NOTICE TO PARTICIPANTS OF BENEFIT CHANGES

TO: Participants of the
Northern California Tile Industry Defined Benefit Plan

FROM: Board of Trustees

The Board of Trustees is happy to announce several benefit changes favorable to our participants. The effective date of each of the changes is stated in each section.

I. Changes to Benefit Amount for Accrued Benefit Earned On and After January 1, 2017

The formula for calculating the amount of your pension benefit earned for covered employment on and after January 1, 2017 has changed. The prior formula used a benefit level of $43 per month for each Year of Future Benefit Credit (1,200 hours). This $43 benefit amount has been in place for benefits accrued between January 1, 2003 and December 31, 2016. Going forward, the monthly benefit amount for each year will be set based on the funded percentage of Plan liabilities using the market value of Plan assets. That amount has been set for the Plan Year starting January 1, 2017:

January 1, 2017 – December 31, 2017 Plan Year:
The benefit level is increased from $43.00 to $57.00 per month for each Year of Future Benefit Credit earned by a participant between January 1, 2017 and December 31, 2017.

January 1, 2018 – December 31, 2018, and each Plan Year Thereafter:
For Plan Years starting January 1, 2018, the benefit amount will be set when the funded percentage for the prior Plan Year has been determined based on the prior Plan Year’s final audit and actuarial valuation. This information will be available in the Fall of each year, usually by October. That benefit amount will never be lower than $43 per month for a Year of Future Benefit Credit. In practice, this will mean that participants will start each Plan Year working under a $43 benefit level, with the possibility of an increased benefit amount as set out below applied for the whole year’s work once the amount is determined in the Fall. This is the way this process will work:

<table>
<thead>
<tr>
<th>Plan Funding Level Using Market Value of Assets as of the Last Day of the Prior Plan Year</th>
<th>Benefit Level for each Year of Future Benefit Credit earned during the Plan Year</th>
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</thead>
<tbody>
<tr>
<td>1. 105% or less</td>
<td>$43</td>
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<tr>
<td>2. Greater than 105% but less than or equal to 115%</td>
<td>$57</td>
</tr>
<tr>
<td>3. Greater than 115% but less than 130%</td>
<td>$71</td>
</tr>
<tr>
<td>4. 130% or greater</td>
<td>$85</td>
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To put the above funded percentages into perspective, the funded percentage of the Plan effective January 1, 2016 based on the 2015 Plan Year, which was determined in September of 2016 using the same process that will be used going forward, was 123.9%.

II. Special Unreduced Early Retirement Window

A special early retirement window is available for retirement effective dates starting April 1, 2016 and continuing through March 1, 2019.

To qualify for the Special Unreduced Early Retirement Window, the following requirements must be satisfied at the time of the retirement effective date:

a. Participant has attained age 55; and

b. The sum of the Participant’s age at retirement and his or her Years of Credited Service for Vesting (counting partial years for both purposes) is at least 85; and

c. The Participant accrued 3 Years of Credited Service for Vesting in the five years preceding retirement, or if the Participant is disabled, the Participant had accrued 3 Years of Credited Service for Vesting in the five plan years preceding the year he or she became disabled.

If you qualify, you can retire early and receive your Normal Retirement Benefit without any reduction for early retirement.

III. 2016 Thirteenth Check

Retirees and Beneficiaries that were in pay status on December 1, 2016 received a thirteenth check in an amount equal to their normal monthly benefit.

The above Notice of Benefit Changes provides you with a summary of changes to the Northern California Tile Industry Defined Benefit Plan that were made in the Plan Year ending December 31, 2016. This Notice supplements the Summary Plan Description (SPD). Please read it carefully and retain it with your copy of the SPD for future reference. If you have any questions, call or write the Administrative Office at:

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