the extent either Company or Purchaser is adopting or continuing any Plan, nothing contained in this Agreement shall limit or restrict Purchaser's right from and after the Closing Date to amend or to modify any of the Plans in such manner as the Purchaser deems appropriate or to terminate any of

the Plans.

3.27 ENVIRONMENTAL MATTERS. Each Company (including its predecessors for whose acts and omissions it is responsible) have complied in all material respects with all applicable laws, rules, regulations and ordinances relating to pollution and environmental control. All hazardous or toxic waste, materials and substances on, in, under or off-site from the Real Property, have been properly removed and disposed of, and no past or present disposal, spill or other release of, or treatment, transportation or other handling of, hazardous waste, materials or substances on, in, under or off-site from any Real Property, or adjacent property, will subject such Company to corrective or compliance action or any other liability. Adequate reserves have been established on the Audited Balance Sheet to cover all costs of environmental compliance of the Companies and such reserves will be adequate on the Closing Date. Schedule 3.27 of the Disclosure Memorandum contains a true, accurate and complete description of (a) all permits, regulatory plans and compliance schedules with respect to either Company or its properties and assets, and (b) all litigation, investigations, inquiries, and other proceedings, rulings, orders or citations pending, or to the knowledge of the

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Shareholders, threatened or contemplated by government officials with respect to either Company or its properties and assets, in each case relating to emissions or potential emissions into the environment of solids, liquids, gases, heat, light, noise, radiation and other forms of matter or energy ("Emissions") or the proper disposal of materials, including solid waste materials ("Disposals"). The Shareholders have delivered to Purchaser true, accurate and complete copies of the permits, regulatory plans and compliance schedules, if any, described in Schedule 3.27 of the Disclosure Memorandum to the extent requested. The terms of such permits, regulatory plans and schedules have not been modified from those set forth in the copies delivered to Purchaser. Neither Company is in violation of any of the permits, plans or compliance schedules described in or required to be described in the Disclosure Memorandum or of any law, rule, regulation, ordinance, order or decree regulating Emissions and Disposals. Each Company has received all permits and approvals with respect to Emissions and Disposals required for the operation of its business. Each Company has kept all records and made all filings required by applicable laws, rules, regulations and ordinances with respect to Emissions and Disposals.

3.28 ABSENCE OF CERTAIN BUSINESS PRACTICES. Neither of the Companies, nor any officer, employee or agent of either Company, nor any other person acting on behalf of either Company, has, directly or indirectly, within the past five years given or agreed to give any gift or similar benefit to any customer, supplier, governmental employee or other person who is or may be in a position to help or hinder the business of either Company (or assist either Company in connection with any actual or proposed transaction) which (a) might subject either Company to any material damage or penalty in any civil, criminal or governmental litigation or proceeding, (b) if not given in the past, might have had a material adverse effect on the assets, business or operations of both Companies as reflected in the Audited or Unaudited Financial Statements or (c) if not continued in the future, might adversely affect in a material manner either Company's assets, business, operations, cash flows or prospects or which might subject either Company to suit or material penalty in any private or governmental litigation or proceeding.

3.29 GOVERNMENT REPORTS. Schedule 3.29 of the Disclosure Memorandum contains a full, accurate and complete list, and the Shareholders have heretofore furnished Purchaser to the extent requested with complete copies of, all reports, if any, filed during the past five years, by either Company with (a) the Equal Employment Opportunity Commission, Federal Trade Commission, Department of Justice, Occupational Safety and Health Administration, Internal Revenue Service (other than tax returns and standard forms relating to compensation or remuneration of employees), Environmental Protection Agency and Securities and

Exchange Commission or (b) any state or local agency which performs equivalent functions.

3.30 AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES.

Except as set forth in Schedule 3.30 of the Disclosure Memorandum, neither Company is directly or indirectly a party to any contract, agreement, or lease with, or any other commitment to, (i) any party owning, or formerly owning, beneficially or of record, directly or indirectly, any of the Shares, (ii) any person related by blood, adoption or marriage to any such party, (iii) any director or officer of either Company, (iv) any corporation or other entity in which any of the foregoing parties has, directly or indirectly, at least a five percent (5.0%) beneficial interest in the share capital or other type of equity interest in such corporation, or (v) any partnership in which any such party is a general partner (any or all of the foregoing being herein referred to as "Related Parties"). Without limiting the generality of the foregoing, except as disclosed in Schedule 3.30 of the Disclosure Memorandum, (A) no Related Party, directly or indirectly, owns or controls any assets or properties which are or have been used in the business of either Company, and (B) no Related Party, directly or indirectly, engages in or has any significant interest in or connection with any business (X) which is or which within the last three years has been a competitor, customer or supplier of either Company or has done business with either Company, or (Y) which as of the date hereof sells or distributes products or services which are similar or related to either Company's products or services.

3.31 ABSENCE OF CHANGES. Except as expressly provided for in this Agreement or as may be set forth in Schedule 3.31 of the Disclosure Memorandum, since the Reference Date:

(a) there has been no change in the business, assets, liabilities, results of operations, financial condition or prospects of either Company or in its relationships with suppliers, customers, employees, lessors or others, other than changes in the ordinary course of business, none of which have been or will be, in the aggregate, materially adverse to the business or condition (financial or otherwise) of either Company;

(b) there has been no damage, destruction or loss to the properties or business of either Company, whether or not covered by insurance, which has or will have a material adverse effect on such properties or business, or the operations, or prospects of the Company;

(c) the business of each Company has been operated in the ordinary course and consistent with its prior practices, and not otherwise;

(d) the properties and assets of each Company used or useable in its business have been maintained in good order, repair and condition, ordinary wear and tear excepted;

(e) the books, accounts and records of each Company have been maintained in the usual, regular and ordinary manner on a basis consistent with prior years;

(f) there has been no declaration, setting aside or payment of any dividend or other distribution on or in respect of the share capital of either Company, nor has there been any direct or indirect redemption, retirement, purchase or other acquisition of any of the share capital or other securities of either Company;

(g) there has been no (i) increase in the compensation or in the rate of compensation or commissions payable or to become payable by either Company to any director, officer, manager, or to any other employee or agent of either Company earning \$50,000 or

more per annum, (ii) general increase in the compensation or in the rate of compensation payable or to become payable to hourly or salaried employees earning less than \$50,000 per annum ("general increase" for the purpose hereof shall mean any increase generally applicable to a class or group of employees and shall not include increases granted to individual employees for merit, length of service, change in position or responsibility or other reasons applicable to specific employees and not generally applicable to a class or group thereof), (iii) employee hired at a salary in excess of \$50,000 per annum, or (iv) payment of or commitment to pay any bonus, profit share or other extraordinary compensation to any employee;

(h) there has been no change in the articles of incorporation or bylaws of either Company;

(i) there has been no labor dispute, organizational effort by any union or unfair labor practice charge involving either Company;

(j) there has been no issuance or sale by either Company of any of its authorized share capital, bonds, notes, debentures or other corporate securities, or any options, warrants or other rights with respect thereto, nor any modification or amendment of the rights of the holders of any outstanding share capital, bonds, notes, debentures or other corporate securities of, either Company, or any options, warrants or other rights with respect thereto;

(k) there has been no mortgage, charge, lien, claim or other encumbrance or security interest (other than liens for current taxes which are not past due) created on or in any asset or assets of either Company or assumed by either Company with respect to any asset;

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(l) there has been no indebtedness or other liability or obligation (whether absolute, accrued, contingent or otherwise) incurred by either Company, except current liabilities incurred in connection with the purchase of goods or services in the ordinary course of business and consistent with its prior practice, none of which individually or in the aggregate adversely affects the business or financial condition of either Company;

(m) no indebtedness, liability or obligation (whether absolute, accrued, contingent or otherwise) has been discharged or satisfied, other than current liabilities reflected in the Audited Balance Sheet of PST, and current liabilities of PST incurred since the date thereof in the ordinary course of business and consistent with its prior practice;

(n) there has been no sale, transfer, lease or other disposition of any asset or assets of either Company, except sales of inventory by PST in the ordinary course of business, and no debt to, or claim or right of, either Company has been cancelled, compromised, waived or released;

(o) there has been no amendment, termination or waiver of, or any notice of any amendment, termination or waiver of, any material right of either Company under any contract, agreement or lease, or governmental license, permit or permission;

(p) neither Company has not made any loans which remain outstanding on the date hereof to a Related Party or guaranteed or entered into any agreement in the nature of a guarantee for the benefit of any Related Party;

(q) there have been no amendments or other corporate actions having the effect of an amendment increasing past or future contributions of any kind whatsoever to any Employee Benefit Plan of either Company;

(r) neither Company has paid for or agreed to pay for, or otherwise incurred, any expenses with respect to any products or services which were delivered or rendered to, or for the benefit of, or guaranteed the indebtedness or any other obligation of, any person, firm or corporation, including, without limitation, the Shareholders or any Related Party, other than PST;

(s) neither Company has (i) paid any judgment resulting from any suit, proceeding, arbitration, claim or counterclaim or (ii) made any payment to any party of more than \$10,000 in settlement of any suit, proceeding, arbitration, claim or counterclaim;

(t) PST has not discontinued or determined to discontinue the production or sale of any products previously

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produced or sold by such Company, representing more than one percent (1.0%) of such Company's annual sales during the period covered by the Audited Financial Statements;

(u) neither Company has transferred or granted any rights under, or entered into any settlement regarding the breach or infringement of, any United States or foreign license, patent, copyright, trademark, trade name, trade secret, invention or similar rights, or modified any existing rights with respect thereto;

(v) neither Company has acquired any capital shares or other securities of any corporation or any interest in any business enterprise, or otherwise made any loan or advance to or investment in any person, firm, or corporation; and

(w) PST has not failed to replenish its inventories and supplies in a normal and customary manner consistent with its prior practice and prudent business practices prevailing in the industry, or made any purchase commitment in excess of the normal, ordinary and usual requirements of its business or at any price in excess of the then-current market price or upon terms and conditions more onerous than those normal, customary and consistent with its prior practices (which are prudent business practices prevailing in the industry), or made any change in its selling, pricing, advertising or personnel practices inconsistent with its prior practice and prudent business practices prevailing in the industry.

3.32 ADEQUACY OF PURCHASER'S DISCLOSURES.

(a) Each Shareholder individually hereby acknowledges the receipt of a copy of the following documents or information: (i) an executed copy of this Agreement; (ii) Purchaser's 1992 Annual Report to Shareholders; (iii) Purchaser's Definitive Proxy Statement Relating to its 1993 Annual Shareholders Meeting; (iv) Purchaser's Annual Report on Form 10-K for its Fiscal Year Ended January 3, 1993; (v) Purchaser's Quarterly Report on Form 10-Q for the First, Second and Third Quarters of its 1993 Fiscal Year; (vi) Purchaser's Report on Form 8-K dated July 6, 1993; and (vii) Purchaser's Report on Form 8-K/A dated September 1, 1993.

(b) Each Shareholder has had an opportunity to ask questions of and receive answers from Purchaser concerning the terms and conditions of the transactions outlined in this Agreement, and to obtain additional information necessary to verify the accuracy of the information concerning Purchaser furnished in the other documents listed in subparagraph (a) above.

(c) Without limiting the foregoing, each Shareholder has had the opportunity to become familiar with the business, financial condition, management, prospects and operations of Purchaser (and

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of PST and PSHC); such documents as each Shareholder has requested pertaining to Purchaser's business have been made available for inspection and review (to the extent they exist or reasonably could be made available; and each Shareholder has (or

their representatives) have had a reasonable opportunity to ask questions of, receive answers from, and obtain information regarding Purchaser and its business. Each Shareholder has knowledge and experience in financial and business matters sufficient to enable such Shareholder to utilize the information made available to such Shareholder in connection with the Merger, and each Shareholder's investment in the Purchaser's Class A Common Stock, to evaluate the merits and risks associated therewith (including without limitation the potential tax effects of the transactions contemplated herein as to the Shareholder or whether the transactions contemplated herein qualify as a tax free exchange of such Shareholders' stock, all as to which Purchaser makes no representation or warranty whatsoever) and to make an informed decision with respect thereto.

3.33 FULL DISCLOSURE. No representation, warranty or covenant contained in this Agreement, the Merger Agreement or in the Disclosure Memorandum or any other written statement delivered pursuant hereto or in connection with the transactions contemplated hereby contains or shall contain any untrue material statement nor shall such representations, warranties and covenants taken as a whole omit any statement necessary in order to make any material statement not misleading. There is no fact known to the Shareholders which adversely affects, or in the future may adversely affect, the business, operations, cash flows, affairs, prospects, properties or assets or the condition, financial or otherwise, of either Company which has not been disclosed in this Agreement, the Disclosure Memorandum or in the documents, certificates and written statements furnished to Purchaser for use in connection with the transactions contemplated hereby.

4. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

As an inducement to the Shareholders to enter into this Agreement and to consummate the transactions contemplated hereby, Purchaser represents, warrants and covenants as follows:

4.1 ORGANIZATION. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia.

4.2 AUTHORIZATION; NO INCONSISTENT AGREEMENTS. Purchaser has full corporate power and authority to make, execute and perform this Agreement, and the transactions contemplated hereby. This Agreement and all transactions required hereunder to be performed by Purchaser have been duly and validly authorized and approved by all necessary corporate action on the part of Purchaser. This Agreement has been duly and validly executed and delivered on

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behalf of Purchaser by its duly authorized officers, and this Agreement constitutes the valid and legally binding obligation of Purchaser enforceable, subject to general equity principles, in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally. Neither the execution and delivery of this Agreement nor the consummation of the transactions hereby contemplated will constitute a violation or breach of the articles of incorporation or the bylaws of Purchaser or any provision of any contract or other instrument to which Purchaser is a party or by which any of the assets of Purchaser may be affected or secured, or any order, writ, injunction, decree, statute, rule or regulation to which Purchaser is subject, or will result in the creation of any lien, charge, or encumbrance on any of the assets of Purchaser or acceleration of any debt.

4.3 FULL DISCLOSURE. No representation or warranty of Purchaser in this Agreement, nor any statement or certificate furnished or to be furnished by Purchaser pursuant hereto or in connection with the transactions contemplated herein, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

5. CONDUCT OF BUSINESS OF COMPANY PENDING CLOSING.

The PST/PSHC Shareholders covenant and agree that, except as may otherwise be provided herein, without the prior written consent

of Purchaser, between the date hereof and the Closing Date:

5.1 BUSINESS IN THE ORDINARY COURSE. The business of each Company shall be conducted only in the ordinary and usual course and consistent with prior practices, without the creation of any additional indebtedness for borrowed money. Without limiting the generality of the foregoing:

(a) Neither Company will enter into any contract of the kind described in Paragraph 3.19 hereof and, except as otherwise expressly provided herein, neither Company will enter into any contract nor effect any transaction with any Related Party;

(b) Neither Company shall enter into any contracts, agreements or other arrangements to sell, distribute or supply goods or services to any customer or any third party except PST in the ordinary course of its business at prices and on terms consistent with the prior operating practices of PST;

(c) Except for sales by PST of inventory and normal disposal of used motor vehicles and equipment in the ordinary course of its business, neither Company shall sell, assign, transfer, convey, pledge, mortgage, encumber or otherwise dispose

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of, or cause the sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance or other disposition of any of the assets or properties of such Company or any interest therein;

(d) All contracts on commitments of either Company for the purchase of raw materials, products, services and supplies shall be entered into only by PST in the ordinary course of business as is necessary to enable PST to conduct its normal business operations and to maintain its normal inventory of raw materials and finished goods, at prices and on terms consistent with the prior operating practices of PST;

(e) Each Company shall maintain, preserve and protect all of its assets and properties, whether real or personal, tangible or intangible, in good condition, except for ordinary wear and tear and damage by fire or other casualty; and each Company shall maintain in full force and effect all insurance policies referred to in Paragraph 3.20 hereof or other insurance equivalent thereto;

(f) The books, records and accounts of each Company shall be maintained in the usual, regular and ordinary course of business on a basis consistent with prior practices and in accordance with generally accepted accounting principles; and

(g) The PST/PSHC Shareholders shall use their best efforts, and shall cause each Company to use its best efforts, to preserve each Company's business organization, to keep available the services of each Company's present employees, to preserve the good will of each Company's suppliers, customers and others having business relations with such Company, and to assist each Company in retaining the services of key employees and agents of each Company after the Closing Date on terms satisfactory to Purchaser.

5.2 NO MATERIAL CHANGES. No action shall be taken by the Shareholders or either Company which shall materially alter the organization, capitalization, or financial structure, practices or operations of either Company. Without limiting the generality of the foregoing:

(a) No change shall be made in the articles of incorporation or bylaws of either Company;

(b) No change shall be made in the authorized or issued share capital of either Company, nor shall any of the shares be transferred beneficially or of record;

(c) Neither Company shall issue or grant any right or option to purchase or otherwise acquire any share capital or other security of either Company;

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(d) No dividend and other distribution or payment shall be declared or made with respect to any share capital of either Company, and neither Company shall, directly or indirectly, redeem, purchase or otherwise acquire any of its share capital;

(e) No change shall be made affecting the banking arrangements of either Company; and

(f) Neither Company shall liquidate or voluntarily declare bankruptcy or seek the appointment of a receiver, trustee or custodian.

5.3 COMPENSATION. No increase shall be made in the compensation payable or to become payable to any director, officer, employee or agent of either Company, and no bonus or profit-share payment or other arrangement (whether current or deferred) shall be made to or with any such director, officer, employee or agent, except the payment of bonuses as set forth in Schedule 3.31 of the Disclosure Memorandum.

5.4 EMPLOYEE BENEFIT PLANS.

(a) Neither Company shall cause or permit any ERISA Plan to be involved in any transaction which constitutes a "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code; and each Company shall timely make all filings, returns and reports, and timely give all notices which are required under ERISA or the Code.

(b) With respect to the Company Plans, each Company shall take such actions, and refrain from such actions, as are necessary to maintain the qualification of each such Plan under Section 404(a) of ERISA, and the exemption of each such Plan under Code Section 501(a).

(c) Each Company shall timely make all contributions and other payments to its Plans which it is obligated to make as of the date hereof. Other than contributions or payments declared or obligated to be paid to the Plans as of the date hereof, no contribution shall be declared for or paid to any Plan including, without limitation, Company Plans.

(d) No amendment or change to the provisions of any Company Plan of either Company shall be made or adopted prior to the Closing Date.

5.5 NOTICE OF CHANGE. The Shareholders shall give Purchaser prompt written notice of any change of any of the information contained in the representations and warranties made in Section 3

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or elsewhere in this Agreement, or in the Disclosure Memorandum, which occur prior to the Closing.

6. CONDITIONS TO OBLIGATIONS OF PURCHASER.

All obligations of Purchaser under this Agreement are subject to the fulfillment and satisfaction of each and every of the following conditions on or prior to the Closing, any or all of which may be waived in whole or in part by Purchaser:

6.1 PROCEEDINGS AND DOCUMENTS SATISFACTORY. All proceedings taken in connection with the consummation of the transactions contemplated herein and all documents and papers relating thereto shall be reasonably satisfactory to Purchaser and its counsel, and Purchaser and its counsel shall have timely received copies of such documents and papers, all in form and substance satisfactory to Purchaser and its counsel, as reasonably requested by Purchaser or its counsel in connection therewith.

6.2 REPRESENTATIONS AND WARRANTIES. The representations and warranties contained in Section 3 of this Agreement, the Merger Agreement, the Disclosure Memorandum and in any certificate, instrument, schedule, agreement or other writing delivered by or on behalf of either Company or the Shareholders in connection with the transactions contemplated by this Agreement shall be true and correct as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true at and as of such time.

6.3 COMPLIANCE WITH AGREEMENTS AND CONDITIONS. The Shareholders and each Company shall have performed and complied with all agreements and conditions required by this Agreement and each other agreement or instrument to which they or any of them is a party relating to the transactions contemplated by this Agreement to be performed or complied with by each such party prior to or on the Closing Date.

6.4 CERTIFICATE OF SHAREHOLDERS. The Shareholders shall have delivered to Purchaser a certificate, executed by each of the Shareholders, or on behalf of each of the Shareholders by their Agent, dated the Closing Date, certifying in such detail as Purchaser may reasonably request as to (a) the fulfillment and satisfaction of the conditions specified in Paragraphs 6.2 and 6.3 above, and (b) the absence of any material adverse change in the business of either Company prior to the Closing Date.

6.5 CERTIFICATE OF INCORPORATION AND BYLAWS. There shall be delivered to Purchaser a copy of each Company's articles of incorporation, certified by the Secretary of State of such Company's state of incorporation not more than 15 days prior to the Closing Date, and a copy of its bylaws certified by the Secretary

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or an Assistant Secretary of such Company on the Closing Date. The articles of incorporation and bylaws shall be in the form attached to the Disclosure Memorandum. The Shareholders shall have delivered to Purchaser certificates, dated not more than five days prior to the Closing Date, from the Secretary of State of the state of each Company's incorporation and of each other state where either Company is qualified to transact business as to the good standing of such Company under the laws of such states.

6.6 OPINION OF COUNSEL. Purchaser shall have received from Kaufman, Chaiken & Sorensen, counsel for the Companies and the Shareholders, an opinion, dated as of the Closing Date, in form and substance reasonably satisfactory to Purchaser and addressing those matters as shown on Exhibit D attached hereto and such other matters customarily covered in opinions of sellers' counsel in the sale of business context.

6.7 GOVERNMENT CONSENTS. Purchaser shall have received from any and all persons, firms and other legal entities, or any public or governmental authorities, bodies or agencies or judicial authority having jurisdiction over the transactions contemplated by this Agreement, or any part hereof, such consents, authorizations and approvals as are necessary for the consummation thereof, and all notices required to be given to government authorities shall have been given and all applicable waiting periods shall have expired.

6.8 OTHER CONSENTS. The Shareholders shall have delivered to Purchaser such consents and approvals from each Company's lessors, lenders and other persons, firms and other entities having business relations with either Company as are necessary in Purchaser's reasonable opinion for the continuation in full force and effect after the Closing (a) of each Company's leases, loan arrangements, and other contracts and agreements and (b) of each Company's business in the same manner as conducted prior to the Closing.

6.9 TERMINATION OF CERTAIN CONTRACTS. Each Company shall have terminated, without further liability of such Company to the Shareholders or any other party, any agreements with the Shareholders or their affiliates or relatives described in Paragraph 2.7 hereof.

6.10 MISCELLANEOUS. Purchaser and its counsel shall have received such other opinions, certifications and documents from each Company or the Shareholders as Purchaser and its counsel may reasonably request.

6.11 FINANCING. Purchaser shall have secured adequate financing for the payment of any cash portion of the Merger Consideration.

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6.12 REGISTRATION STATEMENT. The Registration Statement shall have been declared effective by the Commission under the Securities Act; no stop order shall have been issued with respect thereto and all necessary approvals under state securities or blue sky laws with respect thereto shall have been received.

7. CONDITIONS TO OBLIGATIONS OF SHAREHOLDERS.

All of the obligations of the Shareholders under this Agreement are subject to the fulfillment and satisfaction of each and every of the following conditions on or prior to the Closing Date, any or all of which may be waived in whole or in part by the Shareholders:

7.1 REPRESENTATIONS AND WARRANTIES. The representations and warranties contained in Section 4 of this Agreement and in the Merger Agreement shall be true and correct as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true at and as of such date.

7.2 RESOLUTIONS. Purchaser shall have delivered to the Shareholders duly adopted resolutions of the Board of Directors of Purchaser, certified by the Secretary or an Assistant Secretary of Purchaser, dated the Closing Date, authorizing and approving the execution of this Agreement by Purchaser and all other action necessary to enable Purchaser to comply with the terms of this Agreement.

7.3 PAYMENT OF PURCHASE PRICE. Purchaser shall have caused the Merger Consideration due at Closing to be paid as provided in Section 1.

8. INDEMNITIES.

8.1 INDEMNIFICATION OF PURCHASER. The Shareholders shall, jointly and severally, indemnify and hold harmless Purchaser, its affiliates, their officers and directors and each Company (hereinafter collectively called "Indemnitees"), from and against and in respect of any and all loss, damage, liability, cost and expense, including reasonable attorneys' fees and amounts paid in settlement pursuant to Paragraph 8.3(c) (all of the foregoing being hereinafter called "Indemnified Losses"), suffered or incurred by any Indemnitee by reason of, or arising out of:

(a) any misrepresentation, breach of warranty or breach or nonfulfillment of any agreement of the Shareholders or the Companies or any of them contained in this Agreement or in any certificate, schedule, instrument or document delivered to Purchaser by or on behalf of the Shareholders pursuant to the provisions of this Agreement, including, without limitation, the Disclosure Memorandum and the Merger Agreement;

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(b) all liabilities and obligations of, or claims, demands or actions against, either Company of any nature whatsoever, whether known or unknown, accrued, absolute, contingent or otherwise, existing as of the Reference Date, to the extent not a liability of PST reflected or reserved against in full in the

Audited Balance Sheet, which are not disclosed in this Agreement or the Disclosure Memorandum, including, without limitation: (i) any tax liabilities of PST (to the extent not so reflected or reserved against) accrued in respect of, or measured by PST's income for any period or portion of a period prior to the Reference Date or arising out of transactions entered into or any state of facts existing prior to such date; and (ii) any claims or liabilities arising out of any act or omission of either Company or any of its agents or employees or any claims or liabilities with respect to defective, or allegedly defective, goods or services; and

(c) all liabilities and obligations of, or claims, demands or actions against, either Company of any nature whatsoever, whether known or unknown, accrued, absolute, contingent or otherwise, arising out of the conduct of its business between the Reference Date and the Closing Date other than in the ordinary course, including, without limitation, any presently existing contract or commitments of the character described in Paragraph 3.19 hereof and not listed in the Disclosure Memorandum, or any contract or commitment entered into or made by either Company between the date hereof and the Closing Date which contravenes the provisions of Section 5 hereof, any act or omission of either Company or any of its agents or employees, or any claims or liabilities with respect to defective goods or allegedly defective goods, which are not disclosed in this Agreement or the Disclosure Memorandum.

The total amount of Indemnified Losses paid hereunder shall be limited to fifty percent (50%) of the Merger Consideration, provided that any Indemnified Losses attributable to a knowing misrepresentation or knowing nondisclosure will not be so limited so long as the total amount of Indemnified Losses paid hereunder do not exceed the full amount of the Merger Consideration. Provided, that Indemnified Losses shall not include any losses arising out of any situation or circumstances that was disclosed in writing prior to the Closing Date by the Companies or the Shareholders, whether in the Disclosure Memorandum or otherwise, to any executive officer of Purchaser. Provided, further, however, that the limitations contained in this paragraph shall not apply to any Indemnified Losses suffered or incurred by any Indemnitee by reason of, or arising out of, any liabilities and obligations of, or claims, demands or actions against PSHC, including without limitation any tax liabilities of PSHC.

8.2 PAYMENT. The Shareholders shall, subject to the provisions of Paragraphs 8.3 and 8.4 hereof, reimburse the Indem-

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nitees, within 20 days after written demand on the Shareholders, for any Indemnified Loss; provided, however, that payment shall be required to be made hereunder only to the extent that the aggregate Indemnified Losses exceed one-half percent (1/2%) of the Merger Consideration.

8.3 DEFENSE OF CLAIMS.

(a) Should any claim or action by a third party arise after the Closing Date for which the Shareholders are liable under the terms of this Agreement, the Indemnitees shall notify the Shareholders promptly after such claim or action arises and is known to Indemnitees, and shall give the Shareholders a reasonable opportunity:

(i) to take part in any examination of the books and records of the Companies;

(ii) to conduct any proceedings or negotiations in connection therewith and necessary or appropriate to defend the Indemnitees;

(iii) to take all other required steps or proceedings to settle or defend any such claim or action; and

(iv) to employ counsel to contest any such claim or action in the name of the Indemnitees or otherwise.

The expenses of all proceedings, contests or lawsuits with respect to such claims or actions shall be borne by the Shareholders. If the Shareholders wish to assume the defense of such claim or

action, they shall give written notice to the Indemnitees within 30 days after notice from the Indemnitees of such claim or action (unless the claim or action reasonably requires a response in less than 30 days after the notice is given to the Shareholders, in which event they shall notify Indemnitees at least 10 days prior to such reasonably required response date), and the Shareholders shall thereafter assume the defense of any such claim or liability, through counsel reasonably satisfactory to the Indemnitees; provided that Indemnitees may participate in such defense at their own expense and shall, in any event, have the right to control the defense of the claim or action.

(b) If the Shareholders shall not assume the defense of, or if after so assuming they shall fail to defend, any such claim or action, the Indemnitees may defend against any such claim or action in such manner as they may deem appropriate (provided that the Shareholders may participate in such defense at their own expense) and the Indemnitees may settle such claim or litigation on such terms as they may deem appropriate, and the Shareholders jointly and severally shall promptly reimburse the

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Indemnitees for the amount of all expenses, legal and otherwise, reasonably and necessarily incurred by the Indemnitees in connection with the defense against and settlement of such claim or action. If no settlement of such claim or litigation is made, the Shareholders jointly and severally shall satisfy any judgment rendered with respect to such claim or in such action, before Indemnitees are required to do so, and pay all expenses, legal or otherwise, reasonably and necessarily incurred by the Indemnitees in the defense of such claim or litigation.

(c) If a judgment is rendered against any of the Indemnitees in any action covered by the indemnification hereunder, or any lien in respect of such judgment attaches to any of the assets of any of the Indemnitees, the Shareholders shall immediately upon such entry or attachment pay such judgment in full or discharge such lien unless, at the Shareholders' expense and direction, an appeal is taken under which the execution of the judgment or satisfaction of the lien is stayed. If and when a final judgment is rendered in any such action, the Shareholders shall forthwith pay such judgment or discharge such lien before any of the Indemnitees is compelled to do so.

8.4 COMPUTATION OF INDEMNIFIED LOSSES. The amount of any Indemnified Loss otherwise payable to Indemnitees hereunder shall be reduced: (a) by the amount of any insurance proceeds received by the Companies as compensation for the damage or loss caused by the act, omission, fact or circumstances giving rise to the Indemnified Loss; (b) if the payment of any Indemnified Loss will provide the Companies with income tax deductions or credits, by the amount of the tax savings realized by the Companies as a result of such deductions or credits, which amount shall be discounted to its present value as of the date of the payment of the Indemnified Loss by the Companies at the rate of interest charged on such date by the Internal Revenue Service on underpayment of taxes; and (c) by the net amount recovered by PST during the Survival Period (as defined in Section 9 below) in respect of accounts receivable and other amounts owing to PST which were charged against PST's reserve for doubtful accounts in periods prior to the Reference Date, or which were written off by PST prior to such date, after deducting all costs of collection, including, without limitation, all court costs, attorneys' fees and similar expenses. Notwithstanding any provision to the contrary in this Agreement, the Shareholders shall have no responsibility after the Closing for any income tax liabilities of PSHC, PST or the Surviving Corporation for any period, except that the Shareholders shall be responsible for any such income tax liabilities solely to the extent such liabilities are inconsistent with the representations and warranties contained in Paragraph 3.23, and any such inconsistent liabilities shall constitute Indemnified Losses hereunder until the expiration of the applicable statute of limitations for such taxes.

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8.5 ACTION BY COMPANY. The failure of either Company to give any notice or to take any action hereunder shall not be deemed a waiver of any of the rights of such Company or any of the other Indemnitees hereunder. Waivers of any rights of either Company must be in writing and signed by Purchaser as well as such Company. Any compromise, settlement or other resolution of a claim of either Company hereunder shall be binding on such Company only if approved in advance and in writing by Purchaser.

8.6 NO LIABILITY OR CONTRIBUTION BY COMPANIES. Neither Company shall have any liability to any Shareholder as a result of any breach of warranty, misrepresentation or nonfulfillment or breach of any agreement of either Company in this Agreement, the Merger Agreement or in any certificate, schedule, instrument or document delivered to Purchaser pursuant to the provisions of this Agreement, including, without limitation, the Disclosure Memorandum, and no Shareholder shall have any right of contribution against either Company on account of any event arising prior to or as of the Closing Date.

9. SURVIVAL OF REPRESENTATIONS AND OTHER PROVISIONS.

9.1 SURVIVAL. The representations, warranties, covenants, agreements and indemnifications of the parties contained in this Agreement or in any writing delivered pursuant to the provisions of this Agreement shall survive any investigation heretofore or hereafter made by Purchaser and the consummation of the Merger and the other transactions contemplated herein and, unless a different time period is set forth elsewhere in this Agreement with respect to the operation, effect or survival of a specific representation, warranty, covenant, agreement or indemnification, shall continue in full force and effect for the period (the "Survival Period") beginning on the Closing Date and continuing until and including the first business day after the expiration of two years from and after (a) the Closing Date or (b) with respect to Indemnified Losses arising out of the matters described in Section 8.1(b)(i) above, the date on which the federal income tax return of PST or PSHC, as the case may be, for the period including the Closing Date shall be filed with the Internal Revenue Service. Provided, however, that the Survival Period shall be extended automatically to include any time period necessary to resolve a claim for indemnification which was made before expiration of the Survival Period but not resolved prior to its expiration; and, provided further, that any such extension shall apply only as to claims asserted and not so resolved within the Survival Period. Notwithstanding any of the foregoing to the contrary, the representations and warranties made by Shareholders in Section 3.32 shall survive indefinitely.

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10. TERMINATION.

10.1 TERMINATION FOR CERTAIN CAUSES. This Agreement may be terminated at any time prior to or on the Closing Date upon written notice to the other party as follows, and, upon such termination of this Agreement, no party hereto shall have any liability to the other:

(a) By Purchaser, if a material adverse change in the financial condition or business of either Company shall have occurred, or any substantial part of the assets of either Company are destroyed due to fire or other casualty.

(b) By Purchaser, if the terms, covenants or conditions of this Agreement to be complied with or performed by the Shareholders at or before the Closing shall not have been complied with or performed and such noncompliance or nonperformance shall not have been waived by Purchaser.

(c) By Purchaser, if there is any fact or condition with respect to the business of either Company, either Company's assets or contracts, or any obligation of either Company

which materially and adversely affects such business, assets, contracts or obligations or the value or continuance of such business.

(d) By any party, if any action, suit or proceeding shall have been instituted or threatened against any party to this Agreement to restrain or prohibit, or to obtain substantial damages in respect of, this Agreement or the consummation of the transactions contemplated herein, which, in the good faith opinion of such party and legal counsel to such party, would cause the consummation of the transactions herein contemplated to subject that party to a significant risk of material loss.

11. POWER-OF-ATTORNEY.

11.1 APPOINTMENT OF AGENT. The Shareholders and each of them, hereby irrevocably constitute and appoint Robert S. Weiner (the "Agent") as their agent and attorney-in-fact to modify, amend or otherwise change this Agreement, or any of its terms or provisions (including modifications, amendments or changes subsequent to Closing), to take all actions and to execute all documents (including all actions and documents required under Section 6 hereof) necessary or desirable to consummate the transactions contemplated by this Agreement, to tender their Shares pursuant to the Merger Agreement and to accept Merger Consideration in connection therewith and to take all actions and to execute all documents which may be necessary or desirable in connection therewith (including, without limitation, delivery of the certificates for their Shares and execution of such powers of attorney or other instruments as may be necessary to comply with

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the Merger Agreement), to give and receive consents and all notices hereunder, to negotiate and settle claims for indemnification under Section 8 hereof, and to perform any other act arising under or pertaining to this Agreement, the Merger Agreement and the transactions contemplated hereby. The Shareholders, and each of them, agree that service of process upon the Agent in any action or proceeding arising under or pertaining to this Agreement shall be deemed to be valid service of process upon the Shareholders, and any claim by Purchaser against the Shareholders, or any of them, in respect to this Agreement may be asserted against, and settled with, said Agent. The Agent shall be deemed to have accepted the appointment herein upon his execution of this Agreement.

11.2 LIABILITY OF AGENT. Nothing contained herein shall be deemed to make the Agent personally liable to the other Shareholders because of service in his capacity as agent and attorney-in-fact. In performing any of his duties hereunder, the Agent shall not incur any liability to the other Shareholders for losses, damages, liabilities or expenses, except for his own wilful default.

11.3 SUCCESSION. In the event of the death, disability, incompetency or resignation of the original Agent, the successor agent shall be Randall J. Hatch. In the event of the death, disability, incompetency or resignation of any successor Agent, the Shareholders shall, within 30 days after notice from Purchaser, determine by simple majority vote and designate a successor Agent or Agents, as the case may be, who shall have all of the rights, powers and authority conferred in this power of attorney, and if the Shareholders fail so to designate such successor Agent(s) within such period, Purchaser may petition a court of appropriate jurisdiction for appointment of such successor Agent(s).

11.4 IRREVOCABLE; BINDING ON SUCCESSORS, ETC. It is expressly understood and agreed that this power of attorney and the agency created hereby is coupled with an interest of the respective parties hereto and shall be binding and enforceable on and against the respective heirs, personal representatives, successors and assigns of the Shareholders, and each of them, and this power of attorney shall not be revoked or terminated by the death, disability, bankruptcy or incompetency of the Shareholders, or any of them, but shall continue to be binding and enforceable by the Agent, Purchaser and their respective successors and on and against the heirs, personal representatives, successors and assigns

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12. MISCELLANEOUS.

12.1 NOTICES.

(a) All notices, requests, demands or other communications required or permitted to be given or made hereunder shall be in writing and delivered personally or sent by pre-paid, certified or registered first class mail, return receipt requested, to the intended recipient thereof at its address set out below. Any such notice, demand or communication shall be deemed to have been duly given immediately if given by hand delivery to the recipient's address, or facsimile, or three days after mailing (if given or made by letter addressed to a location within the country in which it is posted), and in proving same it shall be sufficient to show that the envelope containing the same was duly addressed, stamped and posted. The addresses of the parties for purposes of this Agreement are:

(i) If to Purchaser: Interface, Inc.
Orchard Hill Road
P.O. Box 1503
LaGrange, Georgia 30241
Attention: Daniel T. Hendrix

With copies to: Interface, Inc.
2859 Paces Ferry
Suite 2000
Atlanta, Georgia 30339
Attention: David W. Porter

Kilpatrick & Cody
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 30309
Attention: G. Kimbrough Taylor

(ii) If to the PST/PSHC
Shareholders: Robert S. Weiner
1016 Old Powers Ferry Road
Atlanta, Georgia 30327

Jacqueline A. Colando
7609 Woodland Lane
Burr Ridge, Illinois 60525

Nancy O'Donnell
12 Weathervane Hill
Westport, Connecticut 06880

John O'Donnell
12 Weathervane Hill
Westport, Connecticut 06880

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Randall J. Hatch
4702 Ageratum Court
Acworth, Georgia 30102

Traccton Corp.
c/o Robert S. Weiner
1016 Old Powers Ferry Road
Atlanta, Georgia 30327

Prince Street Holding Company
c/o Robert S. Weiner
1016 Old Powers Ferry Road
Atlanta, Georgia 30327

Robert D. Williams
1011 Housley Road
Marietta, Georgia 30066

Steven E. Andrade
78 Rockridge Court
Danville, California 94512

With a copy to: Kaufman, Chaiken & Sorensen
Suite 720
400 Perimeter Center Ter., N.E.
Atlanta, Georgia 30346-1234
Attention: Robert J. Kaufman

(b) In accordance with the provisions of Section 12 hereof, all notices, requests, demands or other communications by Purchaser shall be deemed to have been duly given to all the Shareholders if such notices, requests, demands or communications are duly given in accordance with this Paragraph 12.1 to Robert S. Weiner or such other party or parties appointed as the Agent(s) of the Shareholders.

(c) Any party may change the address to which notices, requests, demands or other communications to such parties shall be delivered or mailed by giving notice thereof to the other parties hereto in the manner provided herein.

12.2 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

12.3 ENTIRE AGREEMENT. This Agreement and the other Written agreements executed and delivered by Purchaser and the Shareholders or any of them of even date herewith supersede all prior discussions and agreements between the parties with respect

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to the subject matter hereof (including without limitation the offer contained in the form of agreement dated November 15, 1993, executed and delivered by Purchasers and delivered to the Agent on behalf of the PST Shareholders, which offer shall be deemed terminated hereby), and this Agreement and such other agreements contain the sole and entire agreement among the parties with respect to the matters covered hereby. This Agreement shall not be altered or amended except by and instrument in writing signed by or on behalf of the parties hereto.

12.4 GOVERNING LAW. The validity and effect of this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Georgia.

12.5 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, legal representatives, successors and assigns.

12.6 PARTIAL INVALIDITY AND SEVERABILITY. All rights and restrictions contained herein may be exercised and shall be applicable and binding only to the extent that they do not violate any applicable laws and are intended to be limited to the extent necessary to render this Agreement legal, valid and enforceable. If any term of this Agreement, or part thereof, not essential to the commercial purpose of this Agreement shall be held to be illegal, invalid or unenforceable by a court of competent jurisdiction, it is the intention of the parties that the remaining terms hereof, or part thereof shall constitute their agreement with respect to the subject matter hereof and all such remaining terms, or parts thereof, shall remain in full force and effect. To the extent legally permissible, any illegal, invalid or unenforceable provision of this Agreement shall be replaced by a valid provision which will implement the commercial purpose of the illegal, invalid or unenforceable provision.

12.7 WAIVER. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but only if such waiver is evidenced by a writing signed by such party. No failure on the part of any party hereto to exercise, and no delay in exercising any right, power or remedy created hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy by any

such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver by any party hereto to any breach of or default in any term or condition of this Agreement shall constitute a waiver of or assent to any succeeding breach of or default in the same or any other term or condition hereof.

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12.8 HEADINGS. The headings as to contents of particular paragraphs of this Agreement are inserted for convenience and shall not be construed as a part of this Agreement or as a limitation on the scope of any terms or provisions of this Agreement.

12.9 NUMBER AND GENDER. Where the context requires, the use of the singular form herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include any and all genders.

12.10 TIME OF PERFORMANCE. Time is of the essence.

12.11 DEFINITION OF KNOWLEDGE. The words "known", "to the knowledge of", "to the best knowledge of" or words of similar import employed in this Agreement with reference to any person or entity shall be conclusively presumed to mean that the person or entity has made reasonable and diligent efforts under the circumstances to become knowledgeable.

13. INDEX TO DEFINITIONS.

The definitions for the following defined terms used in this Agreement can be found as follows:

Defined Term	Paragraph or Section
Additional PST Shares	1.1(a)
Adjusted EBIT	1.4
Affiliates	2.12
Agent	11.1
Audited Balance Sheet	3.10
Audited Financial Statements	3.9
Base Monthly Amount	2.13(a)
Closing	1.7
Closing Date	1.7
Closing Date Price	1.3
Code	3.26(b)
Commission	2.11
Company	Introductory Recitals
Company Contracts	3.19
Company Plans	3.26(f)
Company Territory	2.6(c)
Converted Shares	1.2(c)
Day's Maximum Sale Number	2.13
Disclosure Memorandum	3.1
Disposals	3.27
Effective Time of the Merger	1.1
Emissions	3.27
EBIT	1.4

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EBIT Shortfall Adjustment Amount	1.4
1993 EBIT	1.4
ERISA	3.26(b)
ERISA Plan	3.26(c)
Firm Purchase Commitments	3.14
Foreign Plan	3.26(g)
HSR Act	1.7
Indemnified Losses	8.1
Indemnitees	8.1
Independent Accountant	1.6
Leased Real Property	3.17(d)
Merger	1.1

Merger Agreement 1.1
 Merger Consideration 1.2(c)
 Mohawk LetterIntroductory Recitals
 Multiemployer Benefit Plan 3.26(d)
 Multiemployer Pension Plan 3.26(f)
 PSHCIntroductory Recitals
 PSHC SharesIntroductory Recitals
 PSTIntroductory Recitals
 PST ShareholdersIntroductory Recitals
 PST/PSHC Closing 1.1(a)
 PST/PSHC Merger 1.1(a)
 PST/PSHC Merger Agreement 1.1(a)
 PST/PSHC ShareholdersIntroductory Recitals
 PST SharesIntroductory Recitals
 Plan 3.26(a)
 Post-employment Benefits 3.26(h)
 Prince Street 2.6(b)
 Prince Street Technologies 2.6(b)
 Products 2.6(i)
 PSHC Unaudited Balance Sheet 3.9
 PST Unaudited Balance Sheet 3.9
 PurchaserIntroductory Recitals
 Purchaser Shares 1.3
 Real Property 3.17(a)
 Real Property Leases 3.17(c)
 Reference Date 3.10
 Registration Statement 2.11
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 Residential Manufacturer 2.6(c)
 Restriction Period 2.13(a)
 Securities Act 2.11
 Shareholders Introductory Recitals
 Shares Introductory Recitals
 Significant Customers 3.21
 Sub 1.1
 Surviving Corporation 1.2
 Survival Period 9.1
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 Total Company AmountIntroductory Recitals

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TracctonIntroductory Recitals
 Unaudited Financial Statements 3.9
 WarrantIntroductory Recitals

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IN WITNESS WHEREOF, the parties have executed this Agreement under seal or caused this Agreement to be duly executed under seal by their duly authorized officers as of the day and year first above written.

INTERFACE, INC.

(CORPORATE SEAL)

By: _____

Attest:

Title: _____

Secretary

SHAREHOLDERS:

Robert S. Weiner (SEAL)

(SEAL)

Randall J. Hatch

_____(SEAL)
Nancy O'Donnell

_____(SEAL)
John O'Donnell

_____(SEAL)
Jacqueline A. Colando

_____(SEAL)
Steven C. Andrade

_____(SEAL)
Robert D. Williams

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TRACCTON CORP.

By: _____
Name:
Title:

(CORPORATE SEAL)

Attest:

Secretary

PRINCE STREET HOLDING COMPANY

By: _____
Name:
Title:

(CORPORATE SEAL)

Attest:

Secretary

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EXHIBIT A

AGREEMENT AND PLAN OF MERGER OF
PRINCE STREET TECHNOLOGIES, LTD.,
AND
PRINCE STREET HOLDING COMPANY

This Agreement and Plan of Merger, made and entered into as of the _____ day of _____, 199_ (hereinafter referred to as the "Agreement"), by and between PRINCE STREET TECHNOLOGIES, LTD., a Georgia corporation (hereinafter sometimes referred to as "PST") and PRINCE STREET HOLDING COMPANY, a Georgia corporation (hereinafter sometimes referred to as "PSHC") (said corporations being hereinafter sometimes collectively referred to as the "Constituent Corporations"):

W I T N E S S E T H:

The Boards of Directors of each of the Constituent Corporations deem it advisable and for the benefit of each of said corporations and their respective shareholders that PSHC merges into PST and that PSHC thereafter ceases its separate existence as a corporation under Georgia law.

NOW, THEREFORE, the parties hereto do hereby agree as follows:

ARTICLE ONE
NAMES OF MERGING CORPORATIONS

1.01 The names of the corporations proposed to be merged are PRINCE STREET TECHNOLOGIES, LTD., a corporation organized under the laws of the State of Georgia and PRINCE STREET HOLDING COMPANY, a corporation organized under the laws of the State of Georgia.

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ARTICLE TWO
SURVIVING CORPORATION

2.01 PSHC shall merge into PST, which shall survive the merger (sometimes hereinafter referred to as the "Surviving Corporation"), and thereafter the separate corporate existence of PSHC shall cease (the "Merger").

ARTICLE THREE
EFFECTIVE TIME

3.01 EFFECTIVE TIME. This Merger shall be effective upon the filing of Articles of Merger or a Certificate of Merger with the Secretary of State of Georgia, pursuant to Section 14-2-1105 of the Georgia Business Corporation Code, as amended (hereinafter referred to as the "Effective Time").

3.01 ABANDONMENT. Notwithstanding any other provisions of this Agreement, this Agreement may be abandoned by mutual consent of the Boards of Directors of PST and PSHC, at any time prior to the Effective Time.

ARTICLE FOUR
TERMS AND CONDITIONS

4.01 ARTICLES OF INCORPORATION. The Articles of Incorporation of PST as they exist on the Effective Time shall be and remain the Articles of Incorporation of the Surviving Corporation until the same shall be altered, amended or repealed as therein provided.

4.02 BY-LAWS. The By-Laws of PST as they exist on the Effective Time shall be and remain the By-Laws of the Surviving

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Corporation until the same shall be altered, amended or repealed as therein provided.

4.03 DIRECTORS AND OFFICERS. The directors and officers of PST duly elected and serving as of the date of this Agreement shall be and remain the directors and officers of the Surviving Corporation and they shall serve in office until their successors have been duly elected or appointed and have qualified.

4.04 EFFECT OF MERGER. Upon the Effective Time, the separate existence of PSHC shall cease and all its properties, rights, privileges and franchises, of whatever nature and description, including every devise or bequest that PSHC would have been capable of taking, and including choses in action, shall be transferred to, vested in and devolved upon the Surviving Corporation, without further act or deed. Notwithstanding this provision, confirmatory deeds, assignments and other like instruments, when deemed desirable to evidence such transfer, vesting or devolution of any

property right, privilege or franchise, may at any time, or from time to time, be made and delivered in the name of PSHC as appropriate, by its last acting officers thereof, or by the corresponding officers of the Surviving Corporation. The Surviving Corporation shall be liable for all the debts and obligations, including tax liabilities, of PSHC, and any claim existing or any action or proceeding pending by or against PSHC may be prosecuted to judgment or decree as if such Merger had not taken place, or the Surviving Corporation, upon motion of such corporation or any party, may be substituted as a party in place of either of the corporations so merged, and such judgment or decree

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against either of the corporations so merged shall be constituted a lien upon the property of the Surviving Corporation. The Merger, however, shall not impair in any way the rights of creditors or liens upon the property of any corporation a party to this Merger.

4.05 FILING OF ARTICLES OR CERTIFICATE OF MERGER. The acts and things required to be done by the Georgia Business Corporation Code (the "Georgia Code") in order to make this Agreement effective, including the filing of Articles of Merger or a Certificate of Merger in the manner prescribed in the Georgia Code, shall be attended to by the proper officers of the parties hereto as soon as practicable.

ARTICLE FIVE

MANNER AND BASIS OF CONVERTING SHARES

5.01 Upon the Effective Time of the Merger:

(a) All of the Class A Common Stock of PST issued and outstanding at the Effective Time shall be cancelled and retired and no consideration shall be delivered in respect thereof.

(b) Each share of the Class B Common Stock of PST issued and outstanding immediately prior to the Effective Time shall continue unchanged and shall continue to evidence the same number of shares of Class B Common Stock of the Surviving Corporation.

(c) All of the Common Stock of PSHC issued and outstanding at the Effective Time (the "Exchanged Shares") shall be exchanged and be converted into solely the right to receive the Class B Common Stock of PST as provided in Attachment A attached

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hereto and incorporated herein by reference (the "Additional PST Shares"). The former shareholders of PSHC holding Exchanged Shares shall surrender their respective certificates representing such shares ("Certificates") to the officers of the Surviving Corporation for the cancellation of such Certificates on the books of PSHC and exchange thereof for Certificates of the Surviving Corporation as issuer. Until such surrender and exchange, each Certificate shall represent that number of the Additional PST Shares into which the Exchanged Shares originally represented by such Certificates have been converted.

(d) The Additional PST Shares into which the Exchanged Shares have been converted shall be deemed to have been issued in full satisfaction of all rights pertaining to such Exchanged Shares, including without limitation any obligations of the Surviving Corporation to pay any dividends or make any other distributions with a record date prior to the Effective Time which may have been declared or made by PSHC on such Exchanged Shares prior to the date hereof and which remain unpaid at the Effective Time, and at and after the Effective Time there shall be no further registration or transfers on the stock transfer books of PSHC of the Exchanged Shares which were outstanding immediately prior to the Effective Time except as contemplated in this Agreement. If, after the Effective Time, Certificates representing Exchanged

Shares are presented to the Surviving Corporation for any reason, they shall be cancelled and exchanged, as provided in Subsection (b).

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ARTICLE SIX

MISCELLANEOUS PROVISIONS

6.01 APPROVAL BY DIRECTORS. Each of PST and PSHC represents and warrants to the other that this Agreement has been duly adopted, ratified and approved by its Board of Directors in a manner consistent with the Articles of Incorporation and By-Laws of each of such corporation and in accordance with the Georgia Code.

6.02 APPROVAL BY SHAREHOLDERS. Each of PST and PSHC represents and warrants to the others that this Agreement has been submitted to and duly approved by its shareholders, in each case by a vote not less than the minimum required for approval hereof by the respective Articles of Incorporation and By-Laws of such corporation and by the Georgia Code.

6.03 CONFORMITY WITH STATE LAW. The matters set forth in this Agreement shall be considered to be modified to the extent required by the laws of the State of Georgia, so that nothing contained herein shall be construed to be in any way violative of such laws.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

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PRINCE STREET TECHNOLOGIES, LTD.

By: _____
Name: Robert S. Weiner
Title: Chief Executive Officer

PRINCE STREET HOLDING COMPANY

By: _____
Name: _____
Title: _____

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Attachment "A"
to
Agreement and Plan of Merger
between
Prince Street Holding Company
and
Prince Street Technologies, Ltd.

SHAREHOLDER	STOCK IN PRINCE STREET HOLDING COMPANY		STOCK IN PRINCE STREET TECHNOLOGIES LTD.		STOCK IN PRINCE STREET TECHNOLOGIES LTD.		STOCK IN PRINCE STREET TECHNOLOGIES LTD.		PERCENTAGE AFTER MERGER OF PST AND PSHC
	PRE-MERGER OF PST AND PSHC COMMON		PRE-MERGER OF PST AND PSHC CLASS A	PRE-MERGER OF PST AND PSHC CLASS B	ISSUED (CANCELLED) IN MERGER OF PST AND PSHC CLASS A	ISSUED (CANCELLED) IN MERGER OF PST AND PSHC CLASS B	AFTER MERGER OF PST AND PSHC CLASS A	AFTER MERGER OF PST AND PSHC CLASS B	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Robert S. Weiner	1,085,991.5	--	114	--	320.7773	--	434.7773	62.9200	
John and Nancy O'Donnell	206,609	--	40	--	61.0276	--	101.0276	14.6205	
Randall J. Hatch	149,182.5	--	8	--	44.0651	--	52.0651	7.5348	
Jacqueline A. Colando	113,816	--	22	--	33.6187	--	55.6187	8.0490	
Steven C. Andrade	80,10	--	--	--	23.6621	--	23.6621	3.4243	
Robert D. Williams	57,043	--	--	--	16.8492	--	16.8492	2.4384	
Traccon Corp.	--	--	7	--	--	--	7.0000	1.0130	
Prince Street Holding Company	--	500	--	(500)	--	--	0.0000	--	
	1,692,750	500	191	(500)	500.0000	--	691.0000	100.0000	

</TABLE>

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EXHIBIT B

AGREEMENT AND PLAN OF MERGER OF
PRINCE STREET TECHNOLOGIES, LTD.,
AND
PST ACQUISITION CORP.

This Agreement and Plan of Merger, made and entered into as of the ____ day of _____, 199_ (hereinafter referred to as the "Agreement"), by and between Prince Street Technologies, Ltd., a Georgia corporation (hereinafter sometimes referred to as PST) and PST Acquisition Corp., a Georgia corporation (hereinafter sometimes referred to as "Sub") (said corporations being hereinafter sometimes collectively referred to as the "Constituent Corporations"):

W I T N E S S E T H:

The Boards of Directors of each of the Constituent Corporations deem it advisable and for the benefit of each of said corporations and their respective shareholders that Sub merges into PST and that Sub thereafter ceases its separate existence as a corporation under Georgia law.

NOW, THEREFORE, the parties hereto do hereby agree as follows:

ARTICLE ONE

NAMES OF MERGING CORPORATIONS

1.01 The names of the corporations proposed to be merged are PRINCE STREET TECHNOLOGIES, LTD., a corporation organized under the laws of the State of Georgia and PST ACQUISITION CORP., a corporation organized under the laws of the State of Georgia.

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ARTICLE TWO

SURVIVING CORPORATION

2.01 Sub shall merge into PST, which shall survive the merger (sometimes hereinafter referred to as the "Surviving Corporation"), and thereafter the separate corporate existence of Sub shall cease (the "Merger").

ARTICLE THREE

EFFECTIVE TIME

3.01 EFFECTIVE TIME. This Merger shall be effective upon the filing of Articles of Merger or a Certificate of Merger with the Secretary of State of Georgia, pursuant to Section 14-2-1105 of the Georgia Business Corporation Code, as amended (hereinafter referred to as the "Effective Time").

3.01 ABANDONMENT. Notwithstanding any other provisions of this Agreement, this Agreement may be abandoned by mutual consent of the Boards of Directors of PST and Sub, at any time prior to the Effective Time.

ARTICLE FOUR

TERMS AND CONDITIONS

4.01 ARTICLES OF INCORPORATION. The Articles of Incorporation of PST as they exist on the Effective Time shall be and remain the Articles of Incorporation of the Surviving Corporation until the same shall be altered, amended or repealed as therein provided.

4.02 BY-LAWS. The By-Laws of Sub as they exist on the Effective Time shall become the By-Laws of the Surviving Corporation until the same shall be altered, amended or repealed as therein provided.

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4.03 DIRECTORS AND OFFICERS. The directors and officers of Sub duly elected and serving as of the date of this Agreement shall become the directors and officers of the Surviving Corporation and they shall serve in office until their successors have been duly elected or appointed and have qualified.

4.04 EFFECT OF MERGER. Upon the Effective Time, the separate existence of Sub shall cease and all its properties, rights, privileges and franchises, of whatever nature and description, including every devise or bequest that Sub would have been capable of taking, and including choses in action, shall be transferred to, vested in and devolved upon the Surviving Corporation, without further act or deed. Notwithstanding this provision, confirmatory deeds, assignments and other like instruments, when deemed desirable to evidence such transfer, vesting or devolution of any property right, privilege or franchise, may at any time, or from time to time, be made and delivered in the name of Sub as appropriate, by its last acting officers thereof, or by the corresponding officers of the Surviving Corporation. The Surviving Corporation shall be liable for all the debts and obligations, including tax liabilities, of Sub, and any claim existing or any action or proceeding pending by or against Sub may be prosecuted to judgment or decree as if such Merger had not taken place, or the Surviving Corporation, upon motion of such corporation or any party, may be substituted as a party in place of either of the corporations so merged, and such judgment or decree against either of the corporations so merged shall be constituted a lien upon the property of the Surviving Corporation. The Merger, however, shall not impair in any way the rights of creditors or liens upon property of any corporation a party to this Merger.

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4.05 FILING OF ARTICLES OR CERTIFICATE OF MERGER. The acts and things required to be done by the Georgia Business Corporation Code (the "Georgia Code") in order to make this Agreement effective, including the filing of Articles of Merger or a Certificate of Merger in the manner prescribed in the Georgia Code, shall be attended to by the proper officers of the parties hereto as soon as practicable.

ARTICLE FIVE

5.01 Upon the Effective Time of the Merger:

(a) Each share of the Common Stock of Sub issued and outstanding immediately prior to the Effective Time shall be converted into one share of Class B Common Stock of the Surviving Corporation.

(b) All of the Class A Common Stock of PST issued and outstanding, if any, at the Effective Time shall be cancelled and retired and no consideration shall be delivered in respect thereof.

(c) All of the Class B Common Stock of PST issued and outstanding at the Effective Time (the "Exchanged Shares") shall be exchanged and be converted solely into the right to receive in the aggregate [(i) _____ shares of the Class A Common Stock of INTERFACE, INC., a Georgia corporation and holder of all of the issued and outstanding shares of Sub., and (ii) \$_____ in cash] (1) (the "Merger Consideration"). In exchange for the Exchanged Shares, the former holders of the Exchanged Shares shall be entitled to receive a portion of the aggregate Merger Consideration as

[FN]
(1) To be completed at Closing to reflect the amount and components of the Merger Consideration, as provided in the Acquisition Agreement.

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provided in Attachment A attached hereto and incorporated herein by reference. The former shareholders of PST holding Exchanged Shares shall surrender their respective certificates representing such shares to the officers of the Surviving Corporation for the exchange thereof and the cancellation of such certificates on the books of PST[, and reissuance of certificates of Interface, Inc. as issuer and representing the shares of Interface, Inc. into which the Exchanged Shares have been converted.] (1)

(d) All Merger Consideration payable or issuable upon any of the Exchanged Shares shall be deemed to have been issued or paid in full satisfaction of all rights pertaining to such Exchanged Shares, including without limitation any obligations of the Surviving Corporation to pay any dividends or make any other distributions with a record date prior to the Effective Time which may have been declared or made by PST on such Exchanged Shares prior to the date hereof and which remain unpaid at the Effective Time, and at and after the Effective Time there shall be no further registration or transfers on the stock transfer books of the Surviving Corporation of the Exchanged Shares which were outstanding immediately prior to the Effective Time except as contemplated in this Agreement. If, after the Effective Time, certificates representing Exchanged Shares are presented to the Surviving Corporation for any reason, they shall be cancelled and exchanged, as provided in Subsection (b).

ARTICLE SIX

MISCELLANEOUS PROVISIONS

6.01 APPROVAL BY DIRECTORS. Each of PST and Sub represents and warrants to the other that this Agreement has been duly adopted, ratified and approved by its Board of Directors in a manner consistent with the

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Articles of Incorporation and By-Laws of each of such corporation and in accordance with the Georgia Code.

6.02 APPROVAL BY SHAREHOLDERS. Each of PST and Sub represents and warrants to the others that this Agreement has been submitted to and duly approved by its shareholders, in each case by a vote not less than the minimum required for approval hereof by the

respective Articles of Incorporation and By-Laws of such corporation and by the Georgia Code.

6.03 CONFORMITY WITH STATE LAW. The matters set forth in this Agreement shall be considered to be modified to the extent required by the laws of the State of Georgia, so that nothing contained herein shall be construed to be in any way violative of such laws.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

PRINCE STREET TECHNOLOGIES, LTD.

By: _____
 Name: Robert S. Weiner
 Title: Chief Executive Officer

PST ACQUISITION CORP.

By: _____
 Name: _____
 Title: _____

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<TABLE>
 <CAPTION>

EXHIBIT "C"
 to
 Acquisition Agreement

SHAREHOLDER	STOCK IN	STOCK IN		STOCK IN		STOCK IN		PERCENTAGE
	PRINCE STREET HOLDING COMPANY PRE-MERGER OF PST AND PSHC COMMON	PRINCE STREET TECHNOLOGIES LTD. PRE-MERGER OF PST AND PSHC CLASS A	PRINCE STREET TECHNOLOGIES LTD. PRE-MERGER OF PST AND PSHC CLASS B	PRINCE STREET TECHNOLOGIES LTD. ISSUED (CANCELLED) IN MERGER OF PST AND PSHC CLASS A	PRINCE STREET TECHNOLOGIES LTD. ISSUED (CANCELLED) IN MERGER OF PST AND PSHC CLASS B	PRINCE STREET TECHNOLOGIES LTD. AFTER MERGER OF PST AND PSHC CLASS A	PRINCE STREET TECHNOLOGIES LTD. AFTER MERGER OF PST AND PSHC CLASS B	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Robert S. Weiner	1,085,991.5	--	114	--	320.7773	--	434.7773	62.9200
John and Nancy O'Donnell	206,609	--	40	--	61.0276	--	101.0276	14.6205
Randall J. Hatch	149,182.5	--	8	--	44.0651	--	52.0651	7.5348
Jacqueline A. Colando	113,816	--	22	--	33.6187	--	55.6187	8.0490
Steven C. Andrade	80,10	--	--	--	23.6621	--	23.6621	3.4243
Robert D. Williams	57,043	--	--	--	16.8492	--	16.8492	2.4384
Traccton Corp.	--	--	7	--	--	--	7.0000	1.0130
Prince Street Holding Company	--	500	--	(500)	--	--	0.0000	--
	1,692,750	500	191	(500)	500.0000	--	691.0000	100.0000

<CAPTION>

ALLOCABLE
 PORTION OF
 MERGER
 CONSIDERATION*<F1>

<S>	<C>
Robert S. Weiner	\$6,606,601.32
John and Nancy O'Donnell	1,535,151.93
Randall J. Hatch	791,148.87
Jacqueline A. Colando	845,146.18
Steven C. Andrade	359,554.16
Robert D. Williams	256,029.96
Traccton Corp.	
Prince Street Holding Company	106,367.58 0.00
	\$10,500,000.00

<FN>

*<F1> Aggregate Merger Consideration is subject to adjustment

Exhibit D

The opinion of counsel for the Companies and the PST/PSHC Shareholders, shall be to the effect that:

(a) This Agreement has been duly and validly executed and delivered by each of the PST/PSHC Shareholders and constitutes the valid and legally binding obligation of each PST/PSHC Shareholder, enforceable, subject to general equity principles, in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally;

(b) Neither the execution and delivery of this Agreement, nor the consummation of the mergers and other transactions contemplated herein, resulted or will result in a violation or breach of the articles of incorporation or bylaws of the Companies or, to the knowledge of such counsel, result in a violation or breach of, or constitute a default under, any term or provision of any agreement or other instrument, order, judgment, decree, law, rule, regulation, contract or any restriction, to which any PST/PSHC Shareholder or the Companies are a party or by which any of them or any of their respective properties are subject or bound, nor, to the knowledge of such counsel, will such actions result in (i) the creation of any lien, encumbrance or charge on any of the PST Shares, the Additional PST Shares, or the PSHC Shares or on any of the assets of the Companies, or (ii) the acceleration of any obligation of the Company;

(c) PST is, and prior to the PST/PSHC Merger PSHC was, a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia and entitled to own or lease the properties of the Companies and to carry on their businesses as and in the places where such properties are now owned or leased or such businesses are now conducted, and, to the knowledge of such counsel, the Companies have complied in all material respects with all federal, state and local laws, rules, regulations, and ordinances which are applicable to their operations and the conduct of their businesses. PST is, and prior to the PST/PSHC Merger PSHC was, duly qualified and licensed to do business as a foreign corporation in each jurisdiction where a failure to qualify or acquire a license would have a material adverse effect on the business or financial condition of the Companies;

(d) PST has an authorized share capital of 10,000,000 shares of Class A common stock, par value \$.01 per share, of which none are issued or outstanding, and 10,000,000 shares of Class B common stock, par value of \$.01, of which 691 shares of Class B common stock are duly and validly issued and outstanding, fully paid and non-assessable, and said shares are

owned beneficially and of record by the Shareholders as set forth in Exhibit C of this Agreement under the column heading "Stock In Prince Street Technologies Ltd. After Merger of PST and PSHC"; immediately prior to the PST/PSHC Merger, PST had authorized share capital as set forth in the preceding clause, of which 500 shares of Class A common stock and 191 shares of Class B common stock were duly and validly issued and outstanding, fully paid and non-assessable, and said shares were owned beneficially and of record by the PST Shareholders as set forth in Exhibit C of this Agreement; immediately prior to the PST/PSHC Merger, PSHC had authorized share capital of 10,000,000 shares of Common Stock, par value \$.01 per share, of which 1,692,749 shares were duly and validly issued and outstanding, fully paid and non-assessable, and said shares were owned beneficially and of record by the PSHC Shareholders as set forth in Exhibit C of this Agreement 10,000,000 shares of Class B common stock, with a par value of \$.01 per share, of which no shares were issued and outstanding, and 1,000,000 shares of preferred stock, with a par value of \$.01 per share, of which no shares were issued and outstanding; the PST/PSHC Merger and the

PST/PSHC Merger Agreement were approved by the requisite action of the Boards of Directors and shareholders of PST and PSHC, the PST/PSHC Merger has become effective, and all of the issued and outstanding shares of PSHC have been cancelled pursuant to the PST/PSHC Merger Agreement; the certificates for the Shares to be delivered pursuant to the Agreement represent 100% of all of the issued and outstanding share capital of the Companies; and to the knowledge of such counsel, there are no options, warrants or other rights outstanding to acquire any share capital or securities of the Companies;

(e) To the knowledge of such counsel, there are no actions, suits, claims, investigations or proceedings pending or threatened against the Companies at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality that would, if decided adversely, after consideration of all defenses, have a material adverse effect on the assets or operation of the businesses of the Companies;

(f) To the knowledge of such counsel, (i) the Companies have not breached any material provision of any contract or agreement listed in the Disclosure Memorandum, and (ii) the Companies are not and will not, with the passage of time, the giving of notice or otherwise, be in default under the terms of any such contract or agreement;

(g) The transactions contemplated by the Merger Agreement have been approved by the requisite action of the Board of Directors and shareholders of PST and when the Merger is effected, the Shares will be converted into the right to receive
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the Merger Consideration and the outstanding shares of Sub shall be converted into all of the issued and outstanding shares of PST.

(h) All proceedings required by law or by the provisions Companies in connection with the transactions contemplated herein obligation to consummate the transactions contemplated in this Agreement have been fulfilled.

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EXHIBIT 1.4

Adjustments to EBIT

In calculating Adjusted EBIT, as used in the Agreement, the EBIT shall be adjusted as follows:

1. Factoring commissions shall be treated as an item of "Other Expense", i.e., below the Income from Operations line.

2. Loan Discount Amortization shall be treated as interest expense.

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APPENDIX B

Article 13 of the Georgia Business Corporation Code

14-2-1301. Definitions.

As used in this article, the term:

(1) "Beneficial shareholder" means the person who is a beneficial owner of shares held in a voting trust or by a nominee as the record shareholder.

(2) "Corporate action" means the transaction or other action by the corporation that creates dissenters' rights under Code Section 14-2-1302.

(3) "Corporation" means the issuer of shares held by a dissenter before the corporate action, or the surviving or acquiring corporation by merger or share exchange of that issuer.

(4) "Dissenter" means a shareholder who is entitled to dissent from corporate action under Code Section 14-2-1302 and who exercises that right when and in the manner required by Code Sections 14-2-1320 through 14-2-1327.

(5) "Fair value," with respect to a dissenter's shares, means the value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action.

(6) "Interest" means interest from the effective date of the corporate action until the date of payment, at a rate that is fair and equitable under all the circumstances.

(7) "Record shareholder" means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation.

(8) "Shareholder" means the record shareholder or the beneficial shareholder. (Code 1981, Section 14-2-1301, enacted by Ga. L. 1988, p. 1070, Section 1; Ga. L. 1993 p. 1231, Section 16.) 14-2-1302. Right to Dissent.

(a) A record shareholder of the corporation is entitled to dissent from, and obtain payment of the fair value of his shares in the event of, any of the following corporate actions:

(1) Consummation of a plan of merger to which the corporation is a party:

(A) If approval of the shareholders of the corporation is required for the merger by Code Section 14-2-1103 or the articles of incorporation and the shareholder is entitled to vote on the merger; or

(B) If the corporation is a subsidiary that is merged with its parent under Code Section 14-2-1104;

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(2) Consummation of a plan of share exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan;

(3) Consummation of a sale or exchange of all or substantially all of the property of the corporation if a shareholder vote is required on the sale or exchange pursuant to Code Section 14-2-1202, but not including its sale pursuant to court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one year after the date of sale;

(4) An amendment of the articles of incorporation that materially and adversely affects rights in respect of a dissenter's shares because it:

(A) Alters or abolishes a preferential right of the shares;

(B) Creates, alters, or abolishes a right in respect of redemption, including a provision respecting a sinking fund for the redemption or repurchase, of the shares;

(C) Alters or abolishes a preemptive right of the

holder of the shares to acquire shares or other securities;

(D) Excludes or limits the right of the shares to vote on any matter, or to cumulate votes, other than a limitation by dilution through issuance of shares or other securities with similar voting rights;

(E) Reduces the number of shares owned by the shareholder to a fraction of a share if the fractional share so created is to be acquired for cash under Code Section 14-2-604; or

(F) Cancels, redeems, or repurchases all or part of the shares of the class; or

(5) Any corporate action taken pursuant to a shareholder vote to the extent that Article 9 of this chapter, the articles of incorporation, bylaws, or a resolution of the board of directors provides that voting or nonvoting shareholders are entitled to dissent and obtain payment for their share's.

(b) A shareholder entitled to dissent and obtain payment for his shares under this article may not challenge the corporate action creating his entitlement unless the corporate action fails to comply with procedural requirements of this chapter or the articles of incorporation or bylaws of the corporation or the vote required to obtain approval of the corporate action was obtained by fraudulent and deceptive means, regardless of whether the shareholder has exercised dissenter's rights.

(c) Notwithstanding any other provision of this article, there shall be no right of dissent in favor of the holder of shares of any class or series which, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at a meeting at which a plan of merger or share exchange or a sale or exchange of property or an amendment of the articles of incorporation is to be acted on, were either listed on a national securities exchange or held of record by more than 2,000 shareholders, unless:

(1) In the case of a plan of merger or share exchange, the holders of shares of the class or series are required under the plan of merger or share exchange to accept for their shares anything except shares of the surviving corporation or another publicly held corporation which at the effective date of the merger or share exchange are either listed on a national securities exchange or held of record by more than 2,000 shareholders, except for scrip or cash payments in lieu of fractional shares; or

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(2) The articles of incorporation or a resolution of the board of directors approving the transaction provides otherwise. (Code 1981, Section 14-2-1302, enacted by Ga. L. 1988, p. 1070, Section 1; Ga. L. 1989, p. 946, 58.)

14-2-1303. Dissent by Nominees and Beneficial Owners.

A record shareholder may assert dissenters' rights as to fewer than all the shares registered in his name only if he dissents with respect to all shares beneficially owned by any one beneficial shareholder and notifies the corporation in writing of the name and address of each person on whose behalf he asserts dissenters' rights. The rights of a partial dissenter under this Code section are determined as if the shares as to which he dissents and his other shares were registered in the names of different shareholders. (Code 1981, Section 14-2-1303, enacted by Ga. L. 1988, p. 1070, Section 1.)

14-2-1320. Notice of Dissenters' Rights.

(a) If proposed corporate action creating dissenters' rights under Code Section 14-2-1302 is submitted to a vote at a shareholders' meeting, the meeting notice must state that shareholders are or may be entitled to assert dissenters' rights under this article and be accompanied by a copy of this article.

(b) If corporate action creating dissenters' rights under Code Section 14-2-1302 is taken without a vote of shareholders, the

corporation shall notify in writing all shareholders entitled to assert dissenters' rights that the action was taken and send them the dissenters' notice described in Code Section 14-2-1322 no later than ten days after the corporate action was taken. (Code 1981, Section 14-2-1320, enacted by Ga. L. 1988, p. 1070, Section 1; Ga. L. 1993, p. 1231, Section 17.)

14-2-1321. Notice of Intent to Demand Payment.

(a) If proposed corporate action creating dissenters' rights under Code Section 14-2-1302 is submitted to a vote at a shareholders' meeting, a record shareholder who wishes to assert dissenters' rights:

(1) Must deliver to the corporation before the vote is taken written notice of his intent to demand payment for his shares if the proposed action is effected; and

(2) Must not vote his shares in favor of the proposed action.

(b) A record shareholder who does not satisfy the requirements of subsection (a) of this Code section is not entitled to payment for his shares under this article. (Code 1981, Section 14-2-1321, enacted by Ga. L. 1988, p. 1070,

14-2-1322. Dissenters' Notice.

(a) If proposed corporate action creating dissenters' rights under Code Section 14-2-1302 is authorized at a shareholders' meeting, the corporation shall deliver a written dissenters' notice to all shareholders who satisfied the requirements of Code Section 14-2-1321.

(b) The dissenters' notice must be sent no later than ten days after the corporate action was taken and must:

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(1) State where the payment demand must be sent and where and when certificates for certificated shares must be deposited;

(2) Inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;

(3) Set a date by which the corporation must receive the payment demand, which date may not be fewer than 30 nor more than 60 days after the date the notice required in subsection (a) of this Code section is delivered; and

(4) Be accompanied by a copy of this article. (Code 1981, Section 14-2-1322, enacted by Ga. L. 1988, p. 1070, Section 1.)

14-2-1323. Duty to Demand Payment.

(a) A record shareholder sent a dissenters' notice described in Code Section 14-2-1322 must demand payment and deposit his certificates in accordance with the terms of the notice.

(b) A record shareholder who demands payment and deposits his shares under subsection (a) of this Code Section retains all other rights of a shareholder until these rights are cancelled or modified by the taking of the proposed corporate action.

(c) A record shareholder who does not demand payment or deposit his share certificates where required, each by the date set in the dissenters' notice, is not entitled to payment for his shares under this article. (Code 1991, Section 14-2-1323, enacted by Ga. L. 1988, p. 1070, Section 1.)

14-2-1324. Share Restrictions.

(a) The corporation may restrict the transfer of uncertificated shares from the date the demand for their payment is received until the proposed corporate action is taken or the restrictions

released under Code Section 14-2-1326.

(b) The person for whom dissenters' rights are asserted as to uncertificated shares retains all other rights of a shareholder until these rights are cancelled or modified by the taking of the proposed corporate action. (Code 1981, Section 14-2-1324, enacted by Ga. L. 1988, p. 1070, Section 1.)

14-2-1325. Offer of Payment.

(a) Except as provided in Code Section 14-2-1327, within ten days of the later of the date the proposed corporate action is taken or receipt of a payment demand, the corporation shall by notice to each dissenter who complied with Code Section 14-2-1323 offer to pay to such dissenter the amount the corporation estimates to be the fair value of his or her shares, plus accrued interest.

(b) The offer of payment must be accompanied by:

(1) The corporation's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

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(2) A statement of the corporation's estimate of the fair value of the shares;

(3) An explanation of how the interest was calculated;

(4) A statement of the dissenters' rights to demand payment under Code Section 14-2-1327; and

(5) A copy of this article.

(c) If the shareholder accepts the corporation's offer by written notice to the corporation within 30 days after the corporation's offer or is deemed to have accepted such offer by failure to respond within said 30 days, payment for his or her shares shall be made within 60 days after the making of the offer or the taking of the proposed corporate action, whichever is later. (Code 1981, Section 14-2-1325, enacted by Ga. L. 1988, p. 1070, Section 1; Ga. L. 1989, p. 946, Section 59; Ga. L. 1993, p. 1231, Section 18.)

14-2-1326. Failure to Take Action.

(a) If the corporation does not take the proposed action within 60 days after the date set for demanding payment and depositing share certificates, the corporation shall return the deposited certificates and release the transfer restrictions imposed on uncertificated shares.

(b) If, after returning deposited certificates and releasing transfer restrictions, the corporation takes the proposed action, it must send a new dissenters' notice under Code Section 14-2-1322 and repeat the payment demand procedure. (Code 1991, Section 14-2-1326, enacted by Ga. L. 1988, p.1070, Section 1; Ga. L. 1990, p. 257, Section 20.)

14-2-1327. Procedure if Shareholder Dissatisfied with Payment or Offer.

(a) A dissenter may notify the corporation in writing of his own estimate of the fair value of his shares and amount of interest due, and demand payment of his estimate of the fair value of his shares and interest due, if:

(1) The dissenter believes that the amount offered under Code Section 14-2-1325 is less than the fair value of his shares or that the interest due is incorrectly calculated; or

(2) The corporation, having failed to take the proposed action, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within 60 days after the date set for demanding payment.

(b) A dissenter waives his or her right to demand payment under this Code Section and is deemed to have accepted the corporation's offer unless he or she notifies the corporation of his or her demand in writing under subsection (a) of this Code Section within 30 days after the corporation offered payment for his or her shares, as provided in Code Section 14-2-1325.

(c) If the corporation does not offer payment within the time set forth in subsection (a) of Code Section 14-2-1325;

(1) The shareholder may demand the information required under subsection (b) of Code Section 14-2-1325, and the corporation shall provide the information to the shareholder within ten days after receipt of a written demand for the information; and

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(2) The shareholder may at any time, subject to the limitations period of Code Section 14-2-1332, notify the corporation of his own estimate of the fair value of his shares and the amount of interest due and demand payment of his estimate of the fair value of his shares and interest due (Code 1981, Section 14-2-1327, enacted by Ga. L. 1988, p. 1070, Section 1; Ga. L. 1989, p. 946, Section 60; Ga. L. 1990, p. 257, Section 21; Ga. L. 1993, p. 1231, Section 19.)

14-2-1330. Court Action.

(a) If a demand for payment under Code Section 14-2-1327 remains unsettled, the corporation shall commence a proceeding within 60 days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the 60 day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(b) The corporation shall commence the proceeding, which shall be a nonjury equitable valuation proceeding, in the superior court of the county where a corporation's registered office is located. If the surviving corporation is a foreign corporation without a registered office in this State, it shall commence the proceeding in the county in this state where the registered office of the domestic corporation merged with or whose shares were acquired by the foreign corporation was located.

(c) The corporation shall make all dissenters, whether or not residents of this state, whose demands remain unsettled parties to the proceeding, which shall have the effect of an action quasi in rem against their shares. The corporation shall serve a copy of the petition in the proceeding upon each dissenting shareholder who is a resident of this state in the manner provided by law for the service of a summons and complaint, and upon each nonresident dissenting shareholder either by registered or certified mail or by publication, or in any other manner permitted by law.

(d) The jurisdiction of the court in which the proceeding is commenced under subsection (b) of this Code section is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The appraisers have the powers described in the order appointing them or in any amendment to it. Except as otherwise provided in this chapter, Chapter 11 of Title 9, known as the "Georgia Civil Practice Act," applies to any proceeding with respect to dissenters' rights under this chapter.

(e) Each dissenter made a party to the proceeding is entitled to judgment for the amount which the court finds to be the fair value of his shares, plus interest to the date of judgment. (Code 1981, Section 14-2-1330, enacted by Ga. L. 1988, p. 1070, Section 1; Ga. L. 1989, p. 946, Section 61; Ga. L. 1993, p. 1231, Section 20.)

14-2-1331. Court Costs and Counsel Fees.

(a) The court in an appraisal proceeding commenced under Code Section 14-2-1330 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court, but not including fees and expenses of attorneys and experts for the respective parties. The court shall

assess the costs against the corporation, except that the court may assess the costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment under Code Section 14-2-1327.

(b) The court may also assess the fees and expenses of attorneys and experts for the respective parties, in amounts the court finds equitable;

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(1) Against the corporation and in favor of any or all dissenters if the court finds the corporation did not substantially comply with the requirements of Code Sections 14-2-132 through 14-2-1327; or

(2) Against either the corporation or a dissenter, in favor or any other party, if the court finds that the party against whom the fees and expenses are acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this article.

(c) If the court finds that the services of attorneys for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to these attorneys reasonable fees to be paid out of the amounts awarded the dissenters who were benefited. (Code 1981, Section 14-2-1331, enacted by Ga. L. 1988, p. 1070, Section 1.)

14-2-1332. Limitation of Actions.

No action by any dissenter to enforce dissenters' rights shall be brought more than three years after the corporate action was taken, regardless of whether notice of the corporate action and of the right to dissent was given by the corporation in compliance with the provisions of Code Section 14-2-1320 and Code Section 14-2-1322. (Code 1981, Section 14-2-1332, enacted by Ga. L. 1988, p. 1070, Section 1.)

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

As permitted under Georgia law, the Registrant's articles of incorporation provide that a director shall not be personally liable to the Registrant or its shareholders for monetary damages for breach of duty of care or any other duty owed to the Registrant as a director, except that such provision shall not eliminate or limit the liability of a director (a) for any appropriation, in violation of his duties, of any business opportunity of the Registrant, (b) for acts or omissions which involve intentional misconduct or a knowing violation of law, (c) for unlawful corporate distributions or (d) for any transaction from which the director received an improper benefit.

Article VII of the bylaws of the Registrant authorizes indemnification of the Registrant's officers and directors for any liability and expense incurred by them in connection with or resulting from any threatened, pending or completed legal action or other proceeding or investigation by reason of his being or having been an officer or director. An officer or director may only be indemnified if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Registrant, and, with respect to a criminal matter, he did not have reasonable cause to believe that his conduct was unlawful. No officer or director who has been adjudged liable to the Registrant or adjudged liable for the improper receipt of a personal benefit

is entitled to indemnification.

Any officer or director who has been wholly successful on the merits or otherwise in an action or proceeding in his official capacity is entitled to indemnification as to expenses by the Registrant as of right. All other determinations in respect of indemnification shall be made by either: (i) a majority vote of a quorum of disinterested directors; (ii) independent legal counsel selected in accordance with the bylaws and at the request of the Board; or (iii) the holders of a majority of the Registrant's stock who at such time are entitled to vote for the election of directors.

The provisions of the Registrant's bylaws on indemnification are consistent in all material respects with the laws of the State of Georgia, which authorize indemnification of corporate officers and directors.

The Registrant's directors and officers are insured against losses arising from any claim against them as such for wrongful acts or omissions, subject to certain limitations.

Item 21. Exhibits and Financial Statement Schedules.

(a) The following exhibits are filed as part of this Registration Statement:

Exhibit Number	Description of Exhibit
2.1	Acquisition Agreement dated December 3, 1993, by and among the Registrant, Robert S. Weiner, Randall J. Hatch, Nancy O'Donnell, John O'Donnell, Jacqueline A. Colando, Traccton Corp., Prince Street Holding Company, Steven C. Andrade and Robert D. Williams.*
2.2	Agreement for Purchase of Capital Stock of Bentley Mills, Inc., dated June 8, 1993 (included as Exhibit 2.1 to the Registrant's

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current report on Form 8-K, filed with the Commission on July 7, 1993 and incorporated herein by reference).

3.1	Articles of incorporation (composite as of September 8, 1988) (included as Exhibit 3.1 to the Registrant's annual report on Form 10-K for the year ended January 3, 1993 (the "1992 10-K") previously filed with the Commission and incorporated herein by reference) and Articles of Amendment (Series A Preferred Stock Designation), dated June 17, 1993 (included as Exhibit 4.1 to the Registrant's current report on Form 8-K, filed with the Commission on July 7, 1993 and incorporated herein by reference).
3.2	Bylaws, as amended (included as Exhibit 3.2 to the Registrant's quarterly report on Form 10-Q for the quarter ended April 1, 1990, previously filed with the Commission and incorporated herein by reference).
4.1	See Exhibits 3.1 and 3.2 for provisions in the Registrant's articles of incorporation, as amended, and bylaws defining the rights of holders of Common Stock of the Registrant.
4.2	Form of Indenture between the Registrant and The Citizens & Southern National Bank (now known as NationsBank of Georgia, N.A.), as Trustee (including Specimen Debenture as Exhibit A) (included as Exhibit 4(a) to the Registrant's registration statement on Form S-3, File No. 33-23903, previously filed with the Commission and incorporated herein by reference).
4.3	Registration Rights Agreement (holders of Series A Preferred Stock), dated June 22, 1993 (included as Exhibit 4.2 to the Registrant's current report on Form 8-K, filed with the Commission on July 7, 1993 and incorporated herein by reference).

5 Opinion of Kilpatrick & Cody as to the legality of the shares.

10.1 Factoring Agreement, dated April 19, 1989, between BancBoston Financial Company and Interface Flooring Systems, Inc. (included as Exhibit 10.1 to the Registrant's annual report on Form 10-K for the year ended December 30, 1990, previously filed with the Commission and incorporated herein by reference).

10.2 Promissory Note of the Registrant and Interface Flooring Systems, Inc., dated March 15, 1989, payable to the order of BancBoston Financial Company (included as Exhibit 10.2 to the Registrant's annual report on Form 10-K for the year ended January 1, 1989 (the "1989 10-K"), previously filed with the Commission and incorporated herein by reference), and First Amendment, dated January 4, 1990, Second Amendment, dated June 13, 1991, and Third Amendment, dated June 15, 1992, to Promissory Note of the Registrant and Interface Flooring

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Systems, Inc., dated May 15, 1989, payable to BancBoston Financial Company (included as Exhibit 10.2 to the Registrant's quarterly report on Form 10-Q for the quarter ended July 4, 1993 previously filed with the Commission and incorporated herein by reference).

10.3 Plan for Reimbursement of Medical and Dental Care Expenses, dated May 3, 1978 (included as Exhibit 10.19 to the Registrant's registration statement on Form S-1, File No. 2-82188, previously filed with the Commission and incorporated herein by reference).

10.4 Salary Continuation Plan, dated May 7, 1982 (included as Exhibit 10.20 to the Registrant's registration statement on Form S-1, File No. 2-82188, previously filed with the Commission and incorporated herein by reference).

10.5 Salary Continuation Agreement (included as Exhibit 10.23 to the Registrant's registration statement on Form S-1, File No. 2-82188, previously filed with the Commission and incorporated herein by reference).

10.6 Amendment No. 3, dated July 28, 1992, to Interface, Inc. Key Employee Stock Option Plan dated March 1, 1983 (included as Exhibit 10.6 to the 1992 10-K, previously filed with the Commission and incorporated herein by reference).

10.7 Interface, Inc. Key Employee Stock Option Plan (1993), effective as of March 1, 1993 (included as Exhibit 10.7 to the 1992 10-K, previously filed with the Commission and incorporated herein by reference).

10.8 Interface, Inc. Offshore Stock Option Plan (included as Exhibit 10.15 to the Registrant's 1989 10-K, previously filed with the Commission and incorporated herein by reference), and Amendment No. 1 thereto (included as Exhibit 10.11 to the Registrant's annual report on Form 10-K for the year ended December 29, 1991, previously filed with the Commission and incorporated herein by reference).

10.9 Interface, Inc. Retirement Plan and Trust, dated April 14, 1986, by and between the Registrant and Layton T. Gordy and Daniel T. Hendrix, as Trustees, and Amendment No. 1 thereto dated October 28, 1987 (included as Exhibit 3.1 to the Registrant's quarterly report on Form 10-Q for the quarter ended April 3, 1988, previously filed with the Commission and incorporated herein by reference), and Amendment No. 2 thereto dated March 29, 1988 (included as Exhibit 10.11 to the Registrant's 1989 10-K, previously filed with the Commission and incorporated herein by reference).

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- 10.10 Interface, Inc. 401(k) Savings and Investment Plan and Trust, effective as of October 1, 1988 (included as Exhibit 10.12 to the Registrant's annual report on 1989 10-K, previously filed with the Commission and incorporated herein by reference).
- 10.11 Voting Agreement, dated April 13, 1993, among certain shareholders of the Registrant (included as Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q for the quarter ended April 4, 1993, previously filed with the Commission and incorporated herein by reference).
- 10.12(a) Amended and Restated Credit Agreement, dated as of June 30, 1992, among the Registrant (and certain of its direct and indirect subsidiaries), Trust Company Bank and The First National Bank of Chicago (included as Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q for the quarter ended July 5, 1992, previously filed with the Commission and incorporated herein by reference), and Second Amended and Restated Credit Agreement, dated as of June 11, 1993, among the Registrant (and certain of its direct and indirect subsidiaries), Trust Company Bank and The First National Bank of Chicago (included as Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q for the quarter ended July 4, 1993, previously filed with the Commission and incorporated herein by reference).
- (b) First Amendment to Second Amended and Restated Credit Agreement dated as of December 1, 1993, among the Registrant (and certain direct and indirect subsidiaries), Trust Company Bank and The First National Bank of Chicago.*
- 10.13 (a) Loan Agreement, dated as of November 1, 1989, between Interface Flooring Systems, Inc. and West Point Development Authority (included as Exhibit 10.24(a) to the Registrant's 1989 10-K, previously filed with the Commission and incorporated herein by reference).
- (b) Indenture of Trust, dated as of November 1, 1989, between West Point Development Authority and Trust Company Bank, as Trustee (included as Exhibit 10.24(b) to the Registrant's 1989 10-K previously filed with the Commission and incorporated herein by reference).
- (c) Letter of Credit Agreement, dated as of November 1, 1989, among Interface Flooring Systems, Inc., the Registrant and Trust Company Bank (included as Exhibit 10.24(c) to the Registrant's 1989 10-K previously filed with the Commission and incorporated herein by reference).
- (d) Irrevocable Letter of Credit, dated November 2, 1989, established by Trust Company Bank in favor of Trust Company Bank, as Trustee, in the initial principal amount of \$4,000,000 (included as

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- Exhibit 10.24(d) to the Registrant's 1989 10-K previously filed with the Commission and incorporated herein by reference).
- (e) Pledge and Security Agreement, dated as of November 1, 1989, by Interface Flooring Systems, Inc. in favor of Trust Company Bank (included as Exhibit 10.24(e) to the Registrant's 1989 10-K previously filed with the Commission and incorporated herein by reference).
- (f) Security Deed and Security Agreement, dated as of

November 1, 1989, between Interface Flooring Systems, Inc. and Trust Company Bank, as Credit Bank (included as Exhibit 10.24(f) to the Registrant's 1989 10-K previously filed with the Commission and incorporated herein by reference).

- 10.14 Revolving Credit Loan Agreement, dated as of August 5, 1991, between Interface Flooring Systems, Inc. and Trust Company Bank (included as Exhibit 10.2 to the Registrant's quarterly report on Form 10-Q for the quarter ended September 29, 1991, previously filed with the Commission and incorporated herein by reference); Amendment No. 1 thereto dated June 30, 1992 (included as Exhibit 10.19 to the Registrant's 1992 10-K, previously filed with the Commission and incorporated herein by reference); and Second Amendment, dated August 5, 1993 (included as Exhibit 10.1 to the Registrant's quarterly report on Form 10-Q for the quarter ended October 3, 1993, previously filed with the Commission and incorporated herein by reference).
21. Subsidiaries of the Registrant.*
- 23(a) Consent of BDO Seidman.
- (b) Consent of Deloitte & Touche.
- (c) Consent of Kilpatrick & Cody (included in Exhibit 5).
24. Power of Attorney*

* Previously filed

(b) The following Financial Statement Schedules of the Registrant are incorporated herein by reference to the Registrant's annual report on Form 10-K for the year ended January 3, 1993:

Schedule V -- Property, Plant and Equipment

Schedule VI -- Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment

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Schedule VIII -- Valuation and Qualifying Accounts and Reserves

Schedule X -- Supplementary Income Statement Information

Item 22. Undertakings.

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) (i) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(ii) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(5) The undersigned Registrant hereby undertakes to respond to requests for information that is incorporated by reference into the Prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the Registration Statement through the date of responding to the request.

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(6) The undersigned Registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the Registration Statement when it became effective.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of LaGrange, State of Georgia, on February 24, 1994.

INTERFACE, INC.

By: /s/ Ray C. Anderson

Ray C. Anderson
Chairman of the Board, President and
Chief Executive Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed following persons in the capacities indicated on the 24th day of February, 1994.

/s/ Ray C. Anderson

Ray C. Anderson Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer)

*

Daniel T. Hendrix Vice President-Finance, Chief
Financial Officer and Treasurer
(Principal Financial and Accounting
Officer)

*

Donald H. Lee Director

*

Donald E. Russell Director

*

Grant E. Todd Director

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C. Edward Terry Director

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David Milton Director

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Leonard G. Saulter Director

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Carl I. Gable Director

*

J. Smith Lanier, II Director

*

James C. Abegglen Director

*

David G. Thomas Director

*

Arie Glimmerveen Director

* By: /s/ Ray C. Anderson

EXHIBIT INDEX

Exhibit Number -----	Description of Exhibits -----
5	Opinion of Kilpatrick & Cody as to the legality of the shares.
23. (a)	Consent of BDO Seidman.
(b)	Consent of Deloitte & Touche

404 815-6587

February 28, 1994

Interface, Inc.
100 Orchard Hill Road
LaGrange, Georgia 30241

Re: Form S-4 Registration Statement

Gentlemen:

At your request, we have acted as counsel for Interface, Inc., a Georgia corporation (the "Company"), in the preparation of a Form S-4 Registration Statement, Commission File No. 33-74076 (the "Registration Statement"), relating to the proposed issuance of up to 822,604 shares of the Company's Class A Common Stock, \$0.10 par value per share (hereinafter referred to as "Common Stock"), in connection with the acquisition by the Company of Prince Street Technologies, Ltd. ("PST"), a Georgia corporation.

In connection with the preparation of the Registration Statement and the delivery of this opinion, we have examined originals or copies of such corporate records, documents and other instruments relating to the authorization and issuance of such shares of Common Stock as we have deemed relevant under the circumstances.

On the basis of the foregoing, it is our opinion that the issuance of the shares of Common Stock pursuant to the terms and provisions of the Agreement and Plan of Merger (the "Merger Agreement") attached as an exhibit to the Acquisition Agreement by and among the Company, PST, Prince Street Holding Company ("PSHC") and the shareholders of PST and PSHC described in the Registration Statement, has been duly authorized by all necessary corporate action on the part of the Company, and when such shares are issued in accordance with the provisions of the Merger Agreement, they will be legally and validly issued, fully paid and nonassessable.

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We hereby consent to the filing of this opinion as an Exhibit to the Registration Statement and further consent to the use of our name under the heading "Legal Matters" in the Registration Statement.

Very truly yours,

By: /s/ W. Randy Eaddy
W. Randy Eaddy, a Partner

Consent of Independent Certified Public Accountants

Interface, Inc.
LaGrange, Georgia

We hereby consent to the incorporation by reference in the Prospectus constituting a part of this Registration Statement of our reports dated February 16, 1993, relating to the consolidated financial statements and schedules of Interface, Inc. appearing in the Company's Form 10-K, as amended, for the year ended January 3, 1993.

We also consent to the reference to us under the caption "Experts" in the Prospectus.

/s/ BDO SEIDMAN

Atlanta, Georgia
March 1, 1994

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Registration Statement of Interface, Inc. on Form S-4 of our report dated December 29, 1993, (which expresses an unqualified opinion, and includes an explanatory paragraph referring to a potential future liability relating to a proposed merger) appearing in this Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ DELOITTE & TOUCHE

Atlanta, Georgia
March 1, 1994