

ORDINANCE NO. 11-05

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY, AUTHORIZING AND APPROVING AMENDMENTS TO THE LOAN AGREEMENT BETWEEN THE CITY OF SOMERSET, KENTUCKY AND ARMSTRONG HARDWOOD FLOORING COMPANY, A TENNESSEE CORPORATION (THE "COMPANY") AND THE TRUST INDENTURE BETWEEN U.S. BANK NATIONAL ASSOCIATION AND THE CITY OF SOMERSET, KENTUCKY AND ANY AND ALL OTHER RELATED DOCUMENTS NECESSARY THERETO REGARDING THE \$10,000,000 PRINCIPAL AMOUNT OF CITY OF SOMERSET, KENTUCKY VARIABLE RATE DEMAND INDUSTRIAL BUILDING REVENUE REFUNDING BONDS (ARMSTRONG HARDWOOD FLOORING COMPANY PROJECT), SERIES 2009 (THE "BONDS") ISSUED REGARDING THE MANUFACTURING FACILITY LOCATED AT 630 INDUSTRY ROAD, SOMERSET, PULASKI COUNTY, KENTUCKY, 42501, AND APPROVING, AUTHORIZING AND ACKNOWLEDGING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE CITY OF SOMERSET, KENTUCKY AND THE COMPANY; A SUPPLEMENTAL INDENTURE BETWEEN U.S. BANK NATIONAL ASSOCIATION AND THE CITY OF SOMERSET, KENTUCKY; AND ANY AND ALL OTHER RELATED DOCUMENTS NECESSARY THERETO.

WHEREAS, the City of Somerset, Kentucky, a city organized and existing under the laws of the Commonwealth of Kentucky (the "City") did authorize and issue \$10,000,000 principal amount of its Variable Rate Demand Industrial Building Revenue Refunding Bonds (Armstrong Hardwood Flooring Company Project), Series 2009 (the "Bonds"); and

WHEREAS, Armstrong Hardwood Flooring Company, a Tennessee corporation (the "Company") is seeking to provide an alternate letter of credit from a different banking company as credit support for the Bonds; and

WHEREAS, the new credit facility for the Company requires amendments to the Loan Agreement between the City and the Company, dated as of July 1, 2009 (the "Loan Agreement"), and the Trust Indenture between U.S. Bank National Association (the "Trustee") and the City, dated as of July 1, 2009 (the "Indenture"); and

WHEREAS, the City is authorized and empowered by the Industrial Building Revenue Bond Act (Section 103.200 to 103.285, inclusive) of the Kentucky Revised Statutes (the "Act"), to issue revenue bonds to defray the costs of an industrial building as defined in the Act and is authorized to issue refunding bonds to refund bonds previously issued for industrial buildings; and

WHEREAS, the City, acting by and through its City Council, has determined that it is necessary and desirable and in the public interest to assist the Company in restructuring its credit facility by and through the approval, execution and delivery of amendments to the Loan Agreement and the Indenture and any and all other related documents necessary thereto and

WHEREAS, pursuant to the Reimbursement Agreement, dated as of July 1, 2009, between JPMorgan Chase Bank, N.A. (the "Initial Letter of Credit Bank") and the Company, the Initial Letter of Credit Bank issued a Letter of Credit, No. CPCS-778277 (the "Initial Letter of Credit"), in favor of the Trustee to support the initial issuance of Bonds under the Indenture (the "Initial Bonds"); and

WHEREAS, the Company wishes to replace the Initial Letter of Credit with a letter of credit issued by Crédit Agricole Corporate and Investment Bank pursuant to the Receivables Purchase Agreement, dated as of December 10, 2010 (as the same may be amended, modified, restated or supplemented from time to time, the "Receivables Purchase Agreement"), among Armstrong Receivables Company LLC, as Seller ("Armstrong Receivables"), Armstrong World Industries, Inc., as Servicer ("Armstrong World"), Atlantic Asset Securitization LLC, as Conduit Purchaser, and Crédit Agricole Corporate and Investment Bank, as Administrative Agent, Related Committed Purchaser and LC Bank ("Crédit Agricole"); and

WHEREAS, pursuant to the Receivables Purchase Agreement, Crédit Agricole will issue a letter of credit in favor of the Trustee to support the remarketing of the Bonds under the Indenture (any new Bonds to be issued pursuant to such remarketing, the "Remarketed Bonds"), which letter of credit, together with any other letter of credit issued by Crédit Agricole in favor of the Trustee pursuant to the Receivables Purchase Agreement to support the Bonds, will henceforth constitute the Letter of Credit referred to in the Indenture (the "Letter of Credit"),

NOW, THEREFORE, BE AND IT IS HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF SOMERSET, COMMONWEALTH OF KENTUCKY, AS FOLLOWS:

Section 1. Modifications to the Indenture The Indenture shall be amended as follows:

Section 1.1. Waiver of Subrogation. To the extent that Crédit Agricole enjoys any right of subrogation to the rights of the Bondholders under the Indenture, whether upon payment under the Letter of Credit or otherwise, Crédit Agricole hereby expressly waives and disclaims such right. Crédit Agricole expressly waives and disclaims all right of recovery by way of subrogation in respect of any amounts payable to the Bondholders under the Indenture.

Section 1.2 Waiver of Security

(a) Crédit Agricole hereby waives any lien or any other security granted in its favor under the Indenture, including without limitation (i) the lien over the trust granted in the Granting Clauses, (ii) any pledge of Bonds set forth in Section 3.05, and (iii) any interest of Crédit Agricole in the Bond Fund, the Project Fund or the Reimbursement Account.

(b) In furtherance and not in limitation of the foregoing, any reference to Pledged Bonds under the Indenture shall be deemed to refer to Project Bonds, and the following provisions of the Indenture shall be deemed without effect and stricken therefrom:

- (1) the final sentence of Section 2.02;
- (2) clause (2) and the final three paragraphs of Section 3.05A; and
- (3) the final sentence of Section 3.10.

Section 1.3 Payments to Crédit Agricole. Notwithstanding any provision in the Indenture to the contrary, any amount or other consideration that would otherwise be payable to Crédit Agricole in its role as Bank pursuant to any section of the Indenture, including without limitation any amounts in respect of Remarketing Proceeds as set forth in Section 3.09B, and any amounts payable pursuant to Section 9.10(d), shall instead be paid directly to Armstrong in its role as Borrower.

Section 1.4 Control Provisions

(a) Notwithstanding any provision in the Indenture to the contrary, the consent of Crédit Agricole in its role as Bank shall not be required for the Trustee to take any of the following actions:

- (1) the payment of the redemption price of Bonds with moneys received from a drawing under the Letter of Credit as set forth in Section 3.08;
- (2) the purchase of Bonds at the direction of the Borrower as set forth in Section 3.09A;
- (3) the giving of the notice described in the final sentence of Section 3.09C;
- (4) the expenditure of moneys in the Project Fund pursuant to requisitions signed by an Authorized Borrower Representative as set forth in Section 6.07; and
- (5) the declaration of the Bonds to be due and payable upon the occurrence of an Event of Default described in paragraphs (e), (f), (g) or (h) of Section 9.01, as set forth in Section 9.02A.

(b) Crédit Agricole in its role as Bank hereby waives its right to recover any unapplied funds held by the Paying Agent following a breach of the Borrower's obligations under the Reimbursement Agreement as described in the final parenthetical in Section 3.09B.

(c) The final paragraph of Section 14.01 of the Indenture shall be without effect, and Crédit Agricole in its role as Bank hereby waives its right to give or withhold any consents, approvals, waivers or directions otherwise permitted to be given by the holders of Bonds, including without limitation the power to direct the Trustee to enforce its rights, or direct remedies under the Indenture, upon the occurrence of any Event of Default as set forth in Sections 9.02C or 9.04.

Section 1.5 Release of Initial Letter of Credit

(a) Upon the successful remarketing of all of the Bonds following their mandatory tender in connection with the substitution of the Initial Letter of Credit, the Trustee shall terminate the Initial Letter of Credit immediately by sending notice of such termination to the Initial Letter of Credit Bank, notwithstanding any timeframe set forth in the Indenture (including, without limitation, the requirement under Section 3.03B(1) that the Bonds are subject to mandatory tender at least five (5) Business Days prior to the date on which a Letter of Credit is to be released (in connection with the substitution of the Letter of Credit then in effect)).

(b) For the avoidance of doubt, it is the intention and understanding of the parties that the Initial Letter of Credit shall support the Initial Bonds as long as the Initial Bonds are outstanding, and the Letter of Credit shall support the Remarketed Bonds upon the issuance of the Remarketed Bonds, but in no event shall the Trustee be entitled to draw upon (i) the Initial Letter of Credit in connection with the Remarketed Bonds, or (ii) the Letter of Credit in connection with the Initial Bonds.

Section 2. Modifications to the Loan Agreement. The Loan Agreement shall be amended as follows:

Section 2.1 Waiver of Assignment. Crédit Agricole hereby waives any assignment in its favor under the Loan Agreement, including without limitation any assignment by the Trustee of its Notes pursuant to Section 2.3.

Section 2.2 Payments to Crédit Agricole

(a) In the event of any optional prepayment, Crédit Agricole in its role as Bank shall be deemed to have delivered to the Borrower a waiver of the Borrower's obligation to deposit with the Bank the full amount of the prepayment price as required by the sixth paragraph of Section 2.1 and Sections 2.6 or 2.8.

(b) Notwithstanding any provision in the Loan Agreement to the contrary, any other amount or other consideration that would otherwise be payable by the Borrower to Crédit Agricole in its role as Bank pursuant to any section of the Loan Agreement, including without limitation any amounts in respect of Loan Proceeds as set forth in Section 2.1, any amount in respect of Loan Payments as set forth in Section 2.4, any amounts collected and applied to payment of principal of and interest and any premium on the Bonds collected pursuant to action taken upon an Event of Default as set forth in Section 9.2, and any amounts remaining in the Bond Fund as set forth in Section 10.2, shall instead be paid directly to the Trustee for application pursuant to the Indenture.

Section 2.3 Control Provisions

(a) Notwithstanding any provision in the Loan Agreement to the contrary, the approval of Crédit Agricole in its role as Bank over provisions to make Additional Payments shall not be required as otherwise set forth in Sections 8.1 and 8.5.

(b) Notwithstanding any provision in the Loan Agreement to the contrary, the rights of Crédit Agricole in its role as Bank to consent to or direct the following actions shall instead be exercised by the Trustee:

- (1) the investment of moneys held as part of the Bond Fund or Project Fund at the written direction of the Authorized Borrower Representative as set forth in Section 4.5;
- (2) the release from the lien of any mortgage of portions of land as set forth in Section 5.3;
- (3) the approval of a title insurance policy or endorsement as set forth in Section 5.7; and

- (4) the assignment of the Loan Agreement by the Borrower and the release of the Borrower's obligations thereunder as set forth in Section 7.1 and 10.11.

(c) Crédit Agricole in its role as Bank hereby waives its right to direct or to give or withhold any consents, approvals, waivers or directions related to the taking of remedies upon the occurrence of an Event of Default, including without limitation the power to direct the Issuer or the Trustee to pursue remedies, take actions or otherwise enforce rights at law or equity, or under the Loan Agreement or under the Indenture, as set forth in Sections 9.(c)-(e).

Section 3. No Further Amendments. Except for those modifications specifically set forth herein, the Indenture and Loan Agreement remain in full force and effect and all provisions for which no modification, deletion or amendment is listed remain in full force and effect.

Section 4. Approval and Authorization of Execution for Various Documents. The following document in the respective form attached to this Ordinance is hereby approved, subject to such minor changes, insertions or omissions as may be approved by the Mayor, such approval to be conclusively evidenced by his execution of said document, in order to effectuate the purposes of this Ordinance; and the Mayor is hereby authorized to execute and acknowledge the same for and on behalf of the City; and the City Clerk is authorized to attest same and to affix thereto the corporate seal of the Issuer. Said document is hereby ordered to be filed in the office of the City Clerk, labeled Exhibit A, as identified below, and said document is ordered to be recorded with this Ordinance in the official records of the Issuer: Exhibit A – Side Letter from the City and Crédit Agricole to Trustee, dated on or about April 1, 2011.

Section 5. Further Actions of Issuer Officials Authorized. Pursuant to the Constitution and laws of the Commonwealth of Kentucky, the Mayor, the City Clerk and all other appropriate officials of the Issuer are hereby authorized and directed to take any and all further actions and to execute and deliver all other documents as may be necessary to effect the issuance and delivery of the Bonds.

Section 6. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

Section 7. Headings of Ordinance. The captions of this Ordinance are for convenience only and are not to be construed as part of this Ordinance nor as defining or limiting in any way the scope or intent of the provisions hereof.

Section 8. Repealer. To the extent any resolution, ordinance or part thereof is in conflict with this Ordinance, the provisions of this Ordinance shall prevail.


Section 9. Effective Date of Ordinance. This Ordinance shall take effect from and after its adoption, approval and publication of Notice of Passage hereof, including the title of this Ordinance, which publication is hereby approved by the Clerk of the City Council pursuant to KRS 67.077 and KRS 103.210

[Remainder of this page intentionally left blank.]

CERTIFICATION

I, the City Clerk of the City of Somerset, Kentucky, do hereby certify that the foregoing is a true, correct copy of Ordinance No. 11-05, relating to the City of Somerset, Kentucky Variable Rate Demand Industrial Building Revenue Refunding Bonds (Armstrong Hardwood Flooring Company Project), Series 2009, enacted by the City Council of the City of Somerset at its meeting held on the 28th day of March, 2011, and is in full force and effect.

Witness my hand this 31st day of March, 2011.



David Godsey
City Clerk

Exhibit A

April [], 2011

U.S. Bank National Association, as Trustee
225 Asylum Street, 23rd Floor
Hartford, CT 06103
Attention: Michael M. Hopkins

Re: \$10,000,000 The City of Somerset, Kentucky Variable Rate Demand
Industrial Building Revenue Refunding Bonds, Series 2009 (Recovery Zone Facility Bonds)
(Armstrong Hardwood Flooring Company Project) (the "Bonds")

Ladies and Gentlemen:

We refer to:

- (a) the Trust Indenture, dated as of July 1, 2009 (as the same may be amended, modified, restated or supplemented from time to time, the "Indenture"), among The City of Somerset, Kentucky (the "Issuer") and U.S. Bank National Association, as Trustee (the "Trustee"), relating to the Bonds;
- (b) the Loan Agreement, dated as of July 1, 2009 (as the same may be amended, modified, restated or supplemented from time to time, the "Loan Agreement"), among the Issuer and Armstrong Hardwood Flooring Company ("Armstrong"), as Borrower;
- (c) the Receivables Purchase Agreement, dated as of December 10, 2010 (as the same may be amended, modified, restated or supplemented from time to time, the "Receivables Purchase Agreement"), among Armstrong Receivables Company LLC, as Seller ("Armstrong Receivables"), Armstrong World Industries, Inc., as Servicer ("Armstrong World"), Atlantic Asset Securitization LLC, as Conduit Purchaser, and Crédit Agricole Corporate and Investment Bank, as Administrative Agent, Related Committed Purchaser and LC Bank ("Crédit Agricole").

Capitalized terms used and not otherwise defined herein shall have the meanings set forth for such terms in the Indenture. Section references in Part I hereof not otherwise specified shall refer to the corresponding sections of the Indenture, and section references in Part II hereof not otherwise specified shall refer to the corresponding sections of the Loan Agreement. This Agreement shall be deemed to be (1) a supplement to the Indenture pursuant to Section 12.01 thereof and (2) an amendment to the Loan Agreement pursuant to Section 10.5 thereof and Section 13.01(vi) of the Indenture.

WHEREAS, pursuant to the Reimbursement Agreement, dated as of July 1, 2009, between JPMorgan Chase Bank, N.A. (the "Initial Letter of Credit Bank") and Armstrong, the Initial Letter of Credit Bank issued a Letter of Credit, No. CPCS-778277 (the "Initial Letter of Credit"), in favor of the Trustee to support the initial issuance of Bonds under the Indenture (the "Initial Bonds"),

WHEREAS, the Borrower wishes to replace the Initial Letter of Credit with a letter of credit issued by Crédit Agricole pursuant to the Receivables Purchase Agreement, and

WHEREAS, pursuant to the Receivables Purchase Agreement, Crédit Agricole will issue a letter of credit in favor of the Trustee to support the remarketing of the Bonds under the Indenture (any new Bonds to be issued pursuant to such remarketing, the "Remarketed Bonds"), which letter of credit, together with any other letter of credit issued by Crédit Agricole in favor of the Trustee pursuant to the Receivables Purchase Agreement to support the Bonds, will henceforth constitute the Letter of Credit referred to in the Indenture (the "Letter of Credit"),

NOW, THEREFORE, the parties to this side letter agreement (this "Agreement") agree as follows:

PART I MODIFICATIONS TO INDENTURE

SUBPART 1.1 Waiver of Subrogation. To the extent that Crédit Agricole enjoys any right of subrogation to the rights of the Bondholders under the Indenture, whether upon payment under the Letter of Credit or otherwise, Crédit Agricole hereby expressly waives and disclaims such right. Crédit Agricole expressly waives and disclaims all right of recovery by way of subrogation in respect of any amounts payable to the Bondholders under the Indenture.

SUBPART 1.2 Waiver of Security. (a) Crédit Agricole hereby waives any lien or any other security granted in its favor under the Indenture, including without limitation (i) the lien over the trust granted in the Granting Clauses, (ii) any pledge of Bonds set forth in Section 3.05, and (iii) any interest of Crédit Agricole in the Bond Fund, the Project Fund or the Reimbursement Account.

(b) In furtherance and not in limitation of the foregoing, any reference to Pledged Bonds under the Indenture shall be deemed to refer to Project Bonds, and the following provisions of the Indenture shall be deemed without effect and stricken therefrom:

- (1) the final sentence of Section 2.02;
- (2) clause (2) and the final three paragraphs of Section 3.05A; and
- (3) the final sentence of Section 3.10.

SUBPART 1.3 Payments to Crédit Agricole. Notwithstanding any provision in the Indenture to the contrary, any amount or other consideration that would otherwise be payable to Crédit Agricole in its role as Bank pursuant to any section of the Indenture, including without limitation any amounts in respect of Remarketing Proceeds as set forth in Section 3.09B, and any

amounts payable pursuant to Section 9.10(d), shall instead be paid directly to Armstrong in its role as Borrower.

SUBPART 1.4 Control Provisions. (a) Notwithstanding any provision in the Indenture to the contrary, the consent of Crédit Agricole in its role as Bank shall not be required for the Trustee to take any of the following actions:

- (1) the payment of the redemption price of Bonds with moneys received from a drawing under the Letter of Credit as set forth in Section 3.08;
- (2) the purchase of Bonds at the direction of the Borrower as set forth in Section 3.09A;
- (3) the giving of the notice described in the final sentence of Section 3.09C;
- (4) the expenditure of moneys in the Project Fund pursuant to requisitions signed by an Authorized Borrower Representative as set forth in Section 6.07; and
- (5) the declaration of the Bonds to be due and payable upon the occurrence of an Event of Default described in paragraphs (e), (f), (g) or (h) of Section 9.01, as set forth in Section 9.02A.

(b) Crédit Agricole in its role as Bank hereby waives its right to recover any unapplied funds held by the Paying Agent following a breach of the Borrower's obligations under the Reimbursement Agreement as described in the final parenthetical in Section 3.09B.

(c) The final paragraph of Section 14.01 of the Indenture shall be without effect, and Crédit Agricole in its role as Bank hereby waives its right to give or withhold any consents, approvals, waivers or directions otherwise permitted to be given by the holders of Bonds, including without limitation the power to direct the Trustee to enforce its rights, or direct remedies under the Indenture, upon the occurrence of any Event of Default as set forth in Sections 9.02C or 9.04.

SUBPART 1.5 Release of Initial Letter of Credit. (a) Upon the successful remarketing of all of the Bonds following their mandatory tender in connection with the substitution of the Initial Letter of Credit, the Trustee shall terminate the Initial Letter of Credit immediately by sending notice of such termination to the Initial Letter of Credit Bank, notwithstanding any timeframe set forth in the Indenture (including, without limitation, the requirement under Section 3.03B(1) that the Bonds are subject to mandatory tender at least five (5) Business Days prior to the date on which a Letter of Credit is to be released (in connection with the substitution of the Letter of Credit then in effect)).

(b) For the avoidance of doubt, it is the intention and understanding of the parties that the Initial Letter of Credit shall support the Initial Bonds as long as the Initial Bonds are outstanding, and the Letter of Credit shall support the Remarketed Bonds upon the issuance of the Remarketed Bonds, but in no event shall the Trustee be entitled to draw upon (i) the Initial Letter of Credit in connection with the Remarketed Bonds, or (ii) the Letter of Credit in connection with the Initial Bonds.

PART II
MODIFICATIONS TO LOAN AGREEMENT

SUBPART 2.1 Waiver of Assignment. (a) Crédit Agricole hereby waives any assignment in its favor under the Loan Agreement, including without limitation any assignment by the Trustee of its Notes pursuant to Section 2.3.

SUBPART 2.2 Payments to Crédit Agricole. (a) In the event of any optional prepayment, Crédit Agricole in its role as Bank shall be deemed to have delivered to the Borrower a waiver of the Borrower's obligation to deposit with the Bank the full amount of the prepayment price as required by the sixth paragraph of Section 2.1 and Sections 2.6 or 2.8.

(b) Notwithstanding any provision in the Loan Agreement to the contrary, any other amount or other consideration that would otherwise be payable by the Borrower to Crédit Agricole in its role as Bank pursuant to any section of the Loan Agreement, including without limitation any amounts in respect of Loan Proceeds as set forth in Section 2.1, any amount in respect of Loan Payments as set forth in Section 2.4, any amounts collected and applied to payment of principal of and interest and any premium on the Bonds collected pursuant to action taken upon an Event of Default as set forth in Section 9.2, and any amounts remaining in the Bond Fund as set forth in Section 10.2, shall instead be paid directly to the Trustee for application pursuant to the Indenture.

SUBPART 2.3 Control Provisions. (a) Notwithstanding any provision in the Loan Agreement to the contrary, the approval of Crédit Agricole in its role as Bank over provisions to make Additional Payments shall not be required as otherwise set forth in Sections 8.1 and 8.5.

(b) Notwithstanding any provision in the Loan Agreement to the contrary, the rights of Crédit Agricole in its role as Bank to consent to or direct the following actions shall instead be exercised by the Trustee:

- (1) the investment of moneys held as part of the Bond Fund or Project Fund at the written direction of the Authorized Borrower Representative as set forth in Section 4.5;
- (2) the release from the lien of any mortgage of portions of land as set forth in Section 5.3;
- (3) the approval of a title insurance policy or endorsement as set forth in Section 5.7; and
- (4) the assignment of the Loan Agreement by the Borrower and the release of the Borrower's obligations thereunder as set forth in Section 7.1 and 10.11.

(c) Crédit Agricole in its role as Bank hereby waives its right to direct or to give or withhold any consents, approvals, waivers or directions related to the taking of remedies upon the occurrence of an Event of Default, including without limitation the power to direct the Issuer or the Trustee to pursue remedies, take actions or otherwise enforce rights at law or equity, or under the Loan Agreement or under the Indenture, as set forth in Sections 9.(c)-(e).

PART III
EFFECTIVENESS; TERMINATION

SUBPART 3.1 Effectiveness. This Agreement shall become effective on the date on which the Trustee has received signature pages (including by facsimile or other electronic delivery) to this Agreement duly executed by each party hereto (including itself).

SUBPART 3.2 Termination. This Agreement, and the specific agreements set forth in Part I hereof, shall continue in effect until Crédit Agricole provides written notice of its termination of this Agreement to the Trustee. Crédit Agricole hereby agrees that it shall not give any notice under this Subpart 3.2 so long as the Letter of Credit then in effect is issued pursuant to the Receivables Purchase Agreement.

PART IV
MISCELLANEOUS PROVISIONS

SUBPART 4.1 Notices. Except as otherwise expressly provided herein, all notices and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person; when mailed by first class registered, certified or express mail, postage prepaid; when sent by recognized overnight delivery service with all charges prepaid; or when sent by facsimile transmission, in each case addressed (i) to the Issuer, the Borrower and the Trustee, respectively, at the respective addresses or facsimile numbers set forth in the Indenture, and (ii) to Crédit Agricole, at the following address:

Crédit Agricole Corporate and Investment Bank
1301 Avenue of the Americas
New York, NY 10019
Attn: Letter of Credit Department

SUBPART 4.2 Amendments. Notwithstanding any provision set forth in the Indenture or the Loan Agreement, this Agreement may be amended by written agreement signed by each of the parties hereto.

SUBPART 4.3 Successors and Assigns. All of the covenants, promises and agreements in this Agreement contained by or on behalf of the Issuer, or by and on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SUBPART 4.4 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the applicable laws of the Commonwealth of Kentucky.

SUBPART 4.5 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same agreement

SUBPART 4.6 Headings. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation hereof or thereof.

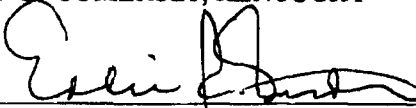
SUBPART 4.7 Limitation on Obligations of Bank. Nothing in this Agreement shall be deemed to impose any additional obligations on Crédit Agricole other than its obligations under the Letter of Credit.

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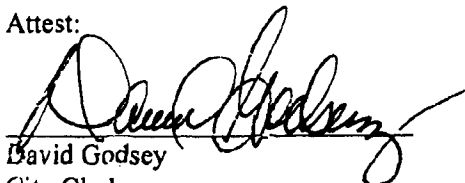
INTRODUCED AND GIVEN FIRST READING ON MARCH 14, 2011.

GIVEN SECOND READING, PASSED AND ENACTED ON MARCH 28, 2011.

CITY OF SOMERSET, KENTUCKY

By: 
Eddie Girdler
Mayor

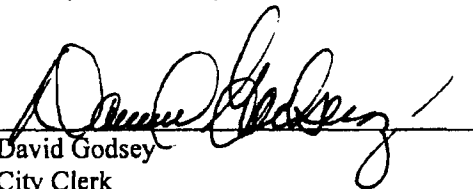
Attest:


David Godsey
City Clerk

(Seal of Issuer)

I, DAVID GODSEY, hereby certify that I am the duly appointed and qualified City Clerk of the City of Somerset, Kentucky, that the foregoing is a true copy of an Ordinance duly enacted by the City Council of said Issuer, signed by the Mayor of said Issuer, and attested under seal by me as City Clerk, at a properly convened term and session of said City Council, held on the 27th day of March, 2011, as shown by official records in my custody and under my control, that Notice of Passage of said Ordinance has been ordered to be published as required by law (KRS 67.077 and KRS 103.210), that said Ordinance appears as a matter of public record in Ordinance Book No 39, that attached hereto are true copies of the documents approved therein, and that copies of such documents have also been duly filed and recorded in the official records of the City Council of the City of Somerset

IN WITNESS WHEREOF, I have hereto set my hand as City Clerk and the Seal of the Issuer this 31st day of March, 2011.


David Godsey
City Clerk

(Seal of Issuer)

Please evidence your agreement to the terms of this Agreement by signing the enclosed copy and returning it to the undersigned. Delivery of an executed counterpart of a signature page to this Agreement shall be effective as delivery of a manually executed counterpart of this Agreement.

Very truly yours,

THE CITY OF SOMERSET, KENTUCKY

By: 

Name:

Title:

**CRÉDIT AGRICOLE CORPORATE
AND INVESTMENT BANK**

By: _____

Name:

Title:

By: _____

Name:

Title:

ACKNOWLEDGED AND AGREED TO
as of the date first above written:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____

Name:

Title:

ARMSTRONG HARDWOOD FLOORING COMPANY

By: _____

Name:

Title:

NOTICE OF PASSAGE

AND SUMMARY OF BOND ORDINANCE

I. TITLE

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY, AUTHORIZING AND APPROVING AMENDMENTS TO THE LOAN AGREEMENT BETWEEN THE CITY OF SOMERSET, KENTUCKY AND ARMSTRONG HARDWOOD FLOORING COMPANY, A TENNESSEE CORPORATION (THE "COMPANY") AND THE TRUST INDENTURE BETWEEN U.S. BANK NATIONAL ASSOCIATION AND THE CITY OF SOMERSET, KENTUCKY AND ANY AND ALL OTHER RELATED DOCUMENTS NECESSARY THERETO REGARDING THE \$10,000,000 PRINCIPAL AMOUNT OF CITY OF SOMERSET, KENTUCKY VARIABLE RATE DEMAND INDUSTRIAL BUILDING REVENUE REFUNDING BONDS (ARMSTRONG HARDWOOD FLOORING COMPANY PROJECT), SERIES 2009 (THE "BONDS") ISSUED REGARDING THE MANUFACTURING FACILITY LOCATED AT 630 INDUSTRY ROAD, SOMERSET, PULASKI COUNTY, KENTUCKY, 42501, AND APPROVING, AUTHORIZING AND ACKNOWLEDGING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE CITY OF SOMERSET, KENTUCKY AND THE COMPANY; A SUPPLEMENTAL INDENTURE BETWEEN U.S. BANK NATIONAL ASSOCIATION AND THE CITY OF SOMERSET, KENTUCKY; AND ANY AND ALL OTHER RELATED DOCUMENTS NECESSARY THERETO.

II. SUMMARY

Notice is hereby given that an Ordinance, the title of which is the foregoing, was given second reading and passed at a meeting of the City Council of the City of Somerset, Kentucky (the "City"), at City Council Chambers, Somerset City Hall, 400 E. Mt. Vernon Street, Somerset, Kentucky, 42501, on March 28, 2011, at 7:00 p.m. local time.

A summary of said Ordinance is as follows:

A. The Ordinance authorizes and approves amendments to the Loan Agreement and Trust Indenture regarding the \$10,000,000 City of Somerset, Kentucky Variable Rate Demand Industrial Building Revenue Refunding Bonds (Armstrong Hardwood Flooring Company Project), Series 2009 (the "Bonds"), which were issued on July 22, 2009, for the purpose of refinancing the costs of acquiring, constructing and equipping a hardwood flooring manufacturing facility located at 630 Industry Road, Somerset, Pulaski County, Kentucky, 42501.

B. The Ordinance authorizes and approves the execution of a side letter agreement agreeing to the amendments to the Trust Indenture securing the Bonds between the City and U.S. Bank National Association, as Trustee, and to the Loan Agreement between the City and the Company, which Loan Agreement controls how the Bonds will be retired from the proceeds of loan payments to be received from the Company as authorized by KRS 103.200 to 103.285, as amended, inclusive and any and all other related documents necessary thereto.

C. The Ordinance authorizes the Mayor and other City officials to take any other necessary actions to effect the issuance and delivery of the Bonds.

The full text of the Bond Ordinance is on file in the office of the undersigned City Clerk of the City at the Somerset City Hall, 400 E. Mt. Vernon Street, Somerset, Kentucky, 42501, where it is available for public inspection between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday.

/s/ David Godsey
City Clerk
City of Somerset, Kentucky

I, Norman L. Wagner, Jr., hereby certify that I am an attorney-at-law in the Commonwealth of Kentucky and that this is a true and accurate summary of the above-described Bond Ordinance.

/s/ Norman L. Wagner, Jr.
Bond Counsel