

REGIONS FINANCIAL CORP

Form 8-K

August 09, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): August 3, 2005

REGIONS FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-6159
(Commission File Number)

63-0589368
(IRS Employer
Identification No.)

417 North 20th Street, Birmingham, Alabama
(Address of Principal Executive Offices)

35203
(Zip Code)

Registrant's telephone number, including area code: (205) 944-1300
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events.

On August 3, 2005, Regions Financial Corporation (the Company) issued \$400 million of Floating Rate Senior Notes due 2008 (the Floating Rate Notes) and \$350 million of 4.50% Senior Notes due 2008 (the Fixed Rate Notes , together with the Floating Rate Notes, the Senior Notes) in a public offering. The Senior Notes were sold pursuant to an Underwriting Agreement (the Underwriting Agreement) among the Company and Morgan Keegan & Company, Inc. and Morgan Stanley & Co. Incorporated, as representatives of the underwriters listed on Schedule II thereto. The Senior Notes were registered under the Securities Act of 1933 pursuant to a shelf registration statement on Form S-3 (File No. 333-126797). The terms of the offering and of the Senior Notes are described in the prospectus dated August 3, 2005. The Company received \$748,111,500 in proceeds, before expenses, from the sale of the Senior Notes. The Underwriting Agreement is attached hereto as Exhibit 1.1 and incorporated herein by reference.

The terms of the Senior Notes are governed by a senior debt securities indenture, dated as of August 8, 2005, as amended and supplemented under a supplemental indenture, dated August 8, 2005, between the Company and Deutsche Bank Trust Company Americas, as trustee. The senior debt securities indenture is attached hereto as Exhibit 4.1 and incorporated herein by reference. The supplemental indenture, which includes the form of the Floating Rate Notes and the form of the Fixed Rate Notes, is attached hereto as Exhibit 4.24 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Description
1.1	Underwriting Agreement for the Floating Rate Senior Notes due 2008 and the 4.50% Senior Notes due 2008, dated August 3, 2005, between Regions Financial Corporation and Morgan Keegan & Company, Inc. and Morgan Stanley & Co. Incorporated, as representatives of the underwriters listed in Schedule II thereto.
4.1	Indenture for Senior Debt Securities dated August 8, 2005, between Regions Financial Corporation and Deutsche Bank Trust Company Americas, as trustee.
4.24	Supplemental Indenture dated August 8, 2005, between Regions Financial Corporation and Deutsche Bank Trust Company Americas, as trustee.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

REGIONS FINANCIAL CORPORATION

/s/ Ronald C. Jackson

Ronald C. Jackson
Senior Vice President and Comptroller

Date: August 9, 2005

INDEX TO EXHIBITS

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E="margin-top:0px;margin-bottom:0px" ALIGN="center">**SOLICITATION OF PROXIES**

The cost of this solicitation of proxies will be borne by us. Solicitations will be made by mail, telephone or telegram and personally by directors, officers and other employees of ours, but such persons will not receive any compensation for such services over and above their regular salaries. We will reimburse brokers, banks, custodians, nominees and fiduciaries holding stock in their names or in the names of their nominees for their reasonable charges and expenses in forwarding proxies and proxy materials to the beneficial owners of such stock.

BY ORDER OF THE BOARD OF DIRECTORS

Donald G. Alvarado

Secretary

April 20, 2005

AUDIT COMMITTEE

BOARD OF DIRECTORS OF SMART & FINAL INC.

CHARTER

A. Authority

1. The Board of Directors (the Board) of Smart & Final Inc. (the Company) has established the Audit Committee (the Committee) with oversight responsibilities as described in this Charter or as may additionally be directed by the Board.
2. The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
3. The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to retain independent advisors having special competence as the Committee deems advisable, to assist the Committee in fulfilling its responsibilities.

B. Purpose

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities related to corporate accounting, financial reporting practices, quality and integrity of financial reports, and legal compliance and business ethics, including, without limitation, assisting the Board in its oversight of:

1. the integrity of the Company s financial statements;
2. the systems of internal controls and financial controls;
3. the Company s compliance with its ethics policies and legal and regulatory requirements;

4. the independent auditor's qualifications, independence and performance; and
5. the performance of the Company's internal audit function.

The Committee in fulfilling this function will focus on meeting the following goals:

1. Facilitating and maintaining free and open communication among the Board, the Committee, the independent auditor, the internal audit department and management of the Company;
2. Serving as an independent and objective party to monitor the Company's financial reporting process and internal control system;
3. Retaining, reviewing and appraising the efforts of the independent auditor; and
4. Providing general direction to, and receiving periodic reports from, the internal audit department.

C. Membership

1. The members of the Committee shall be appointed by the Board, with input from the Company's Corporate Governance Committee. Consistent with New York Stock Exchange and Securities and Exchange Commission (SEC) requirements, the Committee will consist of at least three directors, each with no management responsibilities or business relationships with the Company or its affiliates.

2. The Committee members will be free from any material financial, family or personal relationship that would interfere with the prudent exercise of his or her independence from the Company and the Company's management. In evaluating a Committee member's independence, the individual must not: (i) have been, for at least the past five years, an employee of the Company, its affiliates, or its current independent auditor; (ii) currently be a director of a company where an interlocking compensation committee relationship exists with a member of management of the Company; or (iii) have an immediate family member employed by the Company. Each Committee member must meet the definition of independence set forth in the rules of the New York Stock Exchange as the same may be amended from time to time.

3. No member of the Committee may receive any consulting or other fees from the Company (other than fees for serving on the Board or a committee of the Board).

4. All members of the Committee shall be financially literate, as solely determined by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee. In addition, at least one member of the Committee must be a financial expert, as such term is defined in the rules and regulations of the SEC.

5. The Chairman of the Committee shall be designated by the Board.

D. Term of Office

1. There is no specific term of office for members of the Committee. The Corporate Governance Committee of the Board shall periodically evaluate the continued service of members of the Committee and recommend changes to the Board as it deems appropriate.

E. Reporting and Communications

1. The Committee chairman shall report the Committee's activities to the full Board on a regular and timely basis.

2. The Committee shall have unimpeded and direct lines of communication with the independent auditor and the internal audit department, as well as prompt and unrestricted access to management and all relevant information.

3. Financial management will advise the Committee on a timely basis if it seeks an independent opinion on an accounting issue or in the event of a disagreement with the independent auditor that would require public reporting in the event of an auditor change.

4. The Company's management will advise and consult with the Committee in advance of material disclosures by the Company, including related press releases and governmental and regulatory filings.

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5. The Committee will maintain unimpeded and direct lines of communication with the Company's chief financial and accounting officers, and the internal audit department.

F. Meetings

1. The Committee will meet at least four times a year on a regular basis and additionally as, in the opinion of the Committee, circumstances require. Meetings may be conducted telephonically. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

2. Prior to scheduled Committee meetings, the Committee chairman shall determine the meeting agenda and overview of the issues to be discussed, with input as requested from company management, the internal audit department, and/or the independent auditor. The Committee members will have the sole discretion in determining the meeting agenda and attendees.

A-2

3. The Committee shall review the financial performance of the Company on a quarterly and annual basis. Such meetings shall include a review by financial management of the significant results, assumptions, and judgments embodied in the results.

4. Meetings will normally include private sessions with the independent auditor, and as determined advisable by the Committee, the internal audit department.

5. Prior to commencement of the annual audit by the independent auditor, the Committee will review and validate the independence of the audit firm, the scope and fees of the audit, and will clarify expectations, including the following (collectively, the "Expectations"):
 - a. The independent auditor understands that its principal client is the Board, as the stockholders' representative.

 - b. Financial management and the independent auditor will discuss with the Committee their qualitative judgments about the adequacy and effectiveness of the accounting and financial controls, including the Company's policies to assess, monitor and manage business risk and ethical compliance programs.

 - c. Financial management and the independent auditor will discuss with the Committee their qualitative judgments about the appropriateness and the acceptability of significant accounting principles, underlying estimates and financial disclosure practices used or proposed to be adopted by the Company.

 - d. The Committee will determine the independent auditor's continued qualifications and independence. To assist in this function the Committee will obtain from the independent auditor an annual report describing at least the following:
 - i. the independent auditor's internal quality control procedures;

 - ii. any material issues raised by the most recent internal quality-control review, or peer review of the external auditors or any inquiry or investigation by governmental or professional authorities, within the preceding five years, relating to an audit, and the steps taken to deal with any such issues; and

 - iii. all relationships between the independent auditor and the Company.

 - e. The independent auditor will, in collaboration with the Company's internal audit department, develop a plan regarding their respective procedures to be performed to promote an effective use of resources. The independent auditor will submit its plan to the Committee for review.

 - f. In addition, the Committee shall review hiring policies for employees or former employees of the independent auditors to ensure that they meet SEC regulations and stock exchange listing standards.

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- g. The independent auditor shall provide to and discuss with the Committee periodic reports relating to:
- i. the critical accounting policies and practices to be used;
 - ii. alternative treatments within GAAP that are discussed with management, the effect of using or not using such treatments, and the independent auditor's preferred treatment;
 - iii. any management letter, schedule of unadjusted differences or other material written communications with management;
 - iv. any significant audit problems or difficulties encountered in the course of the audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, any significant disagreements with management and management's response to all such difficulties;
 - v. analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of significant effects of alternative GAAP methods on the financial statements;

vi. the potential effect of significant regulatory and accounting initiatives, whether or not yet adopted, on the Company's financial statements and related disclosures; and

vii. press releases relating to Company operating results or matters of financial significance.

h. The independent auditor will discuss with the Committee, management and the internal audit department, those risk assessments and risk management measures, which it determines to be significant.

The Committee shall additionally meet as it determines necessary to review in advance significant financial disclosures by the Company, including press releases and governmental and regulatory filings.

G. Responsibilities of the Audit Committee

1. Adopt a formal written charter to be approved by the full Board and to be reviewed by the Committee annually.

2. Maintain minutes or other record of meetings and activities of the Committee.

3. Report to the full Board the Committee's actions and recommendations, if any, as the Committee deems appropriate.

4. The Committee shall annually review its own performance.

5. Monitor the Company's financial organization and system of internal controls.

a. Review the overall qualifications and performance of the Company's financial management.

b. Discuss with the Company's management, the adequacy of the Company's internal control system.

c. Discuss with the Company's financial management their obligation to provide a timely analysis of significant current financial reporting issues and practices.

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- d. Review management's response to any findings of the Internal Audit and Control department.

 - e. Review the annual internal audit plan and any significant changes to the internal audit plan.

 - f. Review the internal audit department's independence and its processes and procedures, including but not limited to the processes for the internal audit staff to receive, review and investigate complaints regarding the Company's accounting procedures.

 - g. Discuss with the Director of Internal Audit and Control the adequacy and effectiveness of accounting and financial controls and request recommendations for improvement.

 - h. Review the summary of findings and completed internal audits and a progress report on executing the internal audit plan.

 - i. Discuss with the Director of Internal Audit and Control any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.

 - j. Review and concur in the appointment, replacement, reassignment, or dismissal of the Director of Internal Audit and Control.
6. Oversight of the Company's financial reporting and independent auditor.
- a. Meet to review and discuss the Company's annual audited financial statements with management and the independent auditor to determine that the independent auditor is satisfied with the disclosure and content of the financial statements, including reviewing the Company's specific disclosures in the management discussion and analysis section and the nature and extent of any significant changes in accounting principles. The Committee shall recommend to the Board whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K.

b. Meet to review and discuss the interim financial statements and disclosures, including reviewing the Company's specific disclosures in the management discussion and analysis section, with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.

c. Review and discuss appropriate matters with the independent auditor, including discussing with the independent auditor the matters required to be discussed by AICPA Statement on Auditing Standards No. 61 (SAS 61).

d. Meet in executive sessions without management on a regular basis.

e. Retain and terminate the independent auditor, considering the auditor's independence and effectiveness (this shall be the sole responsibility of the Committee, subject, if applicable, to stockholder ratification). The Committee and/or the Chairman of the Committee shall pre-approve all audit and non-audit services provided by the independent auditors.

f. Resolve disagreements between management and the independent auditor regarding financial reporting.

7. Monitor the engagement of the independent auditor and the effectiveness of the firm in carrying out its audit responsibilities. This includes clarifying expectations annually, and reviewing and discussing with the independent auditor appropriate matters, including but not limited to the following:

a. Accounting Principles and Disclosures

i. The auditor's independent judgments about the quality and acceptability of the accounting principles and the clarity of the financial disclosure practices used or proposed to be adopted by the Company.

ii. The auditor's views about whether management's choices of accounting principles are conservative, moderate, or extreme from the perspective of income, asset, and liability recognition, and whether those principles are common practices or are minority practices.

iii. The auditor's reasoning in determining the appropriateness of changes in accounting principles and disclosure practices.

iv. The auditor's reasoning in determining the appropriateness of changes in accounting principles and disclosure practices adopted by management for new transactions or events.

v. The auditor's reasoning in accepting or questioning significant estimates made by management.

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vi. The auditor's views about how the Company's choices of accounting principles and disclosure practices may affect stockholders and public views and attitudes about the Company.

vii. The auditor's report to the Committee of any significant changes in the independent auditor's original audit plan.

viii. The auditor's interim financial review prior to the Company's filing of each quarterly report to stockholders (Form 10-Q).

ix. The auditor's views about the fullness and accuracy of the Company's financial statements.

b. Internal Control System Matters

i. Independent auditor's recommendations.

ii. Management's response and resulting actions.

iii. Discussion of specific matters as requested or appropriate.

A-5

c. Audit Scope and Audit Independence

- i. Adequacy of the independent auditor's scope, approach and reports.
- ii. The nature and extent of advisory services provided by the audit firm and consideration of any impact on auditor independence.
- iii. Unusual pressures or other matters, which could impair auditor independence.

8. Review the Company's Code of Conduct and Ethics and ensure that management and the internal audit functions of the Company have in place procedures that are reasonably designed to ensure compliance with this code and that the Company's Code of Ethics is properly communicated to all employees.

9. Review the programs and policies established by management designed to assure compliance with applicable laws and regulations and monitor the results of the compliance efforts.

10. Review with the Company's General Counsel those legal and regulatory matters that may have a material impact on the Company's financial statements and related disclosures.

11. Review with the Company's Chief Information Officer the information systems of the Company including key processes, critical systems and related controls.

12. Discuss with the Company's management and internal auditors risk assessments and risk management.

13. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have the authority to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.

14. Establish and implement procedures to receive, retain and address complaints regarding accounting and auditing matters, including procedures for employees' anonymous submissions of concerns.

15. Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q regarding:

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a. all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data, including any material weaknesses in internal controls identified by the Company's independent auditor;

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

c. any significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

16. Prepare the report of the Committee required under Item 306 of the SEC's Regulation S-K to be included in the Company's annual proxy statement stating whether the Committee:

a. reviewed and discussed the audited financial statements with management;

b. discussed with the independent auditor the matters required to be discussed by SAS 61;

c. received the written disclosures from the independent auditor relating to its independence required by Independence Standards Board Standard No. 1; and

d. recommended to the Board that the audited financial statements be included in the Company's Form 10-K.

SMART & FINAL INC.
LONG-TERM EQUITY COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS

ARTICLE 1.

ESTABLISHMENT, OBJECTIVES, AND DURATION

1.1. *Establishment of the Plan.* Smart & Final Inc., a Delaware corporation (hereinafter referred to as the Company), hereby establishes an incentive compensation plan to be known as the Smart & Final Inc. Long-Term Equity Compensation Plan for Non-Employee Directors (hereinafter referred to as the Plan), as set forth in this document. The Plan permits the grant of Options, Stock Appreciation Rights, Restricted Stock, and Restricted Stock Units.

The Plan shall become effective as of May 20, 2005 (the Effective Date) and shall remain in effect as provided in Article 1.3 hereof.

1.2. *Purpose of the Plan.* The purpose of the Plan is to promote the interests of the Company and its stockholders by (i) providing an incentive to those directors of the Company who are not employees of the Company or its subsidiaries to serve on the Board and (ii) linking the personal interests of such directors with the interests of the stockholders in the continuing financial success of the Company.

1.3. *Duration of the Plan.* The Plan shall commence on the Effective Date, as described in Article 1.1 hereof, and shall remain in effect, subject to the right of the Board of Directors to amend or terminate the Plan at any time pursuant to Article 15 hereof, until all Shares subject to it shall have been issued according to the Plan s provisions. However, in no event may an Award be granted under the Plan on or after May 19, 2015.

ARTICLE 2.

DEFINITIONS

Whenever used in the Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

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- 2.1. *Award* means, individually or collectively, a grant under this Plan of Options, Stock Appreciation Rights, Restricted Stock, or Restricted Stock Units.
- 2.2. *Award Agreement* means an agreement entered into by the Company and each Participant setting forth the terms and provisions applicable to Awards granted under this Plan.
- 2.3. *Beneficial Owner* or *Beneficial Ownership* shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.
- 2.4. *Board* or *Board of Directors* means the Board of Directors of the Company
- 2.5. *Change in Control* of the Company shall be deemed to have occurred (as of a particular day, as specified by the Board) upon the occurrence of any event described in this Article 2.5 as constituting a Change in Control.

B-1

A Change in Control will be deemed to have occurred as of the first day any one (1) or more of the following events shall have been satisfied:

(a) Any Person (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company, or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), becomes the Beneficial Owner, directly or indirectly, of securities of the Company, representing more than thirty-five percent (35%) of the combined voting power of the Company's then outstanding securities; or (b) During any period of two (2) consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board (and any new Director, whose election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was so approved), cease for any reason to constitute a majority thereof, or (c) The stockholders of the Company approve: (i) a plan of complete liquidation of the Company; or (ii) an agreement for the sale or disposition of all or substantially all the Company's assets; or (iii) a merger, consolidation, or reorganization of the Company with or involving any other corporation, other than a merger, consolidation, or reorganization that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty-five percent (65%) of the combined voting power of the voting securities of the Company (or such surviving entity) outstanding immediately after such merger, consolidation, or reorganization.

However, in no event shall a Change in Control be deemed to have occurred, with respect to a Participant, if that Participant is part of a purchasing group which consummates the Change-in-Control transaction. The Participant shall be deemed part of a purchasing group for purposes of the preceding sentence if the Participant is an equity participant or has agreed to become an equity participant in the purchasing company or group (except for (i) passive ownership of less than three percent (3%) of the voting equity securities of the purchasing company; or (ii) ownership of equity participation in the purchasing company or group which is otherwise deemed not to be significant, as determined prior to the Change in Control by a majority of the continuing Non-Employee Directors).

2.6. *Code* means the Internal Revenue Code of 1986, as amended from time to time.

2.7. *Committee* means the Corporate Governance Committee of the Board, as specified in Article 3 herein, or such other Committee appointed by the Board to administer the Plan with respect to grants of Awards.

2.8. *Company* means Smart & Final Inc., a Delaware corporation, including any and all Subsidiaries, and any successor thereto as provided in Article 18 herein.

2.9. *Director* means any individual who is a member of the Board of Directors of the Company.

2.10. *Disability* shall have the meaning ascribed to such term in the Participant's governing long-term disability plan, or if no such plan exists, at the discretion of the Committee.

2.11. *Effective Date* shall have the meaning ascribed to such term in Article 1.1 hereof.

2.12. *Exchange Act* means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.13. *Fair Market Value* shall be determined on the basis of the closing sale price on the principal securities exchange on which the Shares are traded or, if there is no such sale on the relevant date, then on the last previous day on which a sale was reported.

2.14. *Freestanding SAR* means an SAR that is granted independently of any Options, as described in Article 7 herein.

B-2

- 2.15. *Insider* shall mean an individual who is, on the relevant date, an officer, director or ten percent (10%) beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.
- 2.16. *Non-Employee Director* means an individual who is a member of the Board of Directors of the Company but who is not an employee of the Company.
- 2.17. *Option* means a Nonqualified Stock Option that is not intended to meet the requirements of Code Section 422, as described in Article 6 herein.
- 2.18. *Option Price* or *Exercise Price* means the price at which a Share may be purchased by a Participant pursuant to an Option.
- 2.19. *Participant* means a Non-Employee Director who has outstanding an Award granted under the Plan.
- 2.20. *Period of Restriction* means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, at its discretion), and the Shares are subject to a substantial risk of forfeiture, as provided in Article 8 herein.
- 2.21. *Person* shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a group as defined in Section 13(d) thereof.
- 2.22. *Restricted Stock* means an Award granted to a Participant pursuant to Article 8 herein.
- 2.23. *Restricted Stock Unit* means an Award denominated in units of common stock granted to a Participant pursuant to Article 8 herein.
- 2.24. *Shares* means the shares of common stock of the Company.
- 2.25. *Stock Appreciation Right* or *SAR* means an Award, granted alone or in connection with a related Option, designated as an SAR, pursuant to the terms of Article 7 herein.
- 2.26. *Subsidiary* means any corporation, partnership, joint venture, or other entity in which the Company has a majority voting interest (including all division, affiliates, and related entities).

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2.27. *Tandem SAR* means an SAR that is granted in connection with a related Option pursuant to Article 7 herein, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be canceled).

ARTICLE 3.

ADMINISTRATION

3.1. *The Committee.* The Plan shall be administered by the Corporate Governance Committee of the Board, or by any other Committee appointed by the Board. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board.

3.2. *Authority of the Committee.* Except as limited by law or by the Certificate of Incorporation or Bylaws of the Company, and subject to the provisions herein, the Committee shall have full power to select Persons who shall participate in the Plan; determine the sizes and types of Awards; determine the terms and

conditions of Awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan as they apply to any eligible Persons; establish, amend, or waive rules and regulations for the Plan's administration as they apply to eligible Persons; and (subject to the provisions of Article 15 herein) amend the terms and conditions of any outstanding Award to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan, as the Plan applies to eligible Persons. As permitted by law, the Committee may delegate its authority as identified herein.

3.3. *Decisions Binding.* All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all Persons, including the Company, its stockholders, Employees, Participants, and their estates and beneficiaries.

ARTICLE 4.

SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS

4.1. *Number of Shares Available for Grant.* Subject to adjustment as provided in Article 4.2 herein, the number of Shares hereby authorized for issuance to Participants under the Plan shall be Three Hundred Seventy-Five Thousand (375,000). Effective as of May 30 of each year, there shall be an automatic increase in the number of Shares, Options, Restricted Stock, SARs, Tandem SARs and Restricted Stock Units available for Awards to eligible Participants in an amount equal to the number of Shares issued by reason of such Awards being exercised and/or, in the case of restricted stock, vesting during such fiscal year, provided that the maximum aggregate number of Shares available for Awards under the Plan during any fiscal year of the Company shall not exceed one and three-tenths percent (1.3%) of the adjusted average of the outstanding Common Stock, as that number is determined by the Company to calculate fully diluted earnings per share for the preceding fiscal year. The Committee shall determine the appropriate methodology for calculating the number of shares issued pursuant to the Plan.

4.2. *Adjustments in Authorized Shares.* In the event of any change in corporate capitalization, such as a stock split, or a corporate transaction, such as any merger, consolidation, separation, including a spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368) or any partial or complete liquidation of the Company, such adjustment shall be made in the number and class of Shares which may be delivered under Article 4.1, in the number and class of and/or price of Shares subject to outstanding Awards granted under the Plan as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; provided, however, that the number of Shares subject to any Award shall always be a whole number.

ARTICLE 5.

ELIGIBILITY AND PARTICIPATION

5.1. *Eligibility.* Persons eligible to participate in this Plan include all Non-Employee Directors.

5.2. *Actual Participation.* Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Persons, those to whom Awards shall be granted and shall determine the nature and amount of each Award.

ARTICLE 6.

STOCK OPTIONS

6.1. *Eligibility; Grant of Options.* Subject to the terms and provisions of the Plan, Options may be granted to eligible Persons in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee.

B-4

6.2. *Award Agreement.* Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, and such other provisions as the Committee shall determine. The Award Agreement also shall specify that the Option is a nonqualified stock option that is intended not to fall under the provisions of Code Section 422.

6.3. *Option Price.* The Option Price for each grant of an Option under this Plan shall be at least equal to one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted.

6.4. *Duration of Options.* Each Option granted to an Employee shall expire at such time as the Committee shall determine at the time of grant; provided, however, that no Option shall be exercisable later than the tenth (10th) anniversary date of its grant.

6.5. *Exercise of Options.* Options granted under this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

6.6. *Payment.* Options granted under this Article 6 shall be exercised by the delivery of a written notice of exercise to the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

The Option Price upon exercise of any Option shall be payable to the Company in full either: (a) in cash or its equivalent, or (b) subject to applicable securities law restrictions, by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares which are tendered must have been held by the Participant for at least six (6) months prior to their tender to satisfy the Option Price, or any shorter period determined by the Company to be sufficient to avoid a charge to the Company's earnings for financial reporting purposes), or (c) by a combination of (a) and (b), as the Committee may specify in the Award Agreement entered into with each Participant.

The Committee also may allow cashless exercise as permitted under Federal Reserve Board's Regulation T, to the extent permitted by law and subject to applicable securities law restrictions, or by any other means which the Committee determines to be consistent with the Plan's purpose and applicable law. Subject to any governing rules or regulations, as soon as practicable after receipt of a written notification of exercise and full payment, the Company shall deliver to the Participant, in the Participant's name, Share certificates in an appropriate amount based upon the number of Shares purchased under the Option(s).

6.7. *Restrictions on Share Transferability.* The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

6.8. *Termination of Directorship.* Each Participant's Option Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's service as a director of the Company. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Options issued pursuant to this Article 6, and may reflect distinctions based on the reasons for termination service as a director of the Company.

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6.9. *Non-transferability of Options.* Except as otherwise provided in a Participant's Award Agreement, no Stock Options granted under this Article 6 may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, all Stock Options granted to a Participant under this Article 6 shall be exercisable during his or her lifetime only by such Participant.

B-5

ARTICLE 7.

STOCK APPRECIATION RIGHTS

7.1. *Eligibility; Grant of SARs.* Subject to the terms and conditions of the Plan, SARs may be granted to eligible Persons at any time and from time to time as shall be determined by the Committee. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SAR. Tandem SARs may be granted only concurrently with the grant of the related Option.

The Committee shall have complete discretion in determining the number of SARs granted to each Participant (subject to Article 4 herein) and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such SARs. The grant price of a Freestanding SAR shall equal the Fair Market Value of a Share on the date of grant of the SAR. The grant price of Tandem SARs shall equal the Option Price of the related Option.

7.2. *Exercise of Tandem SARs.* Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

7.3. *Exercise of Freestanding SARs.* Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them.

7.4. *SAR Agreement.* Each SAR grant shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR, and such other provisions as the Committee shall determine.

7.5. *Term of SARs.* The term of a SAR granted under the Plan shall be determined by the Committee, in its sole discretion; provided, however, that such term shall not exceed ten (10) years.

7.6. *Payment of SAR Amount.* Upon exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The difference between the Fair Market Value of a Share on the date of exercise over the grant price; by
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

7.7. *Termination of Service as a Director.* Each SAR Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's service as a director of the Company. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Participants, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of service as a director of the Company.

7.8. *Non-transferability of SARs.* Except as otherwise provided in a Participant's Award Agreement, no SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, all SARs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant.

ARTICLE 8.

STOCK AWARDS, RESTRICTED STOCK AND RESTRICTED STOCK UNITS

8.1. *Eligibility; Grant.* Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Stock Awards, Shares of Restricted Stock and Restricted Stock Units to eligible Persons in such amounts as the Committee shall determine. Without limiting the generality of the foregoing, Stock Awards, Shares of Restricted Stock and Restricted Stock Units may be granted in connection with payouts under other compensation programs of the Company.

8.2. *Restricted Stock and Restricted Stock Unit Agreement.* Each Restricted Stock and Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock or Restricted Stock Units granted, and such other provisions as the Committee shall determine.

8.3. *Transferability.* Except as provided in this Article 8, the Shares of Restricted Stock and Restricted Stock Units granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Award Agreement, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Award Agreement. All rights with respect to the Restricted Stock and Restricted Stock Units granted to a Participant under the Plan shall be available during his or her lifetime only to such Participant.

8.4. *Other Restrictions.* The Committee may impose such other conditions and/or restrictions on any Shares of Restricted Stock and Restricted Stock Units granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock or Restricted Stock Unit, time-based restrictions on vesting, and/or restrictions under applicable Federal or state securities laws.

The Company shall retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied, or the issuance may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange. Except as otherwise provided in this Article 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan shall become freely transferable by the Participant after the last day of the applicable Period of Restriction.

8.5. *Voting Rights.* During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares.

8.6. *Dividends and Other Distributions.* During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may be credited with regular cash dividends paid with respect to the underlying Shares while they are so held. The Committee may apply any restrictions to the dividends that the Committee deems appropriate.

8.7. *Termination of Service as a Director.* Each Restricted Stock Award Agreement shall set forth the extent to which the Participant shall have the right to receive unvested Restricted Shares following termination of the Participant's service as a director of the Company. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each

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Participant, need not be uniform among all Shares of Restricted Stock issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of service as a director of the Company.

B-7

ARTICLE 9.

BENEFICIARY DESIGNATION

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

ARTICLE 10.

DEFERRALS

The Committee may permit or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, or the lapse or waiver of restrictions with respect to Restricted Stock, or the vesting of Restricted Stock Units. If any such deferral election is required or permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals.

ARTICLE 11.

RIGHTS TO CONTINUED SERVICE

11.1. *Service.* Nothing in the Plan shall confer upon any Participant any right to continue in service as a director of the Company.

11.2. *Participation.* No Non-Employee Director shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

ARTICLE 12.

CHANGE IN CONTROL

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12.1. *Treatment of Outstanding Awards.* Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges:

(a) Any and all Options and SARs granted hereunder shall become immediately exercisable, and shall remain exercisable throughout their entire term;

(b) Any restriction periods and restrictions imposed on Restricted Shares shall lapse;

(c) The target payout opportunities attainable under all outstanding Awards of Restricted Stock shall be deemed to have been fully earned for the entire Performance Period(s) as of the effective date of the Change in Control. The vesting of all Awards denominated in Shares shall be accelerated as of the effective date of the Change in Control, and there shall be paid out in cash to Participants within thirty (30) days following the effective date of the Change in Control a pro rata amount based upon an assumed achievement of all relevant performance goals and upon the length of time within the Performance Period which has elapsed prior to the Change in Control.

12.2. *Termination, Amendment, and Modifications of Change-in-Control Provisions.* Notwithstanding any other provision of this Plan or any Award Agreement provision, the provisions of this Article 14 may not be

terminated, amended, or modified on or after the date of a Change in Control to affect adversely any Award theretofore granted under the Plan without the prior written consent of the Participant with respect to said Participant's outstanding Awards; provided, however, the Board, upon recommendation of the Committee, may terminate, amend, or modify this Article 14 at any time and from time to time prior to the date of a Change in Control.

ARTICLE 13.

AMENDMENT, MODIFICATION, AND TERMINATION

13.1. *Amendment, Modification, and Termination.* The Board may at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part; provided, however, that no amendment which requires stockholder approval in order for the Plan to continue to comply with Rule 16b-3 under the Exchange Act, including any successor to such Rule, shall be effective unless such amendment shall be approved by the requisite vote of stockholders of the Company entitled to vote thereon.

13.2. *Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.* The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Article 4.2 hereof) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

13.3. *Awards Previously Granted.* No termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

ARTICLE 14.

INDEMNIFICATION

Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation of Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

ARTICLE 15.

SUCCESSORS

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

B-9

ARTICLE 16.

LEGAL CONSTRUCTION

16.1. *Gender and Number.* Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

16.2. *Severability.* In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

16.3. *Requirements of Law.* The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

16.4. *Securities Law Compliance.* With respect to Insiders, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

16.5. *Governing Law.* To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware.

PROXY

PROXY

SMART & FINAL INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned revokes all previous proxies and hereby appoints Donald G. Alvarado and Richard N. Phegley, and each of them, proxies of the undersigned, each with full power to act without the other and with power of substitution, to represent the undersigned and vote as directed on the reverse hereof all shares of Common Stock, \$.01 par value per share, of Smart & Final Inc. (the Company), which the undersigned may be entitled to vote at the Annual Meeting of Stockholders of the Company to be held on May 20, 2005, or any adjournments thereof, and in their discretion upon such other business as may properly come before the Annual Meeting, or any adjournments thereof.

(Continued on reverse side)

Address Change/Comments (Mark the corresponding box on the reverse side)

Δ FOLD AND DETACH HERE Δ

Admission Ticket

2005 Annual Meeting of Stockholders

Friday, May 20, 2005

2:00 P.M.

Smart & Final Inc.

Corporate Headquarters

600 Citadel Drive

PLEASE ADMIT

Non-Transferable

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR AND FOR PROPOSAL 2.

Please Mark ..
Here for
Address
Change or
Comments
SEE REVERSE SIDE

1. Election of Directors
Nominees:

FOR	WITHHOLD AUTHORITY
all listed nominees	to vote for all
(except as indicated)	nominees listed

2. Approval of the Long-Term Equity Compensation Plan for Non-Employee Directors	FOR ..	AGAINST ..	ABSTAIN ..
--	-----------	---------------	---------------

- 01 Pascal Announ ..
- 02 Thierry Bourgeron
- 03 Timm F. Crull
- 04 David J. McLaughlin
- 05 Joël-André Ornstein
- 06 Ross E. Roeder
- 07 Etienne Snollaerts
- 08 Stephen E. Watson

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER AND, IF NO DIRECTIONS ARE GIVEN, WILL BE VOTED FOR THE ELECTION OF THE NOMINEES AND FOR PROPOSAL 2.

(INSTRUCTION: To withhold authority to vote for any nominee, cross his name out above.)

Signature _____ Signature _____ Date _____, 2005

Please sign exactly as your name appears hereon. When signing as attorney, executor, administrator, trustee, or guardian, set forth your full title. When shares are held in more than one name, both parties should sign. If a corporation, sign in full corporate name by President or other authorized officer. If a partnership, sign in partnership name by authorized person.

Δ FOLD AND DETACH HERE Δ

REVOCABLE VOTING INSTRUCTIONS

PROXY

SMART & FINAL INC.

VOTING INSTRUCTIONS TO TRUSTEE

FOR THE ANNUAL MEETING OF THE STOCKHOLDERS OF SMART & FINAL INC. ON MAY 20, 2005.

THE TRUSTEE SOLICITS THESE VOTING INSTRUCTIONS FROM PARTICIPANTS IN THE SMART & FINAL EMPLOYEE STOCK PURCHASE PLAN WHO HAVE RIGHTS IN THE COMMON STOCK.

The undersigned Participant in the Smart & Final Employee Stock Purchase Plan hereby instructs Computershare, as Trustee of the Smart & Final Employee Stock Purchase Plan, to vote all shares of Smart & Final Inc. common stock allocated to the accounts of the undersigned under the Smart & Final Employee Stock Purchase Plan, and to act in its discretion upon such other business as may properly come before the Annual Meeting of Stockholders of the Company to be held on May 20, 2005, or any adjournments thereof.

Please vote in accordance with the instructions on the reverse side of this card by May 18, 2005.

THIS CARD WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER AND, IF NO DIRECTIONS ARE GIVEN, THE TRUSTEE WILL VOTE PROPORTIONATELY FOR PROPOSAL 1 AND FOR PROPOSAL 2.

(Continued on reverse side)

Address Change/Comments (Mark the corresponding box on the reverse side)

Δ FOLD AND DETACH HERE Δ

Admission Ticket

2005 Annual Meeting of Stockholders

Friday, May 20, 2005

2:00 P.M.

Smart & Final Inc.

Corporate Headquarters

600 Citadel Drive

Commerce, California 90040

PLEASE ADMIT

Non-Transferable

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR AND FOR PROPOSAL 2.

Please Mark
Here for
Address
Change or
Comments
SEE REVERSE SIDE

1. Election of Directors
Nominees:

FOR	WITHHOLD AUTHORITY
all listed nominees (except as indicated)	to vote for all nominees listed

2. Approval of the Long-Term Equity Compensation Plan for Non-Employee Directors	FOR ..	AGAINST ..	ABSTAIN ..
--	-----------	---------------	---------------

- | | | | |
|----|---------------------|----|----|
| 01 | Pascal Announ | .. | .. |
| 02 | Thierry Bourgeron | | |
| 03 | Timm F. Crull | | |
| 04 | David J. McLaughlin | | |
| 05 | Joël-André Ornstein | | |
| 06 | Ross E. Roeder | | |
| 07 | Etienne Snollaerts | | |
| 08 | Stephen E. Watson | | |

THIS CARD WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER AND, IF NO DIRECTIONS ARE GIVEN, THE TRUSTEE WILL VOTE PROPORTIONATELY FOR PROPOSAL 1 AND FOR PROPOSAL 2.

(INSTRUCTION: To withhold authority to vote for any nominee, cross his name out above.)

Signature	Signature	Date	, 2005
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Please sign exactly as your name appears hereon. When signing as attorney, executor, administrator, trustee, or guardian, set forth your full title. When shares are held in more than one name, both parties should sign. If a corporation, sign in full corporate name by President or other authorized officer. If a partnership, sign in partnership name by authorized person.

△ FOLD AND DETACH HERE △