

AMCON DISTRIBUTING CO
Form DEF 14A
November 16, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒ [X]

Filed by a Party other than the Registrant ☐ []

Check the appropriate box:

☐ [] Preliminary Proxy Statement

☐ [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ [X] Definitive Proxy Statement

☐ [] Definitive Additional Materials

☐ [] Soliciting Material Pursuant to § 240.14a-12

AMCON Distributing Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ [X] No fee required.

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2) Registration
Statement
No.:

3) Filing Party:

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AMCON Distributing Company
7405 Irvington Road
Omaha, Nebraska 68122

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON DECEMBER 21, 2017

The annual meeting of stockholders of AMCON Distributing Company, a Delaware corporation, will be held on Thursday, December 21, 2017, at 1:00 p.m., local time, in the Omaha Hilton Hotel located at 1001 Cass Street, Omaha, Nebraska, for the following purposes:

- To elect three Class III directors to hold office for a three-year term expiring at our annual meeting of stockholders
1. following our 2020 fiscal year, and until their respective successors are duly elected and qualified or until their respective earlier resignation or removal;
 2. To consider and act upon ratification and approval of the selection of RSM US LLP as our independent registered public accounting firm for our 2018 fiscal year; and
 3. To consider and act upon any other matters which may properly come before the meeting.

The proposals referred to above are more fully described in the accompanying proxy statement. An annual report to stockholders outlining our company's operations during our 2017 fiscal year accompanies this notice of annual meeting and proxy statement.

You are entitled to vote only if you were a stockholder of our company at the close of business on November 7, 2017, the record date for the annual meeting. We solicit you to give your proxy to vote at the annual meeting by following the specific voting instructions appearing on the enclosed proxy card or voting instruction card, regardless of whether you intend to attend the meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

Andrew C. Plummer
Secretary

November 16, 2017
Omaha, Nebraska

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE FOLLOW THE SPECIFIC VOTING INSTRUCTIONS APPEARING ON THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION CARD AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING.

IMPORTANT NOTICE Regarding the Availability of Proxy Materials
for the Stockholder Meeting To Be Held on December 21, 2017.

This notice of annual meeting and accompanying proxy materials are available to you on the Internet. We encourage you to review all of the important information contained in the proxy materials before voting.

Our company's proxy statement, annual report and other proxy materials are available at:

<http://www.amcon.com/InvestorRelations>

AMCON Distributing Company
7405 Irvington Road
Omaha, Nebraska 68122

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Although we encourage you to read this proxy statement in its entirety, we include this question and answer section to provide some background information and brief answers to several questions you might have about the annual meeting.

Why am I receiving these materials?

The board of directors of AMCON Distributing Company is providing these materials to you in connection with our annual meeting of stockholders on December 21, 2017. The information included in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, and certain other required information. This proxy statement, the notice of annual meeting of stockholders and the accompanying proxy card or voting instruction card were first sent or given to our stockholders on or about November 16, 2017. As a stockholder of our company, you are entitled and encouraged to vote on the items of business described in these proxy materials. Your vote is very important. For this reason, our board is requesting that you allow your shares to be represented at the annual meeting by the persons named as proxies on the enclosed proxy card or voting instruction card.

When and where will the annual meeting be held?

The annual meeting of stockholders will be held on Thursday, December 21, 2017, at 1:00 p.m., local time, in the Omaha Hilton Hotel located at 1001 Cass Street, Omaha, Nebraska. You may obtain directions to the location of the annual meeting by calling our corporate secretary, Andrew C. Plummer, at (402) 331-3727. You do not have to attend the annual meeting to be able to vote.

What matters will be voted on at the annual meeting?

Stockholders will consider and vote upon the following business items at the annual meeting:

- The election of three Class III directors to hold office for a three-year term expiring at our annual meeting of stockholders following our 2020 fiscal year, and until their respective successors are duly elected and qualified or until their respective earlier resignation or removal;
- The ratification and approval of the selection of the accounting firm of RSM US LLP as our independent registered public accounting firm for our 2018 fiscal year; and
- Any other matters that may properly come before the annual meeting.

How does our board of directors recommend that I vote?

Our board of directors recommends that you vote:

- "FOR" the election of each nominee for director named in this proxy statement who is to be voted on by the holders of our common stock; and
 - "FOR" the ratification and approval of RSM US LLP as our independent registered public accounting firm.
-

What shares can I vote?

The outstanding securities of our company having voting rights at the annual meeting are the shares of our common stock, \$0.01 par value. Each issued and outstanding share of our common stock as of the close of business on the November 7, 2017 record date for the annual meeting is entitled to one vote on each matter submitted to a vote of the holders of such shares at the annual meeting. As of the record date, we had 690,657 shares of common stock issued and outstanding. You may vote all shares of our common stock that you held as of the record date. This includes (i) shares held directly in your name as the stockholder of record, and (ii) shares held for you as the beneficial owner through a broker, trustee or other nominee, sometimes referred to as shares held in "street name."

How do I submit my vote?

Generally, you may vote your shares by completing, signing and returning the proxy card or voting instruction card provided to you, or by attending the annual meeting and voting in person. Specific voting instructions are found on the proxy card or voting instruction card provided to you.

Shares held by the stockholder of record. If your shares are registered directly in your name with our transfer agent, Computershare, you are considered the stockholder of record, and these proxy materials were sent to you directly. As the stockholder of record, you have the right to grant your proxy vote or to vote in person at the annual meeting. We have enclosed a proxy card for you to use.

Shares held in street name. If you hold shares in a brokerage account or through some other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker, trustee or other nominee, together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote your shares by following the instructions on the voting instruction card. Although you may attend the annual meeting, you may not vote these shares in person at the meeting unless you obtain a "legal proxy" from your broker, trustee or nominee. You may vote your shares by any of the options listed on the voting instruction card.

Can I change my proxy vote or revoke my proxy?

If you are a stockholder of record, you may change your vote or revoke your proxy any time before your vote is used at the annual meeting by:

- submitting a valid, later-dated proxy;
- notifying our corporate secretary in writing that you have revoked your proxy; or
- completing a written ballot at the annual meeting.

Attendance at the annual meeting will not in and of itself constitute a revocation of your proxy.

If you hold shares as the beneficial owner in street name, you may change your vote by submitting new voting instructions to your broker, trustee or other nominee or, if you have obtained a legal proxy from your broker, trustee or nominee, by voting in person at the annual meeting.

How many votes are needed to conduct business at the annual meeting?

A majority of all outstanding shares of our common stock entitled to vote at the annual meeting must be present or represented by proxy in order to satisfy the quorum requirement for the transaction of business at the annual meeting. Both abstentions and broker non-votes (described below under "What is the effect of a broker non-vote?") are counted as present and entitled to vote for purposes of determining a quorum. If a quorum should not be present, the annual meeting may be adjourned from time to time until a quorum is obtained.

How are votes counted?

If you are a stockholder of record and you give your proxy, the shares represented by the proxy will be voted in accordance with your instructions. However, if you are a stockholder of record and you give your proxy without providing voting instructions on one or more proposals, your proxy will be voted for those unmarked proposals in accordance with the recommendation of our board of directors (which recommendation is identified above under "How does our board of directors recommend that I vote?").

If your shares are held in street name through a broker or other nominee, they will be voted in accordance with the voting instructions that you provide. If you do not provide voting instructions, your broker or other nominee is permitted to vote your shares on proposals that are considered routine, including the ratification of the appointment of our independent registered public accounting firm.

What vote is required to approve the proposals at the annual meeting?

Election of Directors. Directors are elected by a plurality of the votes cast, in person or by proxy, by stockholders entitled to vote at the annual meeting for that purpose. This means that the three nominees receiving the highest number of votes at the annual meeting will be elected. Stockholders can withhold authority to vote for one or more nominees for director. Shares not voted, whether by specifically withholding authority to vote on your proxy card or voting instruction card or otherwise, will have no impact on the election of directors except to the extent the failure to vote for an individual results in another individual receiving a larger proportion of the total votes. No shares may be voted for more than three nominees at the annual meeting. Stockholders do not have cumulative voting rights in the election of directors.

Other Matters. Approval of the proposal to ratify and approve the selection of RSM US LLP as our independent registered public accounting firm and all other proposals that properly may come before the annual meeting require the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the particular proposal. Stockholders may abstain from voting on any proposal at the meeting. If your shares are voted to "abstain" with respect to any proposal, this will have the same effect as a vote against the proposal.

What is the effect of a broker non-vote?

A "broker non-vote" occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or other nominee does not have discretionary voting power with respect to that proposal and has not received voting instructions from the beneficial owner. If you hold shares in street name through a broker or other nominee and do not vote your shares or provide voting instructions, your broker or other nominee may vote for you on "routine" proposals but not on "non-routine" proposals. The ratification and approval of the selection of RSM US LLP as our independent registered public accounting firm is considered routine, but the election of directors and all other proposals are non-routine. Therefore, if you do not vote on any non-routine proposal or provide voting instructions, your broker or other nominee will not be allowed to vote your shares on such proposal. Broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the annual meeting, if such shares are otherwise properly represented at the meeting. Broker non-votes are not counted for purposes of determining the number of shares entitled to vote on any proposal for which the broker or other nominee lacks discretionary authority, and therefore would reduce the number of affirmative votes that are necessary to approve that proposal.

Are there any other matters that will be considered at the annual meeting?

The only items of business that may be properly brought before the annual meeting are the matters set forth in this proxy statement or those brought before the meeting by or at the direction of our board of directors. We are not aware of any business to be acted upon at the annual meeting other than the items described in this proxy statement. Your signed proxy, however, will entitle the persons named as proxy holders to vote in their discretion for any other matter that is properly presented at the meeting.

Who pays the cost of soliciting votes at the annual meeting?

Our company is making this proxy solicitation, and it will bear all costs of this solicitation. In addition to the use of the mail, proxies may be solicited personally or by telephone by some of the regular employees of our company, at no additional compensation. Our company may reimburse brokers, banks and other persons holding stock in their names, or in the names of nominees, for expenses incurred in sending proxy materials to their principals and obtaining their proxies. Our company requests that brokerage houses and other custodians, nominees and fiduciaries forward the soliciting materials to the beneficial owners of the shares of common stock held of record by such persons.

Where can I find the voting results of the annual meeting?

We will announce preliminary voting results at the annual meeting and publish those results in a report on Form 8-K filed with the Securities and Exchange Commission or SEC within four business days after the day on which the annual meeting ends. If the voting results included in such Form 8-K are not final, we will publish the final results in an amended report on Form 8-K within four business days after the final voting results are known.

What should I do if I receive more than one set of proxy materials?

You may receive multiple sets of proxy materials if you hold shares in more than one brokerage account or if you are a stockholder of record and have shares registered in more than one name. Please vote the shares on each proxy card or voting instruction card you receive.

We have adopted a "householding" procedure which allows us, unless a stockholder withholds consent, to send one proxy statement and annual report to multiple stockholders of record sharing the same address. Each stockholder at a given address will receive a separate proxy card or voting instruction form. If you are receiving multiple sets of proxy materials and wish to have your accounts househanded, or if you no longer wish to participate in householding and wish to revoke your consent, call our corporate secretary, Andrew C. Plummer, at (402) 331-3727, or send written instructions to our corporate secretary at AMCON Distributing Company, 7405 Irvington Road, Omaha, NE 68122. We will act in accordance with your wishes within 30 days after receiving such notification.

Many brokerage firms participate in householding as well. If you have a householding request for your brokerage account, please contact your broker.

Where may I obtain financial and other information about AMCON?

We filed our annual report on Form 10-K for our 2017 fiscal year with the SEC on November 8, 2017. Our annual report to stockholders, including our Form 10-K, containing our audited financial statements for our 2017 fiscal year, accompanies this proxy statement. This proxy statement, our annual report to stockholders (including Form 10-K), and other proxy materials also are available on our internet website (www.amcon.com) and on the SEC's internet website (www.sec.gov). Information on any website that we refer to does not constitute part of this proxy statement.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

ITEM 1: ELECTION OF DIRECTORS

What am I voting on?

One of the purposes of this annual meeting is to elect three directors. You will be asked to elect three directors in Class III to serve for a three-year term expiring at our annual meeting of stockholders following our 2020 fiscal year and until their respective successors are duly elected and qualified or until their respective earlier resignation or removal.

What is the structure of our board and how often are directors elected?

Our board of directors currently consists of seven persons. Our articles of incorporation divide the board into three classes of directors, with directors serving staggered terms of three years and until their respective successors are duly elected and qualified or until their respective earlier resignation or removal. The present terms of Kathleen M. Evans, John R. Loyack and Timothy R. Pestotnik, the three directors in Class III, expire at this annual meeting. Directors in Class I (Jeremy W. Hobbs and Stanley Mayer) and in Class II (Christopher H. Atayan and Raymond F. Bentele) have terms expiring at the time of the annual meeting of stockholders following our 2018 and 2019 fiscal years, respectively. Our board of directors has determined that Messrs. Bentele, Hobbs, Loyack, Mayer and Pestotnik each satisfies the independence requirements of the NYSE American exchange or "NYSE American."

Who are this year's nominees?

The nominating and corporate governance committee of our board of directors has designated Kathleen M. Evans, John R. Loyack and Timothy R. Pestotnik as the nominees proposed for election at the annual meeting. Unless authority to vote for the nominees or a particular nominee is withheld, it is intended that the shares represented by properly executed proxies in the form enclosed will be voted for the election as directors of these nominees. Each of the nominees currently serves on our board.

The following table sets forth certain information with respect to each person nominated for election as a director at the annual meeting and each director whose term of office will continue after the annual meeting.

<u>Name</u>	<u>Age</u>	<u>Position With our Company</u>	<u>Director Since</u>
NOMINEES			
Class III: New term to expire at the annual meeting following our 2020 fiscal year			
Kathleen M. Evans	70	President, Director	1986
John R. Loyack	54	Director	2003
Timothy R. Pestotnik	57	Director	1998

DIRECTORS CONTINUING IN OFFICE

Class I: Term to expire at the annual meeting following our 2018 fiscal year

Jeremy W. Hobbs	56	Director	2006
Stanley Mayer	72	Director	2002

Class II: Term to expire at the annual meeting following our 2019 fiscal year

Christopher H. Atayan	57	Chief Executive Officer, Chairman, Director	2004
Raymond F. Bentele	80	Director	2002

There is no arrangement or understanding between any director and any other person pursuant to which such director was selected as a director. However, Christopher H. Atayan, as a former holder of our Series B Convertible Preferred Stock who continues to own at least 5% of the outstanding shares of our common stock, is contractually entitled to nominate one member of our board of directors.

What is the business experience of the nominees and of our continuing board members and the basis for the conclusion that each such person should serve on our board?

Described below is the business experience for at least the last five years of each person nominated for election as a director at the annual meeting and each director whose term of office will continue after the annual meeting, as well as the specific experience, qualifications, attributes and skills of each such person that led to the conclusion that such person should serve on our board.

Christopher H. Atayan has served as our company's Chief Executive Officer since October 2006 and as our Chairman since January 2008. Mr. Atayan served as our company's Vice Chairman from March 2006 through January 2008, as our company's Chief Corporate Officer from March 2006 through September 2006 and has been a director of our company since 2004. Mr. Atayan has served as the Senior Managing Director of Slusser Associates, a private equity and investment banking firm, since 1988, and has been engaged in private equity and investment banking since 1982. He also serves on the Board of Eastek Holdings, LLC, a private manufacturing company. Mr. Atayan's strategic vision, leadership, broad experience and tireless determination in prudently developing shareholder value and other interests of the company led to the conclusion that he should serve on our board. This conclusion is further supported by his years of service as our chief executive officer during which he has provided the board with information gained from his active management of our operations including the identification and analysis of our near, medium and long-term challenges and opportunities.

Raymond F. Bentele is the former President and Chief Executive Officer of Mallinckrodt, Inc., having served in that capacity from 1982 until his retirement in 1992. He also served as Executive Vice President of Mallinckrodt Group Inc. from 1980 until his retirement. He previously served as a director of The Mosaic Company and Leggett & Platt, Incorporated. The conclusion that Mr. Bentele should serve on our board is founded on his experience in managing a successful business and in serving on the boards and committees of other public companies. This experience has given him a wide breadth of exposure to strategic, investing, financing, operating and corporate governance issues and facilitates his contributions to our board in these areas.

Kathleen M. Evans became President of our company in March 1991. Prior to that time she served as Vice President of AMCON Corporation from 1985 to 1991. From 1978 until 1985, Ms. Evans acted in various capacities with AMCON Corporation and its operating subsidiaries. The conclusion that Ms. Evans should serve on our board is founded on her experience in operations and financial matters, as well as her length of service in the distribution industry. All of these characteristics make her an important contributor to board decision making.

Jeremy W. Hobbs is the Executive Director of Western Wind Foundation. Mr. Hobbs also is President and Chief Executive Officer of Draupnir, LLC, and also serves on the Board of Eastek Holdings, LLC, a private manufacturing company. He served as a founding member and executive officer of Draupnir, LLC from 2002 through December 2005. From 1987 to 2002, Mr. Hobbs was an attorney in the law firm of Krasnow, Cornbath and Hobbs in Chicago, Illinois where he served as managing partner from 1997 to 2002. Mr. Hobbs brings with him a wealth of legal experience and expertise that has benefitted our board on a variety of matters, including litigation, regulatory oversight and financial disclosure. These factors together with his familiarity with our company resulting from numerous years of service on our board led to the conclusion that he should serve on our board.

John R. Loyack is the Executive Vice President of Business and Administrative Affairs of King's College in Wilkes-Barre, Pennsylvania. Mr. Loyack served as the President and Chief Executive Officer of Optim Energy, LLC, and of CPG International, Inc., and also served as Senior Vice President and Chief Financial Officer and Vice President and Chief Accounting Officer at PNM Resources. Mr. Loyack's extensive financial, operational and strategic expertise make him an effective contributor to the board decision making process and have led to the conclusion that he should serve on our board.

Stanley Mayer is the retired General Manager of CMC Rebar – Albuquerque, having served in that position from 2002 until his April 2010 retirement. Mr. Mayer also has served as a consultant to various companies regarding financial and strategic planning matters, as Chief Financial Officer for Donruss Playoff, Inc. from 2001 to 2002 and as Vice President of Southern Union Company from 1998 through 2001. He is a Chartered Accountant. The conclusion that Mr. Mayer should serve on our board is founded on his operational, accounting and finance experience. His service on behalf of numerous companies has given him exposure to a variety of strategic, investing, financing and operating issues which facilitates his contributions to our board.

Timothy R. Pestotnik is an attorney and a partner in the law firm of Pestotnik LLP. Prior to this, he was a partner and chair of the business litigation department at the law firm of Luce, Forward, Hamilton & Scripps, LLP. Mr. Pestotnik also serves as a director of AMCON Corporation and Premier-Midwest Beverage Company. Mr. Pestotnik also sits on the boards of non-profit organizations and has testified as an expert witness on related corporate governance issues. His sophisticated legal practice has benefited our board in a variety of matters, including corporate governance, financial disclosure and regulatory oversight. These factors together with his familiarity with our company resulting from numerous years of service on our board led to the conclusion that he should serve on our

board.

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What if a nominee is unwilling or unable to serve?

Each of the nominees listed in this proxy statement has indicated his or her willingness to serve as a director if elected, and the board of directors has no reason to believe that any nominee will be unavailable for election. If a nominee who is to be voted on by the holders of our common stock becomes unwilling or unable to serve, the shares represented by the proxies will be voted for the election of such substitute nominee as may be designated by our nominating and corporate governance committee, unless the authority to vote for all nominees or for the particular nominee who has ceased to be a candidate has been withheld.

How does our board of directors recommend that I vote?

Our board of directors recommends that you vote "FOR" the election of Kathleen M. Evans, John R. Loyack and Timothy R. Pestotnik as Class III directors.

ITEM 2: SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

What am I voting on?

We are asking stockholders to ratify and approve the selection of RSM US LLP as our independent registered public accounting firm for our 2018 fiscal year. The selection of RSM US LLP was made by the audit committee of our board of directors. RSM US LLP has served as our independent auditors since August 30, 2006. In connection with the audit of our 2018 fiscal year financial statements, our company intends to enter into an engagement agreement with RSM US LLP which would set forth the terms by which RSM US LLP will perform audit services for our company. The ratification and approval by stockholders of the selection of RSM US LLP effectively would also be a ratification of that agreement.

What services do the independent registered public accountants provide?

Audit services provided by RSM US LLP for our 2017 fiscal year included the examination of the consolidated financial statements of our company and services related to our periodic filings with the SEC. These services are more fully described in this proxy statement under the captions "Audit Committee Report" and "Independent Auditor Fees and Services."

Will a representative of RSM US LLP be present at the meeting?

We anticipate that one or more representatives of RSM US LLP will be present at the annual meeting. Any such representative will have an opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions from stockholders.

What if this proposal is not approved?

Stockholder ratification and approval of the audit committee's selection of RSM US LLP as our independent registered public accounting firm is not required by any statute or regulation or by our bylaws. Nevertheless, if the stockholders do not ratify and approve the selection of RSM US LLP at the annual meeting, the audit committee will reconsider the appointment. Submission of our selection of RSM US LLP to the stockholders for ratification and approval will not limit the authority of the audit committee to appoint another independent certified public accounting firm to serve as independent auditors if the present auditors resign, or their engagement otherwise is terminated.

How does our board of directors recommend that I vote?

Our board of directors recommends that you vote "FOR" approval of the selection of RSM US LLP.

OWNERSHIP OF OUR COMMON STOCK BY OUR DIRECTORS AND EXECUTIVE OFFICERS AND OTHER PRINCIPAL STOCKHOLDERS

The table below sets forth information, as of November 7, 2017 (unless otherwise indicated below), with respect to the beneficial ownership of shares of our common stock by:

- each person known to us to own beneficially more than 5% of the aggregate number of the outstanding shares of our common stock;
- our chief executive officer, our principal financial officer and each of the other named executive officers;
- each of our directors and director nominees; and
- our executive officers and directors as a group.

Each of the persons, or group of persons, in the table below has sole voting power and sole dispositive power as to all of the shares of our common stock shown as beneficially owned by them, except as otherwise indicated.

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Shares Outstanding	
Christopher H. Atayan (1)	324,113	46.93	%
Kathleen M. Evans	24,457	3.54	%
Andrew C. Plummer	16,758	2.43	%
Raymond F. Bentele	2,163	*	
Jeremy W. Hobbs (2)	1,700	*	
John R. Loyack	2,983	*	
Stanley Mayer	2,533	*	
Timothy R. Pestotnik	1,116	*	
All directors and executive officers (8 persons as a group)	375,823	54.42	%

*Signifies less than 1%

(1)Mr. Atayan's address is 7405 Irvington Road, Omaha, Nebraska 68122.

The shares reported do not include 9,886 shares of common stock held by the Western Wind Foundation, of which (2)Mr. Hobbs is a director. Mr. Hobbs disclaims beneficial ownership of the shares held by Western Wind

Foundation. The information provided is based in part on the Schedule 13D filed with the SEC on July 22, 2009.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10% of any class of equity securities of our company registered pursuant to Section 12 of the Exchange Act, to file with the SEC initial reports of ownership and reports of changes in ownership in such securities and other equity securities of our company. SEC regulations require directors, executive officers and greater than 10% stockholders to furnish our company with copies of all Section 16(a) reports they file.

To our knowledge, based solely on review of the copies of such reports furnished to our company and written representations that no other reports were required, during our 2017 fiscal year, all Section 16(a) filing requirements applicable to our directors, executive officers and greater than 10% stockholders were complied with on a timely basis, except that Mr. Hobbs was late in filing a report on Form 4 with respect to one transaction during our 2015 fiscal year involving 128 shares of common stock.

CORPORATE GOVERNANCE AND BOARD MATTERS

Board Leadership Structure and Role in Risk Oversight

Our company is led by Christopher H. Atayan, who has served as our company's chief executive officer since October 2006 and as its chairman since January 2008. Our board of directors is comprised of Mr. Atayan and six other directors, including five directors who satisfy the independence requirements of the NYSE American. An independent director serves as chairman of each of our board's three standing committees – the audit committee, the compensation committee, and the nominating and corporate governance committee.

Our bylaws provide that at any time in which the offices of our chairman and chief executive officer are held by the same person, our board of directors will appoint one independent member of our board to serve as the "lead director." Timothy R. Pestotnik currently serves as the lead director. The lead director will have such rights, duties and responsibilities as may be assigned to him or her by our board of directors.

Our board leadership structure has been effective for our company. We believe that having a combined chief executive officer and chairman of the board, an independent chair for each of our board committees and an independent lead director provides the right form of leadership for our company. A combined chairman and chief executive officer role allows for more productive meetings. The chief executive officer is the individual selected by the board of directors to manage our company on a day to day basis, and his direct involvement in our business operations makes him best positioned to lead the board in productive strategic planning sessions and determine the time allocated to each agenda item in discussions of our company's short and long-term objectives. In addition to the leadership provided by our chairman and chief executive officer, we have strong oversight of company operations by

experienced independent directors who chair each of our board's standing committees. Led by an independent lead director, our independent directors also regularly meet in executive session to review key decisions and discuss matters in a manner that is independent of the chief executive officer.

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Although it is management's job to assess and manage our company's exposure to risk, our audit committee takes a lead in establishing guidelines and policies that govern the process. In carrying out its responsibilities in this regard, our audit committee works closely with our chief financial officer. Our audit committee meets several times each year with our chief financial officer and other members of management and receives a comprehensive report on enterprise risk management, including management's assessment of risk exposures, and the processes in place to monitor and control such exposures. Our audit committee also receives updates between meetings from members of management relating to risk oversight matters, and provides risk management reports to the full board of directors. In addition to our audit committee, our compensation committee considers the risks that may be implicated by our executive compensation programs. We believe that our directors provide effective oversight of the risk management function, especially through the work of the audit committee and the dialogue between the full board and our chief financial officer.

Communication with the Board

Our board of directors has established a process for stockholders to follow in sending communications to our board or its members. Stockholders who wish to communicate with our board or any of our directors, including the Chairman of the Board and the chairman of any committee of the board, may do so. Such communications must be addressed to our board or any such director in care of our corporate secretary, Andrew Plummer, at AMCON Distributing Company, 7405 Irvington Road, Omaha, NE 68122. All such communications will be compiled by our corporate secretary and submitted to our board or the individual director, as applicable, on a periodic basis.

Neither our board of directors nor a specific director is required to respond to a stockholder communication. To avoid selective disclosure, our board or the individual director may respond to a stockholder's communication only if the communication involves information which is not material or which is already public. In such case, our board of directors, as a whole, or the individual director, may respond, if at all: (i) directly, following consultation with our corporate secretary or other advisors or without additional consultation, as our board determines appropriate; (ii) indirectly through our corporate secretary or other designated officer, following consultation with our corporate secretary or other advisors or without additional consultation, as our board determines appropriate; or (iii) pursuant to such other means as our board determines appropriate from time to time.

If the communication involves material non-public information, our board of directors or the individual director will not provide a response to the stockholder concerning such information. Our company may, however, publicly provide information responsive to such communication if (following consultation with our advisors, as our board determines appropriate) our board determines disclosure is appropriate. In that case, the responsive information will be provided in compliance with SEC Regulation FD and other applicable laws and regulations.

Consideration of Director Nominees

In identifying and evaluating director nominees, the nominating and corporate governance committee of our board of directors may receive recommendations from management, from other directors and from stockholders, including certain former holders of our Series B Convertible Preferred Stock having residual nomination rights. The committee reviews and considers information on each candidate and evaluates it in light of the needs and requirements of our company. The committee believes that our board and its committees should be comprised of persons who are of high character and integrity, who have a personal and professional reputation that is consistent with the image and reputation of our company, and who have expertise that may be useful to our company. The committee also considers various factors, including the independence of the candidate, as well as his or her education or special skills, areas of expertise, experience, age, business associations, reputation and other characteristics and qualities that the committee believes are likely to enhance the effectiveness of our board and its committees. In determining whether a director should be retained and stand for re-election, the committee also considers the director's past attendance at meetings and participation in and contributions to the activities of our board and each committee on which such director serves. The committee does not have a formal policy concerning its consideration of diversity in identifying director nominees. Although the committee may consider diversity in identifying director nominees, it did not do so with respect to the selection of the nominees for this annual meeting. The committee seeks to identify and recruit the best available candidates, without regard to race, color, religion, sex, ancestry, national origin or disability.

Stockholders who wish the nominating and corporate governance committee to consider their recommendations for nominees for the position of director should submit their recommendations in writing to the nominating and corporate governance committee in care of our corporate secretary, Andrew Plummer, at AMCON Distributing Company, 7405 Irvington Road, Omaha, NE 68122. All nominees, including those submitted by stockholders in accordance with these procedures, will be evaluated using generally the same methods and criteria described above, although those methods and criteria are not standardized and may vary from time to time. Stockholders also may submit director nominations to our company in accordance with the procedures described below under "Advance Notice of Stockholder Proposals."

Committees of the Board

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. There currently are no other standing committees of our board of directors. Members of the audit committee, compensation committee and nominating and corporate governance committee serve at the pleasure of our board of directors.

Audit Committee. The audit committee of our board of directors currently is comprised of John R. Loyack, its chairman, Timothy R. Pestotnik and Stanley Mayer. Our board of directors has determined that all members of the audit committee are independent directors under the listing standards adopted by the NYSE American. In addition, our board of directors has determined that Mr. Loyack and Mr. Mayer each meets the SEC's definition of an "audit committee financial expert." The audit committee is responsible for reviewing our financial statements, audit reports, internal financial controls and the services performed by the independent registered public accounting firm, and for making recommendations with respect to those matters to our board of directors. A more complete description of the audit committee's functions is provided in its charter, a copy of which is available on our internet website (www.amcon.com) by clicking on "About Us" then "Investor Relations" and "Corporate Governance." The audit committee met six times during our 2017 fiscal year.

Compensation Committee. The compensation committee of our board of directors currently is comprised of John R. Loyack, its chairman, Raymond F. Bentele and Stanley Mayer. Our board of directors has determined that all members of our compensation committee are independent under the NYSE American listing standards. The committee is responsible for reviewing and making recommendations to our board of directors with respect to compensation of executive officers and other compensation matters and awards. Our chief executive officer assists the committee from time to time on a variety of compensation matters, including making recommendations for the appropriate salaries and bonuses of our executive officers (other than our chief executive officer). The committee has the authority to consult with management and to engage the services of outside advisors, experts and others to assist it in its efforts. A more complete description of the committee's functions is provided in its charter, a copy of which is available on our internet website (www.amcon.com) by clicking on "About Us" then "Investor Relations" and "Corporate Governance." Our compensation committee met four times during our 2017 fiscal year.

Nominating and Corporate Governance Committee. The members of our nominating and corporate governance committee are Raymond F. Bentele, its chairman, John R. Loyack and Timothy R. Pestotnik, each of whom our board of directors has determined to be independent under the NYSE American listing standards. The committee is responsible for the director nomination process, including evaluating and recommending director nominees and committee and chair appointments. It also is responsible for various corporate governance matters, including the development of ethical conduct standards for our directors, officers and employees and an annual board assessment. A more complete description of the committee's functions is provided in its charter, a copy of which is available on our internet website (www.amcon.com) by clicking on "About Us" then "Investor Relations" and "Corporate Governance." The nominating and corporate governance committee met four times during our 2017 fiscal year.

Meetings of the Board

During our 2017 fiscal year, our board of directors held five meetings. Each director attended at least 75% of the total meetings of the board of directors and of the committees of the board on which he or she served during the fiscal year. Our company's directors discharge their responsibilities throughout the year, not only at such board of directors and committee meetings, but through personal meetings and other communications with members of management and others regarding matters of interest and concern to our company.

The independent non-management members of our board of directors regularly hold executive sessions without management present. At least one executive session per year is attended by only independent non-management directors. Our board of directors has chosen Timothy R. Pestotnik as the lead director for meetings of the independent non-management directors.

Directors are encouraged by our company to attend our annual meeting of stockholders if their schedules permit, but our company does not otherwise have a policy regarding such attendance. All incumbent directors were present at the annual meeting of the stockholders held on December 22, 2016.

Code of Ethics

Our board of directors has adopted a code of ethical conduct that applies to our executive officers, including our principal executive officer and our principal financial officer. This code of ethical conduct is available without charge to any person who requests it by writing to our corporate secretary, Andrew Plummer, at AMCON Distributing Company, 7405 Irvington Road, Omaha, NE 68122. It also is available on our internet website (www.amcon.com) by clicking on "About Us" then "Investor Relations" and "Corporate Governance." Any substantive amendment to, or waiver from, a provision of this code that applies to our principal executive officer or principal financial officer will be disclosed on our internet website and, if required by rules of the SEC or the NYSE American, in reports we file with the SEC.

Director Compensation

Only outside (non-employee) members of our board of directors receive compensation for their service to our company as a director. Directors who are not employees of our company are paid according to the following annual scale:

Director Fee	\$45,000
Audit Committee Membership Fee (1)	\$5,000
Committee Chairman Fee (2)	\$5,000
Lead Director Fee	\$50,000

(1) Provided to all members of the audit committee, including the chairman.

(2) Provided to directors serving as chairman of the audit committee, the compensation committee and the nominating and corporate governance committee.

There is no payment of any meeting fees; however, all directors are reimbursed for their reasonable out of pocket expenses incurred in connection with their attendance at board and committee meetings.

Non-employee directors are eligible to receive equity-based awards under our 2007 omnibus incentive plan described below under "Executive Compensation and Related Matters—2007 Omnibus Incentive Plan" and under our 2014 omnibus incentive plan as described below under "Executive Compensation and Related Matters—2014 Omnibus Incentive Plan." Non-employee directors also are eligible to receive awards of nonqualified stock options which entitle them to purchase shares of our common stock at an exercise price equal to the fair market value of the stock on the date of grant. Option grants and other equity-based awards may be recommended from time to time by our compensation committee, subject to approval by our board of directors.

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Compensation earned in our 2017 fiscal year by each person serving as a director during such fiscal year (other than those who are named executive officers in the summary compensation table under "Executive Compensation and Related Matters" below) for service on our board and its committees is presented in the table below.

Name	Fees Earned or Paid in Cash (\$) ⁽¹⁾	All Other Compensation (\$)	Total (\$)
Raymond F. Bentele	50,00		