

**TWIN CITY FLOOR COVERING INDUSTRY
HEALTH AND WELFARE PLAN**

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**Notice of Critical Status
For
Twin City Floor Covering Industry Pension Plan**

This is to inform you that on October 29, 2010 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan will be in critical status for the plan year beginning August 1, 2010. Federal law requires that you receive this notice.

Critical Status

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary has determined that over the current and next three plan years, the plan is projected to have an accumulated funding deficiency for the plan year ending July 31, 2013.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan determine that the benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after November 28, 2010. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of November 28, 2010, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Disability benefits (if not yet in pay status);
- Return of contribution death benefit;
- Early retirement benefit or retirement-type subsidy, including the rule-of-90;
- Benefit payment options other than a qualified joint and survivor annuity;
- "Pop-up" benefits associated with joint and survivor annuities;
- Automatic ten year certain and life feature on benefits earned prior to August 1, 2003;
- Recent benefit increases (i.e., occurring in past 5 years);

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation beginning 30 days after receipt of this notice and until a rehabilitation plan has been adopted. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

Where to Get More Information

For more information about this Notice, you may contact Zenith Administrators, Inc. at P.O. Box 73, Minneapolis, MN 55440-0073 or by phone at 651-256-1803. You will have a right to receive a copy of the rehabilitation plan from the plan when it becomes available.

The Trustees are working with the bargaining parties to establish a rehabilitation plan. You will be receiving additional details as soon as the rehabilitation plan is established.