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AMCON DISTRIBUTING CO
Form S-4/A
November 09, 2001

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 9, 2001

REGISTRATION NO. 333-71300

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO

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

AMCON DISTRIBUTING COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

| | | |
|------------------------------|---------------------------|----------------|
| DELAWARE | 3841 | 47-0702918 |
| (STATE OR OTHER JURISDICTION | (PRIMARY STANDARD | (IRS EMPLOYER |
| OF INCORPORATION | INDUSTRIAL CLASSIFICATION | IDENTIFICATION |
| OR ORGANIZATION) | CODE NUMBER) | NO.) |

10228 "L" STREET
OMAHA, NEBRASKA 68127
(402) 331-3727
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

MICHAEL D. JAMES

10228 "L" STREET
OMAHA, NEBRASKA 68127
(402) 331-3727
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

Copies to:

JOHN A. GRANDA, ESQ.
STINSON, MAG & FIZZELL, P.C.
1201 WALNUT STREET, SUITE 2800
KANSAS CITY, MISSOURI 64106
(816) 842-8600
FACSIMILE: (816) 691-3495

RICHARD P. MANSON, ESQ.
SQUIRE, SANDERS & DEMPSEY
801 S. FIGUEROA STREET, 14TH FLOOR
LOS ANGELES, CA 90017
(213) 689-5112
FACSIMILE: (213) 623-4581

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES
TO THE PUBLIC: As soon as practicable after this registration statement is
declared effective and all other conditions to the merger (as defined herein)
have been satisfied or waived.

If the securities being registered on this Form are being offered in
connection with the formation of a holding company and there is compliance

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with General Instruction G, check the following box. | |

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. | |

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. | |

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

=====

MERGER PROPOSED - YOUR VOTE IS VERY IMPORTANT

The board of directors of Hawaiian Natural Water Company, Inc. has agreed to a merger between Hawaiian Natural and AMCON Merger Sub, Inc., a wholly-owned subsidiary of AMCON Distributing Company, pursuant to an agreement and plan of merger attached as Annex A. AMCON Merger Sub, Inc. will be the surviving corporation in this merger. It will change its name to Hawaiian Natural Water Company, Inc. and continue the business of Hawaiian Natural following the merger.

For purposes of the merger, the total value of Hawaiian Natural common stock will be the agreed upon amount of \$2,865,348 which will be allocated among Hawaiian Natural's common stockholder based upon the number of shares of Hawaiian Natural common stock which they own at the time the merger is completed. The exchange ratio, which specifies the fractional share of AMCON to be issued for each share of Hawaiian Natural in the merger, is determined by dividing this agreed upon value by the average AMCON stock price described below and then dividing that resulting quotient by the number of shares of Hawaiian Natural common stock outstanding immediately prior to the time the merger is completed. For purposes of this calculation, the average closing price of AMCON common stock will be measured during a 20 trading day period ending three days prior to the date of the Hawaiian Natural shareholder vote on the merger. However, the common stock of AMCON will be priced no lower than \$6.00 and no greater than \$8.00 per share for this purpose. The exchange ratio will therefore be not less than 0.039 and not more than 0.052 of a share of AMCON common stock for each share of Hawaiian Natural common stock. A maximum and a minimum of 477,558 shares and 358,168 shares of AMCON common stock would be therefore issued in the merger, of which AMCON would receive back 104,000 and 78,000 shares, respectively, with respect to its ownership of 2,000,000 shares of common stock of Hawaiian Natural.

HAWAIIAN NATURAL SHAREHOLDERS WILL NOT KNOW THE ACTUAL EXCHANGE RATIO, OR THE TOTAL NUMBER OF SHARES THEY WILL RECEIVE IN THE MERGER, UNTIL THREE DAYS BEFORE THE VOTE ON THE MERGER, BUT THEY CAN CALL 800-866-1340, EXTENSION 2620, TO RECEIVE THAT INFORMATION AT ANY TIME DURING THAT THREE

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DAY PERIOD. BASED ON AMCON'S STOCK PRICE AS OF NOVEMBER 6, 2001, THE EXCHANGE RATIO WOULD BE 0.052 OF A SHARE AND HAWAIIAN NATURAL SHAREHOLDERS OTHER THAN AMCON WOULD RECEIVE A TOTAL OF 373,558 AMCON SHARES IN THE MERGER.

Approval of the merger requires the affirmative vote of the holders of at least a majority of Hawaiian Natural's outstanding common stock. This approval is assured because AMCON will vote its 21.8%, and Hawaiian Natural's management and directors and their affiliates will vote their 35.2%, of the outstanding shares in favor of the merger.

We are asking our shareholders to approve the agreement and plan of merger. A special meeting of the Hawaiian Natural shareholders to vote on the agreement and plan of merger will be held at __:00 __.m., Local time, on _____, 2001 at _____.

HAWAIIAN NATURAL'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT HAWAIIAN NATURAL SHAREHOLDERS VOTE FOR APPROVAL OF THE AGREEMENT AND PLAN OF MERGER.

Marcus Bender
Chief Executive Officer and President of
Hawaiian Natural Water Company, Inc.

CONSIDER THE RISKS DESCRIBED ON PAGES ____ THROUGH ____ OF THIS DOCUMENT.

Neither the Securities and Exchange Commission nor any state securities regulator has approved the stock to be issued under this document or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense.

This document is dated _____, 2001 and is first being mailed to Hawaiian Natural Shareholders on that date.

NOTICE OF SPECIAL MEETING

TO BE HELD ON _____, _____, 2001
AT __:00 __.M.

To the Shareholders of Hawaiian Natural Water Company, Inc.:

A special meeting of shareholders of _____ will be held on _____, _____, 2001, at __:00 __.m., local time, at _____, _____, _____ to consider and vote upon:

1. A proposal to approve the fifth amended and restated agreement and plan of merger, dated as of September 27, 2001, among, Hawaiian Natural, AMCON Distributing Company, and AMCON Merger Sub, Inc., pursuant to which Hawaiian Natural will merge into AMCON Merger Sub, Inc., a wholly owned subsidiary of AMCON. As a result of the merger, all outstanding shares of Hawaiian Natural common stock (other than dissenting shares) will

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be converted into common stock of AMCON, all as described in the attached document.

2. Such other business as may properly come before the meeting.

The board of directors has established _____, 2001 as the record date for the meeting. Only stockholders of record as of such date will be entitled to notice of or to vote at the meeting or any adjournment or postponement.

Record and beneficial owners of Hawaiian Natural common stock may assert dissenters' rights under sections 414-341 through 414-372 of the Hawaii Revised Business Corporation Act, a copy of which is attached as Annex B to this document.

Admittance to the special meeting will be granted only to shareholders as of the record date and guests of management. Please bring identification and, if you hold your shares in "street name" or otherwise not in your own name, please bring proof of share ownership, such as an account statement, for admittance.

THE BOARD OF DIRECTORS OF HAWAIIAN NATURAL HAS DETERMINED THAT THE ABOVE-REFERENCED AGREEMENT AND PLAN OF MERGER IS FAIR TO AND IN THE BEST INTERESTS OF HAWAIIAN NATURAL AND ITS SHAREHOLDERS, HAS DECLARED ITS ADVISABILITY, AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOR OF ITS APPROVAL.

PLEASE DO NOT SEND ANY CERTIFICATES FOR YOUR STOCK.

Brian Barbata
Secretary

_____, 2001

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL SHAREHOLDERS MEETING, PLEASE COMPLETE, DATE AND RETURN YOUR PROXY CARD IN THE ENCLOSED ENVELOPE PROMPTLY.

IF YOU DO NOT VOTE YOUR SHARES, OR INSTRUCT YOUR STOCKBROKER TO VOTE FOR YOU, IT WILL HAVE THE SAME EFFECT AS VOTING AGAINST THE ABOVE-REFERENCED AGREEMENT AND PLAN OF MERGER.

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ANNEXES

ANNEX A - Agreement and Plan of Merger
ANNEX B - Sections 414-341 through 414-372 of
Hawaii Revised Business Corporation Act

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: WHY ARE WE PROPOSING THE MERGER?

A: We believe that becoming a subsidiary of AMCON will better position us to obtain the capital resources and management depth needed to grow our business and increase shareholder value. This should enable us to increase our efficiency and expand production and distribution of our Hawaiian Springs water. There can, however, be no assurance that adequate capital resources will be available. See "Risk Factors."

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Q: WHAT WILL HAPPEN IN THE MERGER?

A: Hawaiian Natural will merge into AMCON Merger Sub, Inc., a wholly owned subsidiary of AMCON, which is a company formed under Delaware law solely for the purpose of effecting the merger. After the merger, AMCON Merger Sub's name will be changed to "Hawaiian Natural Water Company, Inc." Our shareholders will have their shares of common stock converted into shares of common stock of AMCON.

Q: WILL THE SHARES ISSUED TO HAWAIIAN NATURAL SHAREHOLDERS IN THE MERGER BE FREELY TRADABLE?

A: Yes, except for certain restrictions on shares held by affiliates of Hawaiian Natural. The shares will be listed on the American Stock Exchange and approved for trading upon issuance.

Q: WHEN IS THE HAWAIIAN NATURAL SHAREHOLDERS' MEETING?

A: The meeting will take place on _____, 2001. The location of the meeting is specified on the cover page to this document.

Q: WHAT DO I NEED TO DO NOW?

A: You should carefully read and consider the information contained in this document. Then, please mail your signed proxy card in the enclosed return envelope, as soon as possible, so that your shares may be represented at the meeting. In order to assure that we obtain your vote, please give your proxy as instructed on your proxy card even if you currently plan to attend your meeting in person.

Q: WHAT SHOULD I DO IF I WANT TO CHANGE MY VOTE?

A: Just send in a later-dated, signed proxy card to our Secretary. Or, you can attend the meeting in person and vote. You may also revoke your proxy by sending a notice of revocation to our Secretary at the address under "Summary -- The Companies" on page ____.

Q: IF MY SHARES ARE HELD IN "STREET NAME" BY MY BROKER, WILL MY BROKER VOTE MY SHARES FOR ME?

A: If you do not provide your broker with instructions on how to vote your "street name" shares, your broker will not be permitted to vote them. You should therefore be sure to provide your broker with instructions on how to vote your shares. If you do not give voting instructions to your broker, you will, in effect, be voting against the merger agreement.

Q: WHAT VOTE IS REQUIRED TO GO FORWARD WITH THE MERGER?

A: Approval of the merger requires the affirmative vote of the holders of at least a majority of Hawaiian Natural's outstanding common stock. This approval is assured because AMCON will vote its 21.8%, and Hawaiian Natural's management and directors and their affiliates will vote their 35.2%, of the outstanding shares in favor of the merger pursuant to a stockholders agreement with AMCON to do so. No vote of the AMCON stockholders is required for approval of the merger.

Q: DO I HAVE DISSENTERS' RIGHTS AND HOW DO I EXERCISE THEM?

A: Hawaiian Natural is incorporated under Hawaii law. Under applicable Hawaii law, our shareholders have dissenters' rights in connection with the merger if they do not vote, or vote against the merger agreement,

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and comply with procedures required under Hawaii law, including delivering to Hawaiian Natural before the vote is taken written notice of the shareholder's intention

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to demand payment of the fair value for the shareholder's shares if the merger is completed. See "The Merger-Dissenters' Rights" for further information on the requirements to be followed to perfect your dissenters' rights. One of the conditions to the merger is that the aggregate number of shares that are held by shareholders dissenting to the merger does not exceed 5.0% of the total number of outstanding shares of Hawaiian Natural common stock.

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. If the merger is completed, we will send our shareholders written instructions for exchanging their share certificates.

Q: WHAT PLANS ARE THERE FOR FUTURE DIVIDENDS?

A: Hawaiian Natural has not historically paid quarterly dividends to its shareholders. AMCON paid quarterly cash dividends in its 2000 fiscal year. AMCON's dividend policy is set by its board of directors. The amount of any dividends will depend on a number of factors, including AMCON's financial condition, capital requirements, results of operations, future business prospects and other factors that AMCON's board of directors may deem relevant. The payment of dividends by AMCON in excess of \$0.03 per share per quarter also requires the prior approval of the lender under various borrowing arrangements entered into by AMCON. We cannot anticipate whether AMCON will continue to pay dividends to shareholders in the foreseeable future.

Q: WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?

A: We are hoping to complete the merger as soon as practicable, and in any event not later than the next business day following approval of the merger by the Hawaiian Natural shareholders. We must obtain Hawaiian Natural shareholder approval, but no approval by AMCON stockholders is required. We expect to complete the merger during the fourth calendar quarter of 2001.

Q: WHOM DO I CALL IF I HAVE QUESTIONS ABOUT THE MEETING OR THE MERGER?

A: Hawaiian Natural shareholders may call Marcus Bender at (808) 483-0527.

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SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS DOCUMENT AND MAY NOT CONTAIN ALL OF THE INFORMATION THAT IS IMPORTANT TO YOU. TO UNDERSTAND THE MERGER FULLY AND FOR A MORE COMPLETE DESCRIPTION OF THE LEGAL

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TERMS OF THE MERGER, YOU SHOULD CAREFULLY READ THIS DOCUMENT AND THE DOCUMENTS WE REFER TO. SEE "WHERE YOU CAN FIND MORE INFORMATION" ON PAGE ____.

WHAT HAWAIIAN NATURAL SHAREHOLDERS WILL RECEIVE IN THE MERGER (SEE PAGE ____)

As a result of the merger, each share of Hawaiian Natural common stock will be converted into a fractional share of AMCON common stock based on an exchange ratio that will depend upon the relative value of Hawaiian Natural and AMCON common stock during a short period of time prior to the merger described below. For this purpose, the total value of Hawaiian Natural common stock will be the agreed upon amount of \$2,865,348. The exchange ratio will be determined by dividing this agreed upon value by the average AMCON stock price described below and then dividing that resulting quotient by the number of shares of Hawaiian Natural common stock outstanding immediately prior to the effective time of the merger. For purposes of this calculation, the average closing price of AMCON common stock will be measured during a 20 day trading period ending prior to the third trading day before the date of the shareholder meeting held to approve the merger agreement. However, the common stock of AMCON will be priced no lower than \$6.00 and no greater than \$8.00 per share for this purpose. The exchange ratio will therefore be not less than 0.039 and not more than 0.052 of a share of AMCON common stock for each share of Hawaiian Natural common stock. We refer in this document to the fraction of a share of AMCON common stock that each share of Hawaiian Natural common stock will be converted into as the "exchange ratio" and the low to high average closing price of AMCON common stock as the "collar." A maximum and a minimum of 477,558 shares and 358,168 shares of AMCON common stock would be issued in the merger, of which AMCON would receive back 104,000 and 78,000 shares, respectively, with respect to its ownership of 2,000,000 shares of common stock of Hawaiian Natural, representing in either case approximately 21.8% of the AMCON shares to be issued in the merger. The 9,185,982 outstanding shares used for this calculation includes 2,000,000 shares owned by AMCON, but excludes 2,419,354 Hawaiian Natural shares receivable upon conversion of \$750,000 of secured convertible notes issued to AMCON by Hawaiian Natural. These 2,419,354 shares, which are deemed by SEC Rule 13d-3 to be beneficially owned by AMCON even though those notes have not yet been converted and which would increased AMCON's combined beneficial ownership to approximately 38.0% of Hawaiian Natural's outstanding shares, were excluded from this calculation because they are prohibited by the merger agreement from participating in the merger consideration and these notes are not expected to be converted prior to the merger in any event.

The following table sets forth the per share value of the merger consideration to be received by the holders of Hawaiian Natural common stock at various average closing prices of AMCON common stock:

| AVERAGE AMCON STOCK PRICE | EXCHANGE RATIO | PER SHARE CONSIDERATION |
|---------------------------|----------------|-------------------------|
| ----- | ----- | ----- |
| 4.00 | 0.052 | \$0.208 |
| 4.50 | 0.052 | \$0.234 |
| 5.00 | 0.052 | \$0.260 |
| 5.50 | 0.052 | \$0.286 |
| 6.00 | 0.052 | \$0.312 |
| 6.50 | 0.048 | \$0.312 |
| 7.00 | 0.045 | \$0.315 |
| 7.50 | 0.042 | \$0.315 |
| 8.00 | 0.039 | \$0.312 |
| 8.50 | 0.039 | \$0.331 |
| 9.00 | 0.039 | \$0.351 |

THE COMPANIES

AMCON DISTRIBUTING COMPANY
10228 "L" Street
Omaha, Nebraska 68127
(402) 331-3727

AMCON is a leading wholesale distributor of consumer products including beverages, candy, tobacco, groceries, food service, frozen and chilled foods, and health and beauty care products with distribution centers in Illinois, Missouri (2), Nebraska, North Dakota, South Dakota and Wyoming. Chamberlin's Natural Foods, Inc. and Health Food Associates, Inc., are both wholly-owned subsidiaries of AMCON's direct, wholly-owned subsidiary, The Healthy Edge, Inc. (formerly "Food For Health Co. Inc."). These indirect subsidiaries operate health and natural product retail stores in central Florida (8), Kansas, Missouri, Nebraska and Oklahoma (3). The retail stores operate under the names Chamberlin's Market and Cafe and Akin's Natural Foods Market.

Based on AMCON's unaudited pro forma combined statement of operations for the year ended September 30, 2000, the revenues produced by Hawaiian Natural would represent approximately .04% of AMCON's total combined pro forma revenues.

HAWAIIAN NATURAL WATER COMPANY, INC.
16-305 Old Volcano Road
Kaaau, Hawaii 96749
(808) 966-8888

Hawaiian Natural bottles, markets and distributes the only natural water from Hawaii. Hawaiian Natural obtains its natural water from a proprietary source on the Big Island of Hawaii. The natural water is sold under the brand name "Hawaiian Springs" primarily in Hawaii but also in selected markets in the U.S. Mainland and in some international markets. Hawaiian Natural also markets purified water for home and office delivery in Hawaii under the brand name "Ali'i."

AMCON MERGER SUB, INC.
10228 "L" Street
Omaha, Nebraska 68127
(402) 331-3727

AMCON Merger Sub, Inc., a wholly owned subsidiary of AMCON, is a newly formed Delaware corporation that has not, to date, conducted any activities other than those incident to its formation, the execution of the fifth amended and restated agreement and plan of merger (sometimes referred to as the "merger agreement") and the preparation of this document. Hawaiian Natural will merge into AMCON Merger Sub which will continue the business currently conducted by Hawaiian Natural. AMCON Merger Sub will change its name to Hawaiian Natural Water Company, Inc. upon completion of the merger.

REASONS FOR THE MERGER (SEE PAGE _____)

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Hawaiian Natural has been hampered by the lack of adequate capital resources to achieve its business objectives. The capital and equipment already provided by AMCON is expected to enable Hawaiian Natural to expand its production capacity, distribution capability and sales. With the additional capital that has been invested by AMCON in Hawaiian Natural, the approximately \$2.0 million of equipment subleased to it by AMCON and AMCON's additional management support, Hawaiian Natural expects to be better positioned to obtain additional capital from third parties. There can be no assurance that additional capital will be obtained in the future to meet Hawaiian Natural's needs. See "Risk Factors." In the absence of the prior financial support provided by AMCON, there is a strong likelihood that Hawaiian Natural could not have continued as a going concern. Hawaiian Natural's board of directors therefore believes that the merger is the best alternative available to sustain Hawaiian Natural's operations and to create an opportunity for enhanced shareholder value.

OUR RECOMMENDATIONS TO SHAREHOLDERS (SEE PAGE ____)

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OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR

APPROVAL OF THE MERGER AGREEMENT.

THE MERGER

The agreement and plan of merger is sometimes referred to in this document as the merger agreement. It is attached as Annex A to this document and we urge you to read it carefully as it is the principal legal document that governs the merger. This agreement provides for the merger of Hawaiian Natural into AMCON Merger Sub, a wholly owned subsidiary of AMCON, in a stock-for-stock merger. Following completion of the merger, AMCON Merger Sub will change its name to "Hawaiian Natural Water Company, Inc." and will continue the business currently conducted by Hawaiian Natural.

AMCON will not issue any fractional shares. Accordingly, any shareholder that does not own enough shares of Hawaiian Natural common stock to be converted into one or more whole shares of AMCON common stock will receive cash instead. Similarly, any fractional share that would otherwise be receivable by any shareholder entitled to receive one or more whole shares of AMCON common stock in the merger will be converted into cash. The amount of cash payable in lieu of a fractional share will be equal to the value of any fractional shares computed based on the mean of the high and low sales prices of common stock of AMCON as reported on the American Stock Exchange on the first full day on which it is traded after completion of the merger. The amount to be paid in cash in lieu of a fractional share uses the foregoing methodology rather than the type of methodology used to determine the exchange ratio for administrative convenience and in recognition of the small total amount of cash involved.

COMPARATIVE PER SHARE MARKET PRICE INFORMATION (SEE PAGE ____)

AMCON common stock is listed on the American Stock Exchange ("AMEX") under the symbol "DIT." For the 20 trading days ending on November 7, 2000, the last full trading day before announcement of the merger agreement, the average closing sale price of AMCON common stock was \$4.91.

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For the 20 trading days ending on _____, 2001, the most recent practicable date prior to the mailing of this document, the average closing sale price of AMCON common stock was at \$_____.

Hawaiian Natural common stock is traded on the OTC Bulletin Board under the symbol "HNWC." On November 7, 2000, the last full trading day before announcement of the merger agreement, the average of the bid and asked prices of Hawaiian Natural common stock was \$0.1875. On _____, 2001, the most recent practicable date prior to the mailing of this document, the average of the bid and asked price of our common stock was \$_____.

LISTING OF AMCON COMMON STOCK

The shares issued to Hawaiian Natural shareholders in the merger will be listed on the American Stock Exchange.

FOR AMCON SHAREHOLDERS: AMCON shareholder approval is not required for approval of the merger agreement by either Delaware corporate law or the requirements of the American Stock Exchange.

OWNERSHIP OF AMCON AFTER THE MERGER

AMCON will issue a minimum of 358,168 and a maximum of 477,558 of its shares in the merger, of which 104,000 and 78,000 shares, respectively, will be received by AMCON with respect to its 2,000,000 shares of Hawaiian Natural common stock. The shares received by AMCON in the merger will be held in its treasury after the merger. Hawaiian Natural shareholders, other than AMCON, will own between 12% and 9.3% of AMCON's outstanding shares if the maximum or minimum number of shares are issued in the merger, respectively.

INTERESTS OF OFFICERS AND DIRECTORS IN THE MERGER (SEE PAGE ____)

When you consider our board of directors' recommendations that you vote in favor of the merger proposal, you should be

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aware that our President may enter into an employment agreement with AMCON Merger Sub which is currently the subject of negotiation and that he is co-owner of a company that owns land on which the well supplying natural water to Hawaiian Natural is located. In addition the officers and directors of Hawaiian Natural will receive replacement options to purchase AMCON common stock.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER (SEE PAGE ____)

Your receipt of common stock of AMCON in the merger of Hawaiian Natural into Merger Sub will be tax-free for United States federal income tax purposes, except for tax resulting from the receipt of cash instead of any fractional share of common stock of AMCON. AMCON, Hawaiian Natural and the Merger Sub will not recognize gain or loss for United States federal income tax purposes as a result of the merger.

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ACCOUNTING TREATMENT (SEE PAGE ____)

AMCON will account for the merger under the "purchase" method of accounting in accordance with accounting principles generally accepted in the United States. Using the purchase method of accounting, the assets and liabilities of Hawaiian Natural will be recorded by AMCON at their respective fair values at the time of the completion of the merger. The excess of Hawaiian Natural's purchase price over the net fair value of the assets acquired and liabilities assumed, including identifiable intangible assets, will be recorded as goodwill and assessed annually to determine if any impairment of this goodwill has occurred. Under changes recently adopted by the Financial Accounting Standards Board in Statements of Financial Accounting Standards Nos. 141 and 142, goodwill no longer is amortized through the income statement. Under the purchase method of accounting, prior period financial statements are not restated and the consolidated results of operations of Hawaiian Natural for the period after the merger will be included in AMCON's consolidated statement of income after the completion of the merger.

REGULATORY APPROVALS (SEE PAGE ____)

Except for the registration of the shares of AMCON common stock issuable in the merger under the Securities Act of 1933, as amended, and the listing of such shares on the American Stock Exchange, there are no regulatory approvals that are required to be obtained to complete the merger.

CONDITIONS TO THE COMPLETION OF THE MERGER (SEE PAGE ____)

Completion of the merger depends upon satisfaction or waiver of a number of conditions, including the following:

- o approval of the merger agreement by the requisite vote of our shareholders;
- o the common stock of AMCON shall be approved for listing on the AMEX;
- o absence of any law or order issued by a court or governmental entity prohibiting the merger;
- o absence of any law or order issued by a court or governmental entity that would reasonably be expected to have a material adverse effect on AMCON or Merger Sub after the merger;
- o material accuracy as of closing of the representations and warranties made by the parties and material compliance by the parties with their obligations;
- o the aggregate number of shares held by dissenters to the merger shall not exceed 5.0% of the total number of shares of our common stock outstanding and entitled to vote;
- o absence of a material adverse change in the financial condition, results of operations, cash flow, assets, liabilities, business or prospects of AMCON or Hawaiian Natural; and

- o agreements must be obtained from affiliates of Hawaiian Natural regarding the resale of shares of AMCON common stock they receive in the merger to ensure compliance with applicable securities laws.

TERMINATION OF THE MERGER AGREEMENT (SEE PAGE ____)

Either AMCON or Hawaiian Natural can terminate the merger agreement if any of the following occurs:

- o by mutual written consent of the parties;
- o we do not complete the merger by December 31, 2001;
- o a law or order is issued that makes consummation of the merger illegal or that permanently prohibits the merger;

The merger agreement will terminate automatically if the transactions contemplated by it are enjoined by a court of competent jurisdiction for a period extending beyond 90 days.

AMCON can terminate the merger agreement if any of the following occurs:

- o there is a breach by us of any representation, warranty, covenant or agreement that would have a material adverse effect on the financial condition, business, results of operations or prospects of Hawaiian Natural;
- o we willfully and materially breach our obligations in the merger agreement with respect to consideration of alternate acquisition proposals;
- o our board of directors does not recommend approval of the merger agreement;
- o our board of directors approves, endorses or recommends any other acquisition proposal;
- o a tender or exchange offer for securities of Hawaiian Natural has commenced and we have not sent a statement to our security holders recommending rejection of such tender or exchange offer within the required time; or
- o our board of directors or a committee of the board has resolved to do or permit any of the foregoing.

We can terminate the merger agreement if there is a breach by AMCON of any representation, warranty, covenant or agreement set forth in the merger agreement that would have a material adverse effect on the financial condition, business, results of operations or prospects of AMCON and its subsidiaries taken as a whole.

Neither AMCON nor Hawaiian Natural can terminate the merger agreement based on the reason that the merger is not completed by December 31, 2001, if the reason that the merger has not occurred is because it is in

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breach of the merger agreement.

TERMINATION FEES AND EXPENSES (SEE PAGE ____)

All fees and expenses incurred in connection with the merger will be paid by the party incurring such expenses, whether or not the merger is completed.

STOCKHOLDER AGREEMENT (SEE PAGE ____)

Some of our principal stockholders, including members of management, the board of directors, and their affiliates, who collectively vote 35.2% of the total shares outstanding and entitled to vote at the meeting have executed a stockholder agreement in which they have agreed to vote all of their shares in favor of approval of the merger agreement. AMCON also plans to vote its 2,000,000 shares of Hawaiian Natural common stock representing approximately 21.8% of the total votes entitled to be cast, in favor of approval of the merger agreement.

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AMCON DISTRIBUTING COMPANY SELECTED FINANCIAL DATA

The table below shows selected historical financial information for AMCON as of and for each of the five years ended September 30, 2000 and has been derived from the consolidated financial statements of AMCON. The information as of and for the nine months ended June 30, 2001 and 2000 has been derived from the consolidated financial statements of AMCON. The balance sheet data and operating results as of and for the years ended September 30, 1998, 1999 and 2000 and as of and for the nine months ended June 30, 2000 have been restated to reflect the Food For Health distribution business as discontinued operations. The Food For Health distribution business was sold during the nine months ended June 30, 2001. See "Information About AMCON" on page 53.

| | NINE MONTHS ENDED JUNE 30, | | YEAR ENDED | | |
|-----------------------------------|------------------------------------|-----------|------------|------------|------|
| | 2001 | 2000 | 2000 | 1999 | |
| | ---- | ---- | ---- | ---- | |
| OPERATING RESULTS: | (IN THOUSANDS, EXCEPT PER SHARE IN | | | | |
| Sales..... | \$355,924 | \$306,123 | \$ 424,731 | \$ 342,863 | \$ 2 |
| Costs of sales..... | 323,577 | 273,225 | 379,968 | 311,069 | 2 |
| | ----- | ----- | ----- | ----- | --- |
| Gross profit..... | 32,347 | 32,898 | 44,763 | 31,794 | |
| Operating expense | 29,997 | 27,536 | 37,847 | 23,938 | |
| | ----- | ----- | ----- | ----- | --- |
| Income from operations..... | 2,350 | 5,361 | 6,916 | 7,856 | |
| Interest expense..... | 2,113 | 1,808 | 2,499 | 1,282 | |
| Other (income) expense, net | (136) | (2,091) | (2,248) | (68) | |
| | ----- | ----- | ----- | ----- | --- |
| Income from continuing operations | | | | | |
| before income taxes | 373 | 5,645 | 6,665 | 6,643 | |
| Income taxes | 156 | 2,037 | 2,354 | 2,521 | |

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| | | | | | |
|--------------------------------------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net income from continuing operations... | ----- 217 ===== | ----- 3,608 ===== | ----- 4,311 ===== | ----- 4,122 ===== | ----- ----- ===== |
| Earnings (loss) per share from continuing operations (1): | | | | | |
| Basic: | \$0.08 | \$1.32 | \$1.58 | \$1.51 | |
| Diluted: | \$0.08 | \$1.26 | \$1.51 | \$1.44 | |
| Weighted average shares outstanding: | | | | | |
| Basic | 2,737,983 | 2,733,954 | 2,734,862 | 2,727,892 | 2,7 |
| Diluted | 2,826,207 | 2,858,725 | 2,853,320 | 2,855,419 | 2,7 |
| BALANCE SHEET DATA: | | | | | |
| Working Capital (5) | \$38,871 | \$20,514 | \$22,485 | \$18,088 | \$ |
| Total assets (5) | 102,705 | 54,519 | 58,828 | 53,457 | |
| Long-term obligations and subordinated debt (2) (5) | 58,865 | 26,709 | 34,383 | 31,644 | |
| Shareholders' equity (4) | 15,343 | 16,626 | 16,855 | 13,258 | |
| Cash dividends declared per common share | 0.09 | 0.09 | 0.12 | 0.08 | |