

**SUPPLEMENT TO PROXY STATEMENT DATED APRIL 14, 2004**

**EXHIBIT A**

**COMPENSATION AND NOMINATING COMMITTEE CHARTER  
OF  
ARMANINO FOODS OF DISTINCTION, INC.**

**Adopted March 26, 2004**

1. *Members.* The Board of Directors of Armanino Foods of Distinction, Inc. (the "Company") shall appoint a Compensation and Nominating Committee (the "Committee") of at least three directors and shall designate one member of the Committee as chairperson. Each member of the Committee shall meet the independence requirements of the Nasdaq Stock Market.

2. *Purposes, Duties and Responsibilities.* The Committee shall represent the Board of Directors in discharging its responsibilities relating to reviewing the performance of Company executives and setting compensation and compensation related policies, and also making recommendations to the Board of Directors relating to the Company's policies on equity incentives.

In addition, the Committee shall identify individuals qualified to become members of the Board of Directors, to recommend to the Board of Directors persons to be selected as nominees for election to the Board of Directors at annual meetings of the Company's shareholders.

3. *Executive Compensation Responsibilities.* The duties and responsibilities of the Committee with regard to Executive Compensation matters shall include, but are not limited to:

(i) Reviewing at least annually the performance of Chief Executive Officer ("CEO") and recommending to the Board of Directors the CEO's compensation for the following year, taking into account the Company's performance, the effect on shareholder value, the CEO's performance, the effect on shareholder value, the CEO's performance, the responsibilities undertaken by the CEO, trends in the companies considered comparable to the Company, and any other factors the Committee considers relevant to the CEO's compensation. The CEO may not be present during voting or deliberations on matters relating to the compensation of the CEO.

(ii) Reviewing the goals and objectives to be achieved by the CEO for the following year.

(iii) Reviewing and making recommendations to the Board of Directors concerning the Company's employee incentive, compensation, stock option, benefit and severance plans and, as appropriate, establishing guidelines in relation thereto.

(iv) Reviewing with the CEO the performance of the Company's other executive officers.

(v) Reviewing and recommending to the Board of Directors the compensation of executive officers other than the CEO. The CEO may be present during the voting or deliberations on the compensation of executive officers other than the CEO if the Committee so desires.

(vi) Making recommendations to the Board of Directors concerning stock option and other stock incentive awards for executive officers.

(vii) Producing a Committee report on executive compensation if required by the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement or annual report filed with the SEC.

(viii) In the performance of its duties and responsibilities herein defined, the Committee may seek and retain outside professionals to assist the Committee.

4. *Director Nomination Responsibilities.* Specifically, the duties and responsibilities of the Committee with regard to director nomination matters shall include, but are not limited to:

(i) Identifying and reviewing the qualifications of potential nominees for election to the Board of Directors, including incumbent directors and candidates recommended by shareholders.

(ii) Evaluating all prospective director nominees, including those nominated by shareholders, and to conduct appropriate inquiries into the backgrounds and qualifications of prospective director nominees.

(iii) Annually selecting and recommending to the Board of Directors for approval a slate of director nominees, and to otherwise recommend for approval by the Board of Directors nominees to fill vacancies or new positions on the Board of Directors as they may occur or be created from time to time, in accordance with the Bylaws of the Company.

(iv) Planning in advance for continuity on the Board of Directors as current directors are expected to retire from the Board.

5. *Criteria for Director Nominees.* In considering possible candidates for election to the Board of Directors, the Committee should be guided by the following criteria. Each candidate should:

(i) Be chosen without regard to sex, race, religion or national origin;

(ii) Be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others;

(iii) Be free of any conflict of interest that would violate any applicable law or regulation or interfere with proper performance of the responsibilities of a director;

- (iv) Possess substantial and significant experience that would be of particular importance to the Company in the performance of the duties of a director;
- (v) Have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director; and
- (vi) Have the capacities and desire to represent the balanced best interests of the shareholders as a whole.

6. *Shareholder Recommendations for Director Nominees.* Shareholders may make recommendations to the Committee of persons they believe the Committee should consider for nomination for election to the Board of Director. To make a recommendation a shareholder should submit a letter addressed to the Chairperson of the Compensation and Nominating Committee no later than 120 days prior to the date of the next Annual Meeting of Shareholders that sets forth the following:

- (i) The name, age, and address of the person recommended for nomination;
- (ii) The principal occupation or employment of the person recommended for nomination;
- (iii) A statement that the person is willing to be nominated and will serve if elected;
- (iv) A statement as to why the shareholder believes that the person should be considered for nomination for election to the Board of Directors and how the person meets the criteria to be considered by the Committee as set forth in Section 5 above.

7. *Meetings.* The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, generally four times each year, either in person or telephonically. The Committee shall report to the full Board of Directors with respect to its meetings, and prepare minutes of its meetings for inclusion in the Company's corporate records. A majority of the members of the Committee shall constitute a quorum.

8. *Annual Review.* The Committee shall annually evaluate the performance of the Committee and shall assess the adequacy of the Compensation and Nominating Committee's Charter, and recommend changes if the Committee determines that changes are appropriate.

## **EXHIBIT B**

### **ARMANINO FOODS OF DISTINCTION, INC.**

#### **AUDIT COMMITTEE CHARTER (As Amended on December 11, 2003)**

The Audit Committee ("the Committee"), of the Board of Directors ("the Board") of Armanino Foods of Distinction, Inc. ("the Company"), will have the oversight responsibility, authority and specific duties as described below.

#### **COMPOSITION**

The Committee will be comprised of three or more directors as determined by the Board. The Committee shall be composed exclusively of directors who are independent of the management of the Company and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a Committee member. At least one of the members shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, as required by Nasdaq rules. The members of the Committee will be elected annually at the organizational meeting of the Board. One of the members of the Committee will be elected Committee Chairman by the Board, provided that the Committee Chairman shall have those qualifications mandated by applicable law and Nasdaq listing requirements.

#### **RESPONSIBILITY**

The Committee is a part of the Board. Its primary function is overseeing the accounting and financial reporting processes and audits of the financial statements of the Company and assisting the Board in fulfilling its oversight responsibilities with respect to (i) the annual financial information to be provided to stockholders and filed with the Securities and Exchange Commission ("SEC"); and (ii) the system of internal controls that management has established.

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, and such public accounting firm must report directly to the Committee. In addition, the Audit Committee must pre-approve all non-audit services provided by the independent auditors.

The Committee must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters. In addition, the Committee provides an avenue for communication between the independent auditors, financial management and the Board. The Committee should have a clear understanding with the independent auditors that they must retain

an open relationship with the Committee, and that the ultimate accountability of the independent auditors is to the Board and the Committee.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. These functions are conducted by the Company's management and the independent auditors. It is also not the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors or to assure compliance with laws and regulations and the Company's business conduct guidelines.

In addition to its responsibilities relating to auditing and accounting matters, the Committee will also be responsible for approving related party transactions as required by Nasdaq listing requirements

## **AUTHORITY**

Subject to the prior approval of the Board, the Committee is granted the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Company. In that regard, the Committee will have the authority to engage independent counsel and other advisors to render advice and counsel in such matters. The Committee will also have the authority to determine the amount of funding appropriate for the compensation of the auditors and any independent counsel or advisors engaged by the audit committee and ordinary administrative expenses in carrying out its duties. All employees will be directed to cooperate with respect thereto as requested by members of the Committee.

## **MEETINGS**

The Committee is to meet no less than four times annually (prior to the filing of the Company's quarterly and annual reports with the SEC) and as many additional times as the Committee deems necessary. The Committee is to meet in separate executive sessions with the chief financial officer, and independent auditors at least once each year and at other times when considered appropriate. The Committee shall keep minutes, and other relevant records and report its activities to the Board regularly. The Committee shall provide copies of its minutes to the Secretary of the Company for inclusion in the Company's corporate records.

## **ATTENDANCE**

Committee members will strive to be present at all meetings which may be in person or by telephone conference call. As necessary or desirable, the Committee Chair may request that members of management and representatives of the independent auditors be present at Committee meetings.

## **SPECIFIC DUTIES**

In carrying out its oversight responsibilities, the Committee will:

1. Be directly responsible for the appointment, compensation and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing its audit report or related work.
2. Have the sole authority to review in advance, and grant any appropriate pre-approvals, of (a) all auditing services to be provided by the independent auditors and (b) all non-audit services to be provided by the independent auditors as permitted by Section 10A of the Securities Exchange Act, and in connection therewith to approve all fees and other terms of engagement. The Audit Committee shall also review and approve disclosures required to be included in periodic reports filed under Section 13(a) of the Securities Exchange Act with respect to non-audit Services.
3. Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
4. Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.
5. Review with the Company's management and independent auditors the Company's accounting and financial reporting controls. Obtain annually in writing from the independent auditors their view as to the adequacy of such controls.
6. Review with the Company's management, and independent auditors significant accounting and reporting principles, practices and procedures applied by the Company in preparing its financial statements. Discuss with the independent auditors their judgements about the quality, not just the acceptability, of the Company's accounting principles used in financial reporting.
7. Review the scope and general extent of the independent auditors' annual audit. The independent auditors should confirm to the Committee that no limitations have been placed on the scope or nature of their audit procedures. The Committee will review annually with management the fee arrangement with the independent auditors.
8. At least annually, confirm the independence of the independent auditors and obtain from the independent auditors, at least annually, a formal written statement delineating all relationships between the independent accountants and the Company as contemplated by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees.

9. Have a predetermined arrangement with the independent auditors that they will advise the Committee through its Chair and management of the Company of any matters identified through procedures followed for interim quarterly financial statements, and that such notification is to be made prior to the related press release or, if not practicable, prior to filing of quarterly reports.
10. At the completion of the annual audit, review with management and the independent auditors the following:
  - The annual financial statements and related footnotes and financial information to be included in the Company's annual report filed with the SEC.
  - Results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.
  - Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit.
  - Investigate the level of cooperation received by the independent auditors during their audit, including their access to all requested records, data and information.
11. Review all filings with the SEC and other published documents containing the Company's financial statements and consider whether the information contained in these documents is consistent with the information contained in the financial statements.
12. Discuss with the independent auditors the quality of the Company's financial and accounting personnel. Also, elicit the comments of management regarding the responsiveness of the independent auditors to the Company's needs.
13. Generally as part of the review of the annual financial statements, receive an oral report(s), at least annually, from the Company's counsel concerning legal and regulatory matters that may have a material impact on the financial statements.
14. As the Committee may deem appropriate, obtain, weigh and consider expert advice as to Audit Committee related rules of Nasdaq, Statements on Auditing Standards and other accounting, legal and regulatory provisions.
15. The Committee will also review and, if deemed advisable, approve all "related party transactions," as that term is defined in Item 404 of SEC Regulation S-K