

Coats & Clark

Coats & Clark
30 Patewood Drive
Suite 351
Greenville, SC 29615
Telephone 803-234-0331

2520040152622

August 7, 1992

Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5644
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

Gentlemen:

Under Part 1 of Title 1 of the Employee Retirement Income Security Act of 1974 we wish to advise you that:

Coats & Clark Inc.
P. O. Box 24998
Greenville, SC 29616-2498

EIN 05-0267426

maintains one plan primarily for the purpose of providing deferred compensation for a select group of management employees. There are 27 participants in the plan.

Benefits, when paid, will be paid solely from the general assets of the employer.

Very truly yours,

Charles A. Warder
Vice President & Treasurer

CAW:cn



Coats & Clark

Coats & Clark
30 Patewood Drive
Suite 351
Greenville, SC 29615
Telephone 803-234-0331

September 9, 1992

92 SEP 15 P6:20
REPORTING COMPLIANCE

Mr. Ronald D. Allen
Chief, Division of Reporting Compliance
U. S. Department of Labor
Pension and Welfare Benefits Administration
Washington, DC 20210

Dear Mr. Allen:

Enclosed is a copy of your letter of August 31, 1992, which refers to a letter of May 21. I expect you mean my original letter to you dated August 7, 1991, which is also attached. A copy of the Plan document, and a certified copy of a Resolution of the Board of Directors adopting the Plan are also enclosed.

Since the date of adoption is May 14, 1992, we believe we made a timely filing. However, in the event it is determined that the filing was not timely, we would expect to take advantage of the "grace period" provided under the regulations.

Very truly yours,

Charles A. Warder
Vice President & Treasurer

Enclosures

CAW:cn

U.S. Department of Labor

Pension and Welfare Benefits Administration
Washington, D.C. 20210

August 31, 1992

Coats & Clark Inc.
P.O. Box 24998
Greenville, South Carolina 29606-2498

Re: Alternative Method of Compliance for Pension Plans for Selected Employees (DRC-TH# 92-0187)

Employer Identification Number: 05-0267426
Date of Statement: May 21, 1992

Dear Sir or Madame:

This letter acknowledges receipt of your statement submitted on behalf of the subject pension plan(s) pursuant to the Department of Labor's (Department) Regulation 29 CFR Section 2520.104-23, "Alternative Method of Compliance for Pension Plans for Selected Employees" (commonly referred to as "top hat plans").

We are unable to determine if your statement was submitted timely --within 120 days after the plan(s) became subject to Part 1 of Title I of ERISA. Please submit the plan document or summary plan description showing the date that the referenced plan(s) became subject to Part 1 of Title I of ERISA within 30 days of the date of this letter. If you failed to file the statement timely you may not avail yourself of the relief afforded by the alternative method of compliance and, therefore, must comply with all applicable reporting and disclosure requirements under Part 1 of Title I of ERISA. You may, however, take advantage of the "grace period" program described below.

On April 20, 1992, the Department published a notice in the Federal Register (57 FR 14436) announcing an expanded program for assessing civil penalties under ERISA section 502(c)(2). In the same notice, the Department also announced that for a limited "grace period" period (March 23, 1992 until September 30, 1992) plan administrators who voluntarily file overdue annual reports in accordance with the conditions set forth in the notice will be assessed reduced penalties (copy of notice attached). On July 24, 1992, the Department published a notice in the Federal Register (57 FR 33019) clarifying its position with respect to unfunded/fully insured top hat pension plans (copy of notice attached).

If you failed to file a Top Hat Statement within the 120 period you may wish to take advantage of the grace period program. In

order to apply for the reduced grace period penalty amounts, you must resubmit a statement that meets the alternative method of compliance along with a check for the appropriate penalty amount ($1,000) to the Department before the end of the grace period. Please include the above DRC-TH# on your statement ensure proper identification of your case. Your check must be made Payable to the U.S. Department of Labor, and mailed along with your statement to the following address:

Pension and Welfare Benefits Administration
P.O. Box 75212
Washington, D.C. 20013-5212

For further information concerning the assessment of civil penalties under Section 502(c)(2) of ERISA, refer to Department regulations 29 CFR Sections 2560.502c-2 and 2570.60 and subsequent sections. If you have any questions, you may contact Ms. Karen Lynn Bell at (202) 523-4006. This is not a toll free number.

Sincerely,

Ronald D. Allen
Chief, Division of Reporting Compliance

Attachments

CERTIFIED RESOLUTIONS

I, Gwendolyn G. Martin, Secretary of Coats & Clark Inc. (the "Corporation"),

DO HEREBY CERTIFY that the following is a true copy of resolutions adopted by the Board of Directors of the Corporation on the 14th day of May, 1992, and that said resolutions have not been modified, amended or rescinded and are still in full force and effect:

> RESOLVED, that the Board of Directors of the Corporation deems it advisable to adopt the Retirement Restoration Plan for Participants in the Coats & Clark Retirement Plan for Salaried Employees (the "Plan") in the form attached hereto as Exhibit A; and
>
> FURTHER RESOLVED, that adoption of the Plan shall be effective as of May 14, 1992; and
>
> FURTHER RESOLVED, that F. E. Bradley, Vice President of the Corporation be, and he hereby is, authorized and directed to execute the Plan document in the name and on behalf of the Corporation.

IN WITNESS WHEREOF, the undersigned, as Secretary of the Corporation, have set my hand and the seal of the Corporation this 9th day of September, 1992.

Gwendolyn G. Martin
Secretary

[S E A L]

RETIREMENT RESTORATION PLAN FOR PARTICIPANTS IN THE COATS & CLARK RETIREMENT PLAN FOR SALARIED EMPLOYEES

PREAMBLE

The principal objective of this Retirement Restoration Plan For Participants in the Coats & Clark Retirement Plan For Salaried Employees is to ensure the payment of a competitive level of retirement income in order to attract, retain and motivate selected executives. The Plan is designed to provide a benefit which, when added to other retirement income of the executive, will meet the objective described above. Eligibility for participation in the Plan shall be limited to executives selected by the Committee. This Plan which restates the Plan approved by the Board of Directors of the Company on December 17, 1984 will become effective on January, 1, 1991 and will be effective with respect to those active Participants who were previously selected and with respect to each other Participant as of the date he or she is designated hereunder.

SECTION I

Definitions

1.1. *"Affiliate" shall mean any member of the same controlled group of corporations, or the same group of trades or businesses under 'common control' or an 'affiliated service group,' all within the meanings of the Sections 414(b), (c) and (n) of the 1986 Internal Revenue Code, as amended.*

1.2 *"Basic Plan" means the Coats & Clark Inc. Retirement Plan For Salaried Employees.*

1.3 *"Basic Plan Benefit" means that amount of benefit payable from the Basic Plan to a Participant in the form of a straight life annuity.*

1.4 *"Committee" means the Committee of the Company which has been given authority by the Board of Directors to administer the Plan.*

1.5 *"Company" means Coats & Clark Inc. and Coats & Clark's Sales Corporation.*

1.6 *"Earnings" means the amount of Earnings under the Basic Plan, but including all amounts in excess of the $200,000 limit (as indexed)*

specified in Section 1.12 of the Basic Plan.

1.7 *"Participant" means an employee of the Company designated as a Participant by the Committee and approved by the Board of Directors of the Company. An employee shall become a Participant in the Plan as of the date he or she is individually selected by, and specifically named in the resolutions of, the Committee for inclusion in the Plan.*

1.8 *"Plan" means the Company's Retirement Restoration Plan For Participants in the Coats & Clark Inc. Retirement Plan For Salaried Employees.*

1.9 *"Retirement" means the termination of a Participant's employment with the Company on one of the retirement dates specified in Section 2.1.*

1.10 *"Service means a Participant's years of Membership Service as defined in the Basic Plan, up to a maximum of thirty years.*

1.11 *"Surviving Spouse" means an individual who is a surviving Spouse as defined under the Basic Plan.*

1.12 *The masculine gender, where appearing in the Plan will be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates the contrary.*

SECTION II

Eligibility For Benefits

2.1 *Each Participant is eligible to retire and receive a benefit under this Plan beginning on the date he commences payment of benefits under the Basic Plan.*

SECTION III

Amount and Form of Retirement Benefit

Amount of Benefit

3.1 *The annual retirement benefit payable at a Normal Retirement Date under the Plan will equal the excess, if any, of (a) over (b) where:*

(a) is the greater of (i) the annual benefit (including cost of living adjustments, if any) calculated in accordance with the provisions of the Basic Plan if the provisions of the Basic Plan were administered without regard to the benefit limitations set forth in Section 4.07 of the Basic Plan and by using Earnings as defined in Section 1.6 of this Plan, or (ii) the annual benefit (including cost of living adjustments, if any) calculated in accordance with the provisions of the Basic Plan as it was in effect on December 31, 1990 if the provisions of the Basic Plan were administered without regard to the benefit limitations in Section 4.07 of the Basic Plan and by using Earnings as defined in Section 1.6 of this Plan, calculated in the form of a straight life annuity, and

(b) is the Basic Plan Benefit, including cost of living adjustments, if any.

3.2 *The annual benefit payable at an Early Retirement Date will equal the excess of the vested portion of the benefit determined in Section 3.1(a) reduced by the factors set out in Section 4.03 of the Basic Plan according to the age of the Participant on the date the benefit commences to be paid, over the vested portion of the benefit determined in Section 3.1(b) reduced by the applicable factors set out in Section 4.03 of the Basic Plan.*

3.3 *The annual benefit at a Postponed Retirement Date, will be equal to the benefit determined in accordance with Section 3.1 based on Service and Earnings as of the Participant's Retirement Date.*

Form of Benefit

3.4 *The benefits determined under this Plan will be payable in the same form and at the same time as that elected by the Participant with respect to benefits payable under the Basic Plan.*

Vesting

3.5 *Notwithstanding the Company's right to discontinue the Plan as provided in Section 5, a Participant shall have a nonforfeitable right to the benefits payable to him under the Plan to the same extent as benefits are nonforfeitable under Section 7.02 of the Basic Plan.*

SECTION IV

Payment of Retirement Benefits

4.1 *Benefits payable in accordance with Section III will commence on the Participant's date of Retirement under the Basic Plan. Benefits will continue to be paid on the first day of each succeeding month. The last payment will be on the first day of the month in which the retired Participant dies unless otherwise elected in accordance with Section 3.4.*

SECTION V

Miscellaneous

5.1 *The Company may, in its sole discretion, terminate, suspend or amend this Plan at any time or from time to time, in whole or in part. However, no amendment or suspension of the Plan will affect a retired Participant's right or the right of a Surviving Spouse to continue to receive a benefit in accordance with this Plan as in effect on the date such Participant commenced to receive a benefit under this Plan.*

If the Company should amend this Plan, the rights of a Participant to his benefit under this Plan, determined as of the effective date of such amendment, shall not be eliminated or reduced. If the Corporation should terminate this Plan, the rights of a Participant to his retirement income earned to the date of such Plan's termination shall be nonforfeitable. If the Corporation should terminate the Basic Plan with respect to Participants therein, the applicable benefits herein shall be payable to affected Participants in this Plan in accordance with all of the terms and conditions applicable to such individual's benefits under the Basic Plan, in the event of its termination, except to the extent such terms and conditions in any manner are affected by Title IV of the Employees Retirement Income Security Act of 1974, as amended from time to time.

5.2 *Nothing contained herein will confer upon any Participant the right to be retained in the service of the Company, nor will it interfere with the right of the Company to discharge or otherwise deal with Participants without regard to the existence of the Plan.*

5.3 *This Plan is unfunded, and the Company will make Plan benefit payments solely on a current disbursement basis from the general assets of the Company.*

5.4 *To the maximum extent permitted by law, no benefit under this Plan shall be assignable or subject in any manner to alienation, sale, transfer, claims of creditors, pledge, attachment or encumbrances of any kind.*

5.5 *The Committee may adopt rules and regulations to assist it in the administration of the Plan.*

5.6 *Each Participant shall receive a copy of this Plan.*

5.7 *The Plan is established under and will be construed according to the laws of the State of Delaware.*

IN WITNESS WHEREOF, the Company has caused this Plan to be executed this 14th day of May, 1992.

COATS & CLARK INC.

BY _____
Vice President