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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2017**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
Commission File Number **001-37589**

**ARMSTRONG FLOORING, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**47-4303305**

(I.R.S. employer Identification number)

**2500 Columbia Avenue, PO Box 3025, Lancaster, Pennsylvania 17604**

(Address of principal executive offices)

**(717) 672-9611**

(Registrant's telephone number, including area code).

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that registrant was required to submit and post such files.) Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes  No

The Registrant had 27,663,494 shares of common stock, \$0.0001 par value, outstanding at May 1, 2017.

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**Armstrong Flooring, Inc.**

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When we refer to “AFI,” “we,” “our” and “us”, we are referring to Armstrong Flooring, Inc. and its subsidiaries.

#### **CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

Certain statements in this Quarterly Report on Form 10-Q (“Form 10-Q”) and the documents incorporated by reference may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements are subject to various risks and uncertainties and include all statements that are not historical statements of fact and those regarding our intent, belief or expectations, including, but not limited to, our expectations concerning our residential and commercial markets and their effect on our operating results, and our ability to increase revenues, earnings and EBITDA (as such terms are defined by documents incorporated by reference herein). Words such as “anticipate,” “expect,” “intend,” “plan,” “target,” “project,” “predict,” “believe,” “may,” “will,” “would,” “could,” “should,” “seek,” “estimate” and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and are subject to a number of factors that could lead to actual results materially different from those described in the forward-looking statements. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained. Factors that could have a material adverse effect on our financial condition, liquidity, results of operations or future prospects or which could cause actual results to differ materially from our expectations include, but are not limited to:

- global economic conditions;
- construction activity;
- competition;
- key customers;
- availability and costs of raw materials and energy;
- recent plant construction;
- international operations;
- intellectual property rights;
- cost saving and productivity initiatives;
- strategic transactions;
- labor;
- information systems;
- claims and litigation;
- defined-benefit plan obligations;
- liquidity;
- debt covenants;
- debt;
- negative tax consequences;
- outsourcing;
- environmental matters;
- and
- other risks detailed from time to time in our filings with the Securities and Exchange Commission (the “SEC”), press releases, and other communications, including those set forth under “Risk Factors” included in our Annual Report on Form 10-K and in the documents incorporated by reference.

Such forward-looking statements speak only as of the date they are made. We expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in our expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

**Armstrong Flooring, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)**  
*(Dollars in millions, except per share data)*

	Three Months Ended March 31,	
	2017	2016
Net sales	\$ 265.2	\$ 284.4
Cost of goods sold	218.1	234.5
<b>Gross profit</b>	<b>47.1</b>	<b>49.9</b>
Selling, general and administrative expenses	56.7	51.8
<b>Operating (loss)</b>	<b>(9.6)</b>	<b>(1.9)</b>
Interest expense	0.5	—
Other (income) expense, net	(0.2)	0.1
<b>(Loss) from continuing operations before income taxes</b>	<b>(9.9)</b>	<b>(2.0)</b>
Income tax (benefit) expense	(2.1)	0.5
<b>(Loss) from continuing operations</b>	<b>(7.8)</b>	<b>(2.5)</b>
Gain on disposal of discontinued operations, net of tax	—	1.7
<b>Net (loss)</b>	<b>(7.8)</b>	<b>(0.8)</b>
<b>Other comprehensive income (loss), net of tax:</b>		
Foreign currency translation adjustments	1.5	(4.1)
Derivatives (loss)	(0.4)	(1.8)
Postretirement adjustments	1.2	0.1
Total other comprehensive income (loss)	2.3	(5.8)
<b>Total comprehensive (loss)</b>	<b>\$ (5.5)</b>	<b>\$ (6.6)</b>
<b>Basic (loss) per share of common stock:</b>		
Basic (loss) per share of common stock from continuing operations	\$ (0.28)	\$ (0.09)
Basic earnings per share of common stock from discontinued operations	—	0.06
<b>Basic (loss) per share of common stock</b>	<b>\$ (0.28)</b>	<b>\$ (0.03)</b>
<b>Diluted (loss) per share of common stock:</b>		
Diluted (loss) per share of common stock from continuing operations	\$ (0.28)	\$ (0.09)
Diluted earnings per share of common stock from discontinued operations	—	0.06
<b>Diluted (loss) per share of common stock</b>	<b>\$ (0.28)</b>	<b>\$ (0.03)</b>

*See accompanying notes to condensed consolidated financial statements.*

**Armstrong Flooring, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
*(Dollars in millions, except par value)*

Assets	March 31, 2017 (Unaudited)	December 31, 2016
<b>Current assets:</b>		
Cash	\$ 33.3	\$ 30.6
Accounts and notes receivable, net	91.4	76.0
Inventories, net	287.4	272.1
Income tax receivable	7.7	2.4
Prepaid expenses and other current assets	19.5	23.8
Total current assets	439.3	404.9
Property, plant, and equipment, less accumulated depreciation and amortization of \$348.7 and \$336.8, respectively	440.6	445.2
Prepaid pension costs	0.6	0.2
Intangible assets, net	42.8	42.6
Deferred income taxes	4.6	4.5
Other non-current assets	7.1	7.0
<b>Total assets</b>	\$ 935.0	\$ 904.4
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 147.8	\$ 163.0
Income tax payable	0.4	0.4
Total current liabilities	148.2	163.4
Long-term debt	73.2	21.2
Postretirement benefit liabilities	74.4	75.5
Pension benefit liabilities	1.5	1.6
Other long-term liabilities	9.4	9.1
Noncurrent income taxes payable	1.2	1.7
Deferred income taxes	14.2	8.4
<b>Total liabilities</b>	322.1	280.9
<b>Stockholders' equity:</b>		
Common stock with par value \$.0001 per share: 100,000,000 shares authorized; 28,097,421 issued and 27,830,209 outstanding shares in 2017 and 27,895,671 issued and outstanding shares in 2016	—	—
Preferred stock with par value \$.0001 per share: 15,000,000 shares authorized; none issued	—	—
Treasury stock, at cost, 267,212 shares in 2017	(4.9)	—
Additional paid-in capital	673.1	673.3
Retained earnings	2.2	10.0
Accumulated other comprehensive (loss)	(57.5)	(59.8)
<b>Total stockholders' equity</b>	612.9	623.5
<b>Total liabilities and stockholders' equity</b>	\$ 935.0	\$ 904.4

*See accompanying notes to condensed consolidated financial statements.*

**Armstrong Flooring, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Stockholders' Equity (Unaudited)**  
*(Dollars in millions)*

	Common Stock		Treasury Stock		Net AWI Investment	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
	Shares	Amount	Shares	Amount					
<b>December 31, 2016</b>	27,895,671	\$ —	—	\$ —	\$ —	\$ 673.3	\$ (59.8)	\$ 10.0	\$ 623.5
Net (loss)	—	—	—	—	—	—	—	(7.8)	(7.8)
Repurchase of common stock	(267,212)	—	267,212	(4.9)	—	—	—	—	(4.9)
Stock-based employee compensation, net	201,750	—	—	—	—	1.1	—	—	1.1
Net transfers to AWI	—	—	—	—	(1.3)	—	—	—	(1.3)
Reclassification of net parent investment to additional paid-in capital	—	—	—	—	1.3	(1.3)	—	—	—
Other comprehensive income	—	—	—	—	—	—	2.3	—	2.3
<b>March 31, 2017</b>	<u>27,830,209</u>	<u>\$ —</u>	<u>267,212</u>	<u>\$ (4.9)</u>	<u>\$ —</u>	<u>\$ 673.1</u>	<u>\$ (57.5)</u>	<u>\$ 2.2</u>	<u>\$ 612.9</u>
<b>December 31, 2015</b>	—	\$ —	—	\$ —	\$ 622.0	\$ —	\$ 2.0	\$ —	\$ 624.0
Net (loss)	—	—	—	—	(0.8)	—	—	—	(0.8)
Net transfers from AWI	—	—	—	—	54.3	—	—	—	54.3
Other comprehensive (loss)	—	—	—	—	—	—	(5.8)	—	(5.8)
<b>March 31, 2016</b>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 675.5</u>	<u>\$ —</u>	<u>\$ (3.8)</u>	<u>\$ —</u>	<u>\$ 671.7</u>

*See accompanying notes to condensed consolidated financial statements.*

**Armstrong Flooring, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
*(Dollars in millions)*

	Three Months Ended March 31,	
	2017	2016
<b>Cash flows from operating activities:</b>		
Net (loss)	\$ (7.8)	\$ (0.8)
<b>Adjustments to reconcile net (loss) to net cash used for operating activities:</b>		
Depreciation and amortization	11.6	11.4
Deferred income taxes	3.9	(0.8)
Stock-based compensation	1.5	—
U.S. pension expense	2.3	—
Other non-cash adjustments, net	0.7	—
<b>Changes in operating assets and liabilities:</b>		
Receivables	(15.0)	(26.7)
Inventories	(14.7)	0.7
Accounts payable and accrued expenses	(9.2)	(17.2)
Income taxes payable	(6.2)	0.3
Other assets and liabilities	(0.5)	3.5
<b>Net cash used for operating activities</b>	<b>(33.4)</b>	<b>(29.6)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(12.7)	(7.9)
Other investing activities	0.1	0.3
<b>Net cash used for investing activities</b>	<b>(12.6)</b>	<b>(7.6)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from revolving credit facility	52.0	—
Payments of long-term debt	—	(10.0)
Payments of Treasury stock acquired	(4.9)	—
Proceeds from exercised stock options	1.1	—
Net transfers from AWI	—	47.3
<b>Net cash provided by financing activities</b>	<b>48.2</b>	<b>37.3</b>
Effect of exchange rate changes on cash and cash equivalents	0.5	(0.1)
<b>Net increase in cash and cash equivalents</b>	<b>2.7</b>	<b>—</b>
Cash and cash equivalents at beginning of year	30.6	—
Cash and cash equivalents at end of period	<b>\$ 33.3</b>	<b>\$ —</b>
<b>Supplemental Cash Flow Disclosure:</b>		
Amounts in accounts payable for capital expenditures	\$ 4.8	\$ 4.1
Interest paid	0.5	—
Income taxes (refunded) net	(0.1)	—

*See accompanying notes to condensed consolidated financial statements.*

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

**NOTE 1. BUSINESS AND BASIS OF PRESENTATION**

**Background**

Armstrong Flooring, Inc. ("AFI") is a leading global producer of flooring products for use primarily in the construction and renovation of residential, commercial and institutional buildings. AFI designs, manufactures, sources and sells resilient and wood flooring products in North America and the Pacific Rim. When we refer to "AFI," "the Company," "we," "our," and "us" in this report, we are referring to Armstrong Flooring, Inc., a Delaware corporation, and its consolidated subsidiaries.

On April 1, 2016, we became an independent company as a result of the separation by Armstrong World Industries, Inc. ("AWI"), a Pennsylvania corporation, of its Resilient Flooring and Wood Flooring segments from its Building Products ("Ceiling") segment (the "Separation"). The Separation was effected by allocating the assets and liabilities related primarily to the Resilient Flooring and Wood Flooring segments to AFI and then distributing the common stock of AFI to AWI's shareholders (the "Distribution"). The Separation and Distribution (together, the "Spin-off") resulted in AFI and AWI becoming two independent, publicly traded companies, with AFI owning and operating the Resilient Flooring and Wood Flooring segments and AWI continuing to own and operate a ceilings business.

**Basis of Presentation**

Prior to April 1, 2016, AFI operated as a part of AWI. The financial information for periods prior to April 1, 2016 was prepared on a combined basis from AWI's historical accounting records and is presented herein on a stand-alone basis as if the operations had been conducted independently of AWI. Beginning April 1, 2016, the financial information was prepared on a consolidated basis. The Condensed Consolidated Financial Statements of AFI presented are not indicative of our future performance, and, for periods prior to April 1, 2016, do not necessarily reflect what our historical results of operations, financial position and cash flows would have been if we had operated as a separate, stand-alone entity during those periods.

For periods prior to April 1, 2016, AFI was comprised of certain stand-alone legal entities for which discrete financial information was available, as well as portions of legal entities for which discrete financial information was not available ("Shared Entities"). For the Shared Entities for which discrete financial information was not available, such as shared utilities, taxes, and other shared costs, allocation methodologies were applied to allocate amounts to AFI. The Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for these periods include all revenues and costs attributable to AFI, including costs for facilities, functions and services used by AFI. The results of operations for those periods also include allocations of costs for administrative functions and services performed on behalf of AFI by centralized staff groups within AWI, AWI's general corporate expenses and certain pension and other retirement benefit costs for those periods. All of the allocations and estimates in the Condensed Consolidated Financial Statements are based on assumptions that AFI management believes are reasonable.

All charges and allocations of cost for facilities, functions and services performed by AWI prior to the Spin-off were deemed paid by AFI to AWI in cash, in the period in which the cost was recorded in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Prior to the Spin-off, transactions between AWI and AFI were accounted for through Net AWI investment.

Prior to the Spin-off, AFI's portion of current income taxes payable was deemed to have been remitted to AWI in the period the related tax expense was recorded. AFI's portion of current income taxes receivable was deemed to have been remitted to AFI by AWI in the period to which the receivable applies only to the extent that a refund of such taxes could have been recognized by AFI on a stand-alone basis under the law of the relevant taxing jurisdiction.

These Condensed Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The statements include management estimates and judgments, where appropriate. Management uses estimates to record many items including certain asset values,

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

allowances for bad debts, inventory obsolescence, lower of cost or market charges, lower of cost or net realizable value charges, warranty reserves, workers compensation, general liability and environmental claims and income taxes. When preparing an estimate, management determines the amount based upon the consideration of relevant information. Management may confer with outside parties, including outside counsel. Actual results may differ from these estimates. In the opinion of management, all adjustments of a normal, recurring nature have been included to provide a fair statement of the results for the reporting periods presented. Operating results for the three months ended March 31, 2017 and 2016 included in this report are unaudited. Quarterly results are not necessarily indicative of annual earnings, primarily due to the different level of sales in each quarter of the year and the possibility of changes in economic conditions between periods.

Except as noted below, the accounting policies used in preparing the Condensed Consolidated Financial Statements in this Form 10-Q are the same as those used in preparing the Consolidated Financial Statements for the year ended December 31, 2016. These statements should therefore be read in conjunction with the Consolidated Financial Statements and notes that are included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

During the fourth quarter of 2016, we changed the method of accounting for our Wood Flooring inventories from the last-in, first-out (“LIFO”) method to the first-in, first-out (“FIFO”) method. As a result of this accounting change, comparative financial statements of prior periods have been adjusted to apply the new method retrospectively. See additional disclosure regarding this change within the notes to the Consolidated Financial Statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2016. The change from LIFO to FIFO decreased Cost of goods sold for the three months ended March 31, 2016 by \$2.7 million and increased Income tax expense by \$0.9 million, resulting in a decrease in Net loss of \$1.8 million from \$2.6 million to \$0.8 million. This accounting change also increased Net AWI Investment at March 31, 2016 by \$8.6 million from \$666.9 million to \$675.5 million.

Certain amounts in the prior year’s Condensed Consolidated Financial Statements and related notes thereto have been recast to conform to the 2017 presentation.

All significant intercompany transactions within AFI have been eliminated from the Condensed Consolidated Financial Statements.

**Recently Adopted Accounting Standards**

In July 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-11, *“Simplifying the Measurement of Inventory.”* The guidance requires that inventory that is measured on a first in first out or average cost basis to be measured at lower of cost and net realizable value, as opposed to the lower of cost or market. For inventory that is measured under the last in first out basis or the retail recovery method, there is no change to current measurement requirements. This new guidance was effective for annual reporting periods beginning after December 15, 2016. We applied this guidance prospectively and there was no material impact on our financial condition, results of operations or cash flows as a result of the adoption of this guidance.

**Recently Issued Accounting Standards**

In May 2014, the FASB issued ASU 2014-09, *“Revenue from Contracts with Customers.”* The guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to a customer. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In August 2015, the FASB issued ASU 2015-14, *“Revenue from Contracts with Customers: Deferral of the Effective Date”* which defers the effective date for ASU 2014-09 by one year. In March 2016, the FASB issued ASU 2016-08, *“Principal versus Agent Considerations (Reporting Gross versus Net)”*, which clarifies the implementation guidance in ASU 2014-09 relating to principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, *“Identifying Performance Obligations and Licensing,”* which clarifies guidance related to the impact of goods and services on a performance obligation and timing and pattern of recognition issues related to intellectual property contracts. In May 2016, the FASB issued ASU 2016-12, *“Narrow-Scope Improvements and Practical*

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

*Expedients*," which clarifies certain narrow provisions of ASU 2014-09. These ASUs are effective for annual reporting periods beginning after December 15, 2017, but early adoption is permitted. During the first quarter of 2017, we began our assessment of the new standard with a focus on identifying the performance obligations included within our revenue arrangements with customers. We have not selected a transition method and are currently evaluating the impact these ASUs will have on our financial condition, results of operations and cash flows.

In March 2017, the FASB issued ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." The guidance requires the service cost component of net benefit cost to be presented in the income statement line items with compensation cost and all other components of net benefit cost to be presented outside operating income. This new guidance is effective for annual and interim periods in fiscal years beginning after December 15, 2017 and must be adopted retrospectively. Early adoption is permitted but only at the beginning of an annual period. We are currently evaluating the impact the adoption of this standard would have on our financial condition, results of operations and cash flows.

**NOTE 2. DISCONTINUED OPERATIONS**

**European Resilient Flooring**

On December 4, 2014, AWI's board of directors approved the cessation of funding to its DLW subsidiary, which at the time was our European flooring business. As a result, DLW management filed for insolvency in Germany on December 11, 2014.

The DLW insolvency filing in 2014 resulted in presenting DLW for all historical periods prior to the Separation as a discontinued operation. However, the insolvency filing did not meet the U.S. tax criteria to be considered disposed of until the first quarter of 2015. In determining the U.S. tax impact of the disposition, the liabilities, including an unfunded pension liability of approximately \$115.0 million, were considered proceeds. However, pension deductions for tax purposes result only when the benefit payments are made. Accordingly, a deferred tax asset and non-cash income tax benefit of \$43.4 million was recorded in the first quarter of 2015 within discontinued operations for the tax benefit of the future pension deductions. AWI is solely responsible for any shortfall, and the beneficiary of any excess, at the closure of the DLW insolvency proceedings. Therefore, DLW is excluded from our balance sheets, results of operations and cash flows after the Spin-off. Pursuant to the separation agreements between us and AWI, future claims related to DLW will remain the financial responsibility of AWI.

The following is a summary of the operating results of DLW, which are reflected in these Condensed Consolidated Financial Statements for periods prior to the Separation.

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
(Loss) on disposal of discontinued operations before income tax	\$ —	\$ (0.1)
Income tax benefit	—	1.8
Gain on disposal of discontinued operations, net of tax	\$ —	\$ 1.7

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

**NOTE 3. RELATIONSHIP WITH AWI**

**Allocation of general corporate and other expenses**

These Condensed Consolidated Financial Statements include expense allocations for certain functions provided by AWI, including, but not limited to finance, legal, information technology, and human resources, as well as pension expenses for periods prior to the Spin-off. Beginning in the first quarter of 2016, such expenses were incurred directly by our segments. No expenses were allocated to us after the Separation.

The presentation of these costs allocated to us by AWI in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) is as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Expense, net:</b>		
Selling, general and administrative expenses	—	0.5
Other expense, net	—	0.3
<b>Total</b>	<b>\$ —</b>	<b>\$ 0.8</b>

In the first quarter of 2017, we recorded an adjustment of \$1.3 million to the tax attributes assumed upon separation.

**NOTE 4. INCOME TAXES**

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
(Loss) from continuing operations before income taxes	\$ (9.9)	\$ (2.0)
Income tax (benefit) expense	(2.1)	0.5
Effective tax rate	21.2%	(25.0)%

We recorded an income tax benefit for the first quarter of 2017 compared to an income tax expense in the same period in 2016, primarily due to the geographic distribution of earnings, AFI operating as a part of AWI prior to April 1, 2016 and discrete tax benefits associated with stock compensation windfalls.

Upon audit, taxing authorities may challenge all or part of an uncertain income tax position. While AFI has no history of tax audits on a stand-alone basis, AWI was routinely audited by U.S. federal, state and local, and non-U.S. taxing authorities. Accordingly, AFI regularly assesses the outcome of potential examinations in each of the taxing jurisdictions when determining the adequacy of the amount of unrecognized tax benefit recorded. We do not expect to record any material changes during 2017 to AFI's unrecognized tax benefits as of December 31, 2016.

As of March 31, 2017, we consider foreign unremitted earnings to be permanently reinvested.

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

**NOTE 5. EARNINGS PER SHARE OF COMMON STOCK**

The table below shows a reconciliation of the numerator and denominator for basic and diluted earnings per share calculations for the periods indicated.

	Three Months Ended March 31,	
	2017	2016
<b>Numerator</b>		
(Loss) from continuing operations	\$ (7.8)	\$ (2.5)
Gain on disposal of discontinued operations, net tax	—	1.7
Net (loss)	<u>\$ (7.8)</u>	<u>\$ (0.8)</u>
<b>Denominator</b>		
Weighted average number of common shares outstanding	27,923,001	27,738,779
Weighted average number of vested shares not yet issued	93,595	—
Weighted average number of common shares outstanding - Basic	28,016,596	27,738,779
Dilutive stock-based compensation awards outstanding	—	—
Weighted average number of common shares outstanding - Diluted	<u>28,016,596</u>	<u>27,738,779</u>

On April 1, 2016, AWI distributed 27,738,779 shares of AFI's common stock to AWI's shareholders. Basic and diluted loss per common share for the three months ended March 31, 2016 were calculated using the shares distributed on April 1, 2016.

The diluted loss per share is calculated using basic common shares outstanding as inclusion of potentially dilutive common shares would be anti-dilutive.

Performance-based employee compensation awards are considered potentially dilutive in the initial period in which the performance conditions are met. Performance awards representing 798,972 shares for the three months ended March 31, 2017 were excluded from the computation of diluted earnings per share as the performance conditions have not yet been met. Awards representing 842,901 shares for the three months ended March 31, 2017 were excluded from the computation of diluted earnings per share calculated under the treasury stock method.

**NOTE 6. ACCOUNTS AND NOTES RECEIVABLE**

The following table presents accounts and note receivables, net of allowances:

	March 31, 2017	December 31, 2016
Customer receivables	\$ 105.2	\$ 84.3
Miscellaneous receivables	2.2	5.5
Less: allowance for product warranties, discounts, and losses	(16.0)	(13.8)
Total	<u>\$ 91.4</u>	<u>\$ 76.0</u>

Generally, we sell our products to select, pre-approved customers whose businesses are affected by changes in economic and market conditions. We consider these factors and the financial condition of each customer when establishing our allowance for losses from doubtful accounts.

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

Allowance for product warranties represents expected reimbursements for cost associated with warranty repairs, the majority of which is provided to our independent distributors through a credit against accounts receivable from the distributor to AFI.

The following table summarizes the activity for the allowance for product warranties:

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Balance as of January 1,	\$ (7.5)	\$ (7.3)
Reductions for payments	2.9	2.3
Current year warranty accruals	(3.4)	(2.5)
Balance as of March 31,	<u>\$ (8.0)</u>	<u>\$ (7.5)</u>

**NOTE 7. INVENTORIES**

The following table presents details related to our inventories, net:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Finished goods	\$ 171.8	\$ 159.9
Goods in process	17.3	18.1
Raw materials and supplies	98.3	94.1
Total	<u>\$ 287.4</u>	<u>\$ 272.1</u>

**NOTE 8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

The following table details amounts related to our accounts payable and accrued expenses:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Payables, trade and other	\$ 113.1	\$ 123.4
Employment costs	20.5	23.3
Other accrued expenses	14.2	16.3
Total	<u>\$ 147.8</u>	<u>\$ 163.0</u>

**NOTE 9. SEVERANCE EXPENSE**

In the first quarter of 2017, we announced that we are combining our commercial and residential go-to-market structures and related organization. The new structure is designed to provide enhanced support and responsiveness to retailers and contractors and to foster greater alignment with distributors, which cover both commercial and residential markets. As a result of this reorganization, approximately 40 positions are being eliminated, and the impacted employees are eligible for severance benefits. We recognized charges of \$4.6 million in selling, general and administrative ("SG&A") expense as a result of this reorganization, of which \$2.7 million and \$1.9 million was recognized in the Resilient Flooring segment and Wood Flooring segment, respectively.

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

**NOTE 10. PENSION AND OTHER POSTRETIREMENT BENEFIT PROGRAMS**

For periods prior to April 1, 2016, certain of our North American employees participated in defined-benefit pension and postretirement plans (the “Shared Plans”) sponsored by AWI. In addition, prior to April 1, 2016, certain of our U.S. employees participated in a postretirement medical benefit plan sponsored by us (the “AFI Postretirement Plan”). Our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) include Shared Plan expenses for our active and retired employees as well as an allocation of Shared Plan expenses associated with corporate personnel. The Shared Plan expenses presented in our Condensed Consolidated Financial Statements represent the allocation of plan costs to AFI and do not represent cash payments to AWI or to the Shared Plans.

Effective April 1, 2016, upon separation from AWI, AFI created defined benefit-pension and postretirement plans which provide North American employees and retirees who previously participated in the Shared Plans the same defined-benefit pension and postretirement benefits previously provided by AWI. AFI also retained the AFI Postretirement Plan described above.

The following table summarizes our pension and postretirement expense (income).

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>AFI Plans:</b>		
Defined-benefit pension, U.S.		
Service cost	\$ 1.4	\$ —
Interest cost	3.9	—
Expected return on plan assets	(5.6)	—
Amortization of prior service cost	0.1	—
Amortization of net actuarial loss	2.5	—
Total, defined-benefit pension, U.S.	<u>\$ 2.3</u>	<u>\$ —</u>
Defined-benefit pension, Canada		
Interest cost	\$ 0.2	\$ —
Expected return on plan assets	(0.2)	—
Total, defined-benefit pension, Canada	<u>\$ —</u>	<u>\$ —</u>
Defined-benefit postretirement, U.S.		
Service cost	\$ 0.1	\$ —
Interest cost	0.8	0.1
Amortization of net actuarial gains	(0.6)	—
Total defined-benefit postretirement, U.S.	<u>\$ 0.3</u>	<u>\$ 0.1</u>
<b>Shared Plans:</b>		
Defined-benefit pension, U.S.	\$ —	\$ 2.2
Defined-benefit pension, Canada	—	0.1
Defined-benefit postretirement, U.S.	—	(0.3)

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

**NOTE 11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

The balance of each component of AOCI, net of tax, is presented in the table below.

	March 31, 2017	December 31, 2016
Foreign currency translation adjustments	\$ 2.0	\$ 0.5
Derivative gain, net	0.1	0.5
Pension and postretirement adjustments	(59.6)	(60.8)
Accumulated other comprehensive (loss)	<u>\$ (57.5)</u>	<u>\$ (59.8)</u>

The following table summarizes the activity, by component, related to the change in AOCI.

	Foreign Currency Translation Adjustments	Derivative Gain (Loss)	Pension and Postretirement Adjustments	Total Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2016	\$ 0.5	\$ 0.5	\$ (60.8)	\$ (59.8)
Other comprehensive income (loss) before reclassifications, net of tax	1.5	(0.5)	(0.1)	0.9
Amounts reclassified from accumulated other comprehensive income	—	0.1	1.3	1.4
Net current period other comprehensive income (loss)	1.5	(0.4)	1.2	2.3
Balance, March 31, 2017	<u>\$ 2.0</u>	<u>\$ 0.1</u>	<u>\$ (59.6)</u>	<u>\$ (57.5)</u>
Balance, December 31, 2015	\$ 0.1	\$ 2.3	\$ (0.4)	\$ 2.0
Other comprehensive (loss) income before reclassifications, net of tax	(4.1)	(1.2)	0.1	(5.2)
Amounts reclassified from accumulated other comprehensive income	—	(0.6)	—	(0.6)
Net current period other comprehensive (loss) income	(4.1)	(1.8)	0.1	(5.8)
Balance, March 31, 2016	<u>\$ (4.0)</u>	<u>\$ 0.5</u>	<u>\$ (0.3)</u>	<u>\$ (3.8)</u>

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

The amounts reclassified from AOCI and the affected line item of the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) are presented in the table below:

	Three Months Ended March 31,		Affected Line Item
	2017	2016	
<b>Derivative Adjustments:</b>			
Foreign exchange contracts - purchases	\$ —	\$ 0.1	Cost of goods sold
Foreign exchange contracts - sales	0.1	(1.0)	Net sales
Total expense before tax	0.1	(0.9)	
Tax impact	—	0.3	Income tax expense
Total expense, net of tax	0.1	(0.6)	
<b>Pension and Postretirement Adjustments:</b>			
Prior service cost amortization	0.1	—	Cost of goods sold
Amortization of net actuarial loss	1.0	—	Cost of goods sold
Amortization of net actuarial loss	0.9	—	Selling, general and administrative expenses
Total expense before tax	2.0	—	
Tax impact	(0.7)	—	Income tax (benefit) expense
Total expense, net of tax	1.3	—	
Total reclassifications for the period	\$ 1.4	\$ (0.6)	

**NOTE 12. SEGMENT INFORMATION**

*Resilient Flooring* — Our Resilient Flooring segment designs, manufactures, sources and sells a broad range of floor coverings primarily for homes and commercial buildings under various brands, including the Armstrong brand. Manufactured products in this segment include vinyl sheet, vinyl tile, and luxury vinyl tile (“LVT”) flooring. In addition, our Resilient Flooring segment sources and sells laminate flooring products, vinyl tile products, vinyl sheet products, LVT products, linoleum products, as well as installation and maintenance materials and accessories. Resilient Flooring products are offered in a wide variety of designs, colors and installation options. We sell these products to independent wholesale flooring distributors, large home centers, retailers, flooring contractors and to the manufactured homes industry, and through secured specifications for these products through architects, designers and end users. When market conditions and available capacity warrant, we also provide products on an original equipment manufacturer (“OEM”) basis to other flooring companies.

*Wood Flooring* — Our Wood Flooring segment designs, manufactures, sources and sells branded hardwood flooring products, including the Armstrong and Bruce brands, for use in residential construction and renovation, with some commercial applications in stores, restaurants and high-end offices. The product offering includes pre-finished solid and engineered wood floors in various wood species, and dimensions, as well as related accessories. Our Wood Flooring products are generally sold to independent wholesale flooring distributors, large home centers, retailers and flooring contractors, and through secured specifications with regional and national builders. When market conditions and available capacity warrant, we also provide products on an original equipment manufacturer OEM basis to other flooring companies.

Segment operating income is the measure of segment profit reviewed by our Chief Operating Decision Maker. The sum of the segments’ operating income equals the total combined operating income as reported on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

The following tables summarize segment performance:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Net sales to external customers</b>		
Resilient Flooring	\$ 160.5	\$ 163.9
Wood Flooring	104.7	120.5
Total net sales to external customers	<u>\$ 265.2</u>	<u>\$ 284.4</u>
<b>Segment operating income (loss)</b>		
Resilient Flooring	\$ (5.0)	\$ (5.4)
Wood Flooring	(4.6)	3.5
Total operating loss	<u>\$ (9.6)</u>	<u>\$ (1.9)</u>

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>Segment assets</b>		
Resilient Flooring	\$ 529.8	\$ 514.3
Wood Flooring	360.8	354.7
Unallocated	44.4	35.4
Total assets	<u>\$ 935.0</u>	<u>\$ 904.4</u>

Unallocated segment assets primarily consist of cash and deferred income taxes.

**NOTE 13. LITIGATION AND RELATED MATTERS**

**Environmental Matters**

*Environmental Compliance*

Our manufacturing and research facilities are affected by various federal, state and local requirements relating to the discharge of materials and the protection of the environment. We make expenditures necessary for compliance with applicable environmental requirements at each of our operating facilities. These regulatory requirements continually change, therefore we cannot predict with certainty future expenditures associated with compliance with environmental requirements.

*Environmental Sites*

In connection with our current or legacy manufacturing operations, or those of former owners, we may from time to time become involved in the investigation, closure and/or remediation of existing or potential environmental contamination under the Comprehensive Environmental Response, Compensation and Liability Act, and state or international Superfund and similar type environmental laws. For those matters, we may have rights of contribution or reimbursement from other parties or coverage under applicable insurance policies, however, we cannot predict with certainty the future identification of or expenditure for any investigation, closure or remediation of any environmental site.

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

***Summary of Financial Position***

There were no material liabilities recorded at March 31, 2017 and December 31, 2016 for potential environmental liabilities that we consider probable and for which a reasonable estimate of the probable liability could be made.

**Antidumping and Countervailing Duty Cases**

In October 2010, a coalition of U.S. producers of multilayered wood flooring (not including AWI and its subsidiaries) filed petitions seeking antidumping duties (“AD”) and countervailing duties (“CVD”) with the United States Department of Commerce (“DOC”) and the United States International Trade Commission against imports of multilayered wood flooring from China. The AD and CVD petitions ultimately resulted in DOC issuing AD and CVD orders (the “Orders”) against multilayered wood flooring imported into the U.S. from China. These Orders and the associated additional duties they have imposed have been the subject of extensive litigation, both at DOC and in the U.S. courts.

We produce multilayered wood flooring domestically and import multilayered wood flooring from third party suppliers in China. Until October 2014, we also operated a plant in Kunshan, China (“Armstrong Kunshan”) that manufactured multilayered wood flooring for export to the U.S. As a result, we have been directly involved in the multilayered wood flooring-related litigation at DOC and in the U.S. courts. Our consistent view through the course of this matter has been, and remains, that our imports are neither dumped nor subsidized. In 2013, in the sole DOC investigation of AWI and its subsidiaries (as a mandatory respondent in connection with the first annual administrative review), Armstrong Kunshan received a final CVD rate of 0.98% and a final AD rate of 0.00%.

Litigation regarding this matter has continued in the U.S. courts. Armstrong Kunshan as well as other respondents have appealed the DOC’s original decision to apply an AD rate to AWI and its subsidiaries and other “separate rate” respondents in the original investigation (for which we received a final initial AD rate of 3.31%) to the Court of Appeals for the Federal Circuit (“CAFC”). The CAFC, on February 15, 2017, found that DOC did not make the requisite factual findings necessary to support its original investigation determination. The CAFC vacated and remanded the Court of International Trade decision for further proceedings. Success in the subsequent remand proceedings (and any further appeals) could result in a revocation of the AD order with respect to Armstrong and other separate rate respondents.

DOC also continues to conduct annual administrative reviews of the AD and CVD final duty rates under the Orders. Armstrong Kunshan was not selected as a mandatory respondent for the second and third reviews and, therefore, was not subject to individual review, but we are subject to the rates applicable to importers that were not individually reviewed (the “separate rate” or “all other” respondents).

The second administrative review period covered imports of multilayered wood flooring made between December 1, 2012 and November 30, 2013 (AD) and between January 1, 2012 and December 31, 2012 (CVD). In July 2015, the DOC issued a final “all others” CVD rate of 0.99% and a 13.74% AD rate. The AD rate was determined solely on the basis of the AD duty rate assigned to the only mandatory respondent that did not receive a de minimis rate. DOC assigned these rates to all separate rate respondents that were not individually investigated, including Armstrong Kunshan. We, along with other respondents, have filed complaints against DOC challenging the rate in the U.S. Court of International Trade with a decision expected in 2017. If such rates are ultimately upheld after any court appeals are exhausted, the estimated additional liability to us for the relevant period is approximately \$4.6 million, which is recorded in accounts payable and accrued expenses. The court granted the preliminary injunction requested by plaintiffs on August 13, 2015, and enjoined the U.S. Government agencies from causing or permitting liquidation of unliquidated entries of multilayered wood flooring from China, pending final decision on the case.

The third administrative review period covered all multilayered wood flooring imports made between December 1, 2013 and November 30, 2014 (AD) and between January 1, 2013 and December 31, 2013 (CVD). On May 16, 2016 the DOC issued a final “all others” CVD rate of 1.38% and on July 13, 2016, DOC imposed a 17.37% “all others” AD rate. The AD rate was determined again solely on the basis of the AD duty rate assigned to the only mandatory respondent that did not receive a de minimis rate. DOC assigned these rates to all separate rate respondents that were not individually investigated, including Armstrong Kunshan. We continue to defend our import practices by pursuing our available legal

**Armstrong Flooring, Inc. and Subsidiaries**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
*(Dollars in millions, except per share data)*

rights and remedies, including litigation at DOC and in the U.S. courts. If such rates are ultimately upheld after any potential court appeals are exhausted, the estimated additional liability to us for the relevant period is approximately \$5.9 million, which is recorded in accounts payable and accrued expenses. We successfully filed an injunction request. The court granted the preliminary injunction on January 4, 2017 and enjoined the U.S. Government agencies from causing or permitting liquidation of unliquidated entries of multilayered wood flooring from China, pending final decision on the case. The preliminary injunction also ensures that Armstrong's entries made during the 2013-14 review period will ultimately be liquidated in accordance with the final decision by the courts.

AWI and Armstrong Kunshan will not be subject to review during the fourth administrative review period, however, we will be liable for other manufacturers' applicable rates to the extent we were importer of record of products covered by the AD/CVD orders during this period. We are unable to estimate this liability at this time, but it could be material. We will accrue and make cash deposits for duties when we are the importer of record at the rates established by the DOC based on the third administrative review process.

**Other Claims**

We are involved in various lawsuits, claims, investigations and other legal matters from time to time that arise in the ordinary course of conducting business, including matters involving our products, intellectual property, relationships with suppliers, relationships with distributors, relationships with competitors, employees and other matters. For example, we are currently a party to various litigation matters that involve product liability, tort liability and other claims under a wide range of allegations, including illness due to exposure to certain chemicals used in the workplace, or medical conditions arising from exposure to product ingredients or the presence of trace contaminants. In some cases, these allegations involve multiple defendants and relate to legacy products that we and other defendants purportedly manufactured or sold. We believe these claims and allegations to be without merit and intend to defend them vigorously. For these matters, we also may have rights of contribution or reimbursement from other parties or coverage under applicable insurance policies.

While complete assurance cannot be given to the outcome of these proceedings, we do not believe that any of these matters, individually or in the aggregate, will have a material adverse effect on our financial condition, liquidity or results of operations.

**NOTE 14. SUBSEQUENT EVENT**

On May 7, 2017, we signed a definitive agreement to acquire assets of the vinyl composition tile business of Mannington Mills, Inc. for a purchase price of \$36 million. In addition, Mannington would be eligible to receive earnout payments based on volume retention metrics through mid-2020.

**Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Results of Operations**

**Consolidated Results from Continuing Operations**

Below is a summary of comparative results of operations for the three months ended March 31, 2017 and 2016:

<i>(Dollars in millions)</i>	Three Months Ended March 31,			
	2017	2016	Change	
			\$	%
Net sales	\$ 265.2	\$ 284.4	\$ (19.2)	(6.8)%
Cost of goods sold	218.1	234.5	(16.4)	(7.0)%
<b>Gross profit</b>	<b>47.1</b>	<b>49.9</b>	(2.8)	(5.7)%
Selling, general and administrative expenses	56.7	51.8	4.9	9.5 %
<b>Operating (loss)</b>	<b>(9.6)</b>	<b>(1.9)</b>	(7.7)	NM
Interest expense	0.5	—	0.5	
Other (income) expense, net	(0.2)	0.1	(0.3)	
<b>(Loss) from continuing operations before income taxes</b>	<b>(9.9)</b>	<b>(2.0)</b>	(7.9)	
Income tax (benefit) expense	(2.1)	0.5	(2.6)	
<b>(Loss) from continuing operations</b>	<b>(7.8)</b>	<b>(2.5)</b>	(5.3)	
Gain on disposal of discontinued operations, net of tax	—	1.7	(1.7)	
<b>Net (loss)</b>	<b>\$ (7.8)</b>	<b>\$ (0.8)</b>	<b>\$ (7.0)</b>	

NM: not meaningful

For the three months ended March 31, 2017, net sales decreased by \$19.2 million, or 6.8% and operating loss increased by \$7.7 million compared to the three months ended March 31, 2016. The decline in net sales and increase in operating loss largely reflected results in our Wood Flooring segment; however our Resilient Flooring segment also experienced lower net sales but had improved operating income. Included in the operating loss for the 2017 period was \$4.6 million of severance expense resulting from our actions to combine our commercial and residential go-to-market structures and related organization. See Note 9 to the Unaudited Condensed Consolidated Financial Statements for additional information regarding severance expense.

## Management's Discussion and Analysis of Financial Condition and Results of Operations

### Segment Results

#### Net Sales

Net sales by segment are shown in the table below:

<i>(Dollars in millions)</i>	Three Months Ended March 31,		Change		Percentage Point Change Due to			
	2017	2016	\$	%	Price	Volume	Mix	Currency
Resilient Flooring	\$ 160.5	\$ 163.9	(3.4)	(2.1)%	(1.6)	(1.1)	0.4	0.2
Wood Flooring	104.7	120.5	(15.8)	(13.1)%	(0.9)	(13.4)	1.0	0.2
<b>Total</b>	<b>\$ 265.2</b>	<b>\$ 284.4</b>	<b>(19.2)</b>	<b>(6.8)%</b>				

In our Resilient Flooring segment, net sales for the three months ended March 31, 2017 decreased compared to the three months ended March 31, 2016 primarily due to lower price and volume, partially offset by favorable mix. The decline in net sales reflected lower sales in our North America legacy products, which include vinyl sheet, vinyl tile and laminate products. The legacy product sales decline was partially offset by higher sales of LVT, which continued to achieve double-digit growth.

In our Wood Flooring segment, net sales for the three months ended March 31, 2017 decreased compared to the three months ended March 31, 2016 primarily due to lower volume. The decline in volume primarily reflected lower sales to strategic customers due to an inventory buildup by strategic customers in the prior year quarter and continued competitive pressures.

#### Operating (Loss) Income

Operating (loss) income by segment is shown in the table below:

<i>(Dollars in millions)</i>	Three Months Ended March 31,		Change
	2017	2016	
Resilient Flooring	\$ (5.0)	\$ (5.4)	\$ 0.4
Wood Flooring	(4.6)	3.5	(8.1)
<b>Total</b>	<b>\$ (9.6)</b>	<b>\$ (1.9)</b>	<b>\$ (7.7)</b>

In our Resilient Flooring segment, operating results for the three months ended March 31, 2017 improved compared to the three months ended March 31, 2016. The improvement reflected lower manufacturing costs, including lower costs related to our Lancaster LVT operations compared to the prior-year period and overhead cost absorption, mostly offset by the impact of lower sales and higher SG&A expenses. SG&A expenses included severance expense of \$2.7 million in 2017.

In our Wood Flooring segment, operating results for the three months ended March 31, 2017 declined compared to the three months ended March 31, 2016. The decline primarily reflected the impact of lower sales, higher lumber costs and higher SG&A expenses, partially offset by lower manufacturing costs. SG&A expenses included severance expense of \$1.9 million in 2017.

**Other (income) expense, net:** Other (income) expense, net of \$(0.2) million and \$0.1 million for the three months ended March 31, 2017 and 2016, respectively, primarily reflected the translation of unhedged cross-currency intercompany loans.

## Management's Discussion and Analysis of Financial Condition and Results of Operations

**Income tax expense:** We recorded an income tax benefit for the first quarter of 2017 of \$2.1 million compared to income tax expense of \$0.5 million in the same period of 2016, primarily due to the geographic distribution of earnings, AFI operating as a part of AWI prior to April 1, 2016 as well as discrete tax benefits associated with a stock compensation windfall. The effective tax rate was 21.2% and (25.0)% for the three months ended March 31, 2017 and 2016, respectively.

**Discontinued operations:** For the three months ended March 31, 2016, discontinued operations of \$1.7 million reflected non-cash tax benefits for our former European resilient flooring business related to pension expense deductions. See Note 2 to the Condensed Consolidated Financial Statements.

### Liquidity and Capital Resources

In March 2017, our board of directors authorized a share repurchase program of \$50 million. The authorization of the repurchase program is aligned with our goal to increase the efficiency of our capital structure over time while preserving sufficient liquidity to invest in organic growth projects and other value-accretive opportunities. We purchased \$4.9 million of treasury stock in the first quarter of 2017.

Our primary sources of liquidity are, and we anticipate that they will continue to be, cash generated from operations and borrowings under our ABL Facility, described below. We believe these sources are sufficient to fund our capital needs, planned capital expenditures and to meet our interest and other contractual obligations in the near term, as well as any further share repurchases. Our liquidity needs for operations vary throughout the year with the majority of our cash flows generated in the second and third quarters.

Prior to the Separation, deemed transfers of cash to and from AWI's cash management system were reflected in Net AWI investment in the historical combined financial statements.

AFI does not presently have a plan to pay cash dividends on its common stock. Payment of cash dividends, if any, on our common stock will rest solely within the discretion of our board of directors and will depend, among other things, upon AFI's earnings, capital requirements, financial condition, legal requirements, regulatory constraints, covenants associated with certain of AFI's debt service obligations, industry practice, and other relevant factors as determined by our board of directors.

Cash and cash equivalents totaled \$33.3 million as of March 31, 2017 of which \$13.1 million was held in the U.S.

### Cash Flows

The table below shows our cash provided (used) by operating, investing and financing activities:

<i>(Dollars in millions)</i>	Three Months Ended March 31,	
	2017	2016
Cash used for operating activities	\$ (33.4)	\$ (29.6)
Cash used for investing activities	(12.6)	(7.6)
Cash provided by financing activities	48.2	37.3

### Operating activities

Operating activities for the three months ended March 31, 2017 and 2016 used \$33.4 million and \$29.6 million of cash, respectively. Changes in working capital resulted in a net cash outflow, partially offset by a net cash inflow from earnings exclusive of net non-cash expenses, primarily depreciation and amortization and deferred income taxes.

## Management's Discussion and Analysis of Financial Condition and Results of Operations

### Investing activities

Net cash used for investing activities was \$12.6 million and \$7.6 million for the three months ended March 31, 2017 and 2016, respectively, primarily reflecting purchases of property, plant and equipment.

### Financing activities

Net cash provided by financing activities was \$48.2 million and \$37.3 million for the three months ended March 31, 2017 and 2016, respectively. Cash provided in the first three months of 2017 primarily reflected proceeds from debt, partially offset by purchases of treasury stock. Cash provided in the first three months of 2016 primarily reflected net transfers from AWI, partially offset by payment of debt.

### Debt

On April 1, 2016, AFI entered into a \$225.0 million asset-based revolving credit facility with a five-year maturity ("ABL Facility"). As of March 31, 2017, the debt outstanding under the ABL Facility was \$72.0 million and outstanding letters of credit were \$1.8 million.

Due to its stated five-year maturity, this obligation is presented as a long-term obligation in our Condensed Consolidated Balance Sheets. However, AFI may repay this obligation at any time, without penalty.

Obligations under the ABL Facility are secured by qualifying accounts receivable, inventories, and select machinery and equipment of AFI's wholly-owned domestic subsidiaries. The ABL Facility includes a \$50.0 million sublimit for the issuance of standby letters of credit. Borrowings under the ABL Facility bear interest at a rate equal to an adjusted base rate or the London Interbank Offered Rate ("LIBOR") plus an applicable margin, which varies according to average excess credit availability and is currently 1.25%. We are required to pay a commitment fee, payable quarterly in arrears, on the average daily unused amount of the ABL Facility, which varies according to utilization and is currently 0.375%. Outstanding letters of credit issued under the ABL Facility are subject to fees which will be due quarterly in arrears based on an adjusted base rate.

### Debt Covenants

The only material financial covenant in the ABL Facility is a fixed charge coverage ratio. As of March 31, 2017, availability under the ABL Facility exceeded the minimum required threshold and, as a result, this covenant is not applicable. In addition, the ABL Facility contains customary negative covenants, including those that restrict our ability to allow certain liens to attach to assets, make certain acquisitions and investments, incur certain additional indebtedness, pay dividends on our capital stock or redeem, repurchase or retire our capital stock or indebtedness, make certain fundamental changes to our structure, make certain dispositions, change the nature of our business, and enter into certain other transactions or agreements.

### Off-Balance Sheet Arrangements

No disclosures are required pursuant to Item 303(a)(4) of Regulation S-K.

### Contractual Obligations

Our contractual obligations at March 31, 2017 did not significantly change from the contractual obligations previously disclosed at December 31, 2016.

### Recent Accounting Pronouncements

See Note 1 to the Condensed Consolidated Financial Statements for a discussion of recent accounting pronouncements, including accounting pronouncements that are effective in future periods.

**Item 3. Qualitative and Quantitative Disclosures About Market Risk**

For information regarding our exposure to certain market risks, see "Quantitative and Qualitative Disclosures About Market Risk" in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our 2016 Annual Report on Form 10-K.

**Item 4. Controls and Procedures****Evaluation of Disclosure Controls and Procedures**

The Company maintains a system of disclosure controls and procedures to give reasonable assurance that information required to be disclosed in the Company's reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These controls and procedures also give reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

As of March 31, 2017, the Company's Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO"), together with management, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures are effective at the reasonable assurance level described above.

**Change in Internal Controls over Financial Reporting**

No material change in our internal control over financial reporting occurred during the fiscal quarter ended March 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II: OTHER INFORMATION

### Item 1. Legal Proceedings

See Note 13 to the Condensed Consolidated Financial Statements included elsewhere in this report, which is incorporated herein by reference.

### Item 1A. Risk Factors

There have been no material changes in the Company's risk factors discussed in Part I, Item 1A, Risk Factors in our 2016 Annual Report on Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Issuer Purchases of Equity Securities

The following table includes information about our stock repurchases from January 1, 2017 to March 31, 2017:

Period	Total Number of Shares Purchased <sup>1,2</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>2</sup>	Approximate Dollar Value of Shares that may yet be Purchased under the Plans or Programs
January 1 - 31, 2017	19,867	\$ 19.91	—	—
February 1 - 28, 2017	45,400	\$ 22.04	—	—
March 1 - 31, 2017	273,436	\$ 18.32	267,212	\$45 million
Total	<u>338,703</u>		267,212	\$45 million

<sup>1</sup> Shares reacquired through the withholding of shares to pay employee tax obligations upon the exercise of options or vesting of restricted shares previously granted under AWI, which were converted to AFI shares on April 1, 2016.

<sup>2</sup> Shares reacquired pursuant to a share repurchase program effective March 6, 2017. The shares are held in Treasury as of March 31, 2017.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

### Item 6. Exhibits

The list of exhibits in the Exhibit Index to this report is incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Armstrong Flooring, Inc.  
(Registrant)**

Date: May 8, 2017

By: /s/ John W. Thompson

John W. Thompson  
Senior Vice President and Chief Financial Officer  
(As Duly Authorized Officer and Principal Financial Officer)

Date: May 8, 2017

By: /s/ Kimberly Z. Boscan

Kimberly Z. Boscan  
Vice President and Controller  
(As Duly Authorized Officer and Principal Accounting Officer)

## EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Armstrong Flooring, Inc. dated March 30, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, as filed with the U.S. Securities and Exchange Commission on April 4, 2016).
3.2	Amended and Restated Bylaws of Armstrong Flooring, Inc. dated March 30, 2016 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, as filed with the U.S. Securities and Exchange Commission on April 4, 2016).
10.1	Form of 2017 Long-Term Performance - Based Restricted Stock Grant - Tier 1 Executive - Free Cash Flow. *†
10.2	Form of 2017 Long-Term Performance - Based Restricted Stock Grant - Tier 1 Executive - EBITDA. *†
10.3	Form of 2017 Long-Term Performance - Based Restricted Stock Grant – Tier 2 Executive - Free Cash Flow. *†
10.4	Form of 2017 Long-Term Performance - Based Restricted Stock Grant – Tier 2 Executive - EBITDA. *†
10.5	Form of 2017 Long-Term Performance - Based Restricted Stock Grant - Non U.S. (China) - Free Cash Flow - Payable in Cash. *†
10.6	Form of 2017 Long-Term Performance - Based Restricted Stock Grant - Non U.S. (China) - EBITDA - Payable in Cash. *†
10.7	Form of 2017 Long-Term Time - Based Restricted Stock Grant - U.S. and Non-U.S. *†
10.8	Form of 2017 Long-Term Time - Based Restricted Stock Grant - Non-U.S. (China) - Payable in Cash. *†
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.†
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.†
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.†
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.†

101.INS XBRL Instance Document†  
101.SCH XBRL Taxonomy Extension Schema Document†  
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document†  
101.DEF XBRL Taxonomy Extension Definition Linkbase Document†  
101.LAB XBRL Taxonomy Extension Label Linkbase Document†  
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document†

\* Management Contract or Compensatory Plan.

† Filed herewith.

**2017 Long-Term Performance-Based Restricted Stock Grant  
Performance Goals Based on Cumulative Free Cash Flow**

ARMSTRONG FLOORING, INC.  
2500 Columbia Ave., P.O. Box 3025  
Lancaster, PA 17604  
717.672.9611

Company Confidential

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**First Name Middle Name Last Name**

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I am pleased to inform you that the Company's Management Development and Compensation Committee granted you the following:

Date of Grant:	March 7, 2017
Target Performance Shares ("Target Award"):	□
Maximum Performance Shares ("Maximum Award"):	<b>[Insert number of shares equal to 300% of Target Award]</b>
Performance Period ("Performance Period"):	January 1, 2017 through December 31, 2019

This award recognizes the importance of your role in achieving the Company's long-term strategy and is subject to the terms of the 2016 Long-Term Incentive Plan and the award agreement. The award agreement consists of this grant letter with the Performance Goals attached as [Exhibit A](#) and the Terms and Conditions attached as [Exhibit B](#).

The Performance Shares will be earned by achieving Performance Goals based on Cumulative Free Cash Flow and Absolute Annualized Total Stockholder Return ("[Absolute TSR](#)"), subject to your continued employment as described in the Terms and Conditions. The Committee has established the Performance Goals set forth on [Exhibit A](#), which allow you to earn up to the Maximum Award.

To the extent the Performance Goals are achieved and you satisfy the employment requirements, the earned Performance Shares will vest in accordance with the vesting terms set forth in the Terms and Conditions. The Company will withhold shares to satisfy your tax obligations unless you provide a payment to cover the tax withholding obligation.

If the Company pays cash dividends while you hold the Performance Shares before vesting, the dividends on shares attributable to the Performance Shares will accrue in a non-interest bearing bookkeeping account. You will receive a cash payment equal to the accrued dividends at the end of the Performance Period, adjusted for the number of Performance Shares that become earned and vested.

Employment Events

The following chart is a summary of the provisions which apply to this award in connection with termination of employment. The following is only a summary, and in the event of termination of employment, the award will be governed by the Terms and Conditions.

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Event	Provisions
<ul style="list-style-type: none"> <li>■ Voluntary Resignation</li> <li>■ Termination for Cause</li> </ul>	All Performance Shares and accrued dividends are forfeited.
<ul style="list-style-type: none"> <li>■ Involuntary Termination Without Cause</li> </ul>	If termination occurs after 10 months following the Date of Grant, then to the extent that the Performance Goals are achieved, Performance Shares and accrued dividends are earned pro-rata, based on the period of employment; otherwise the Performance Shares and accrued dividends are forfeited.
<ul style="list-style-type: none"> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	To the extent that the Performance Goals are achieved, Performance Shares and accrued dividends are earned pro-rata, based on the period of employment.
After a Change in Control: <ul style="list-style-type: none"> <li>■ Involuntary Termination Without Cause</li> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	Performance Shares calculated upon the Change in Control and accrued dividends are earned as described in <u>Exhibit A</u> .

In the event of any inconsistency between the foregoing summary and the Terms and Conditions or the 2016 Long-Term Incentive Plan, the Terms and Conditions or the 2016 Long-Term Incentive Plan, as applicable, will govern. Capitalized terms used but not defined in this grant letter will have the meanings set forth in the 2016 Long-Term Incentive Plan or the Terms and Conditions, as applicable. **As described in the Terms and Conditions, if and to the extent that the terms of this award agreement conflict with the terms of a change in control agreement or employment agreement between you and the Company, the terms of this award agreement shall supersede the terms of the change in control agreement or employment agreement.**

Please contact Lisa DeMascola (717-672-7394) if you have questions.

Sincerely,

Donald R. Maier  
 President and Chief Executive Officer

***The information contained in this letter is confidential and any discussion, distribution or use of this information is prohibited.***

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**Exhibit A**  
**Performance Goals**

Cumulative Free Cash Flow: Cumulative Free Cash Flow is defined as cash flow from operations, less cash used in investing activities, as determined by the Committee.

Cumulative Free Cash Flow Performance Scale	
Performance Level	Payout
██████████	0%
██████	50%
████	100%
███	200%

Adjustment to Cumulative Free Cash Flow Performance Goal based on Absolute Annualized Total Shareholder Return :

Absolute Annualized Total Shareholder Return (“Absolute TSR”) is a modifier of the Performance Goal. The Cumulative Free Cash Flow performance results shall be adjusted as described below to determine the actual number of Performance Shares that are earned based on attainment of the Cumulative Free Cash Flow and Absolute TSR Performance Goals.

Absolute TSR tracks the appreciation in share price of the Company Stock, including dividends, and is annualized for the Performance Period, as determined by the Committee. Specifically, Absolute TSR is calculated based on the following formula:

$$\left( \frac{\text{Ending Share Price} + \text{Aggregate Dividends}}{\text{Starting Share Price}} \right)^{(1.3)} - 1$$

For purposes of the Absolute TSR calculation:

- “Ending Share Price” means the volume weighted average closing price of the Company Stock for the highest consecutive 30 trading days in the 60 trading day period beginning with and immediately following January 2, 2020.
- “Aggregate Dividends” means a cumulative number of shares of Company Stock assuming same day reinvestment in Company Stock on the ex-dividend date of the dividends paid on a share of Company Stock during the Performance Period.
- “Starting Share Price” means the volume weighted average closing price of the Company Stock for the 30 trading days beginning with and immediately following January 3, 2017.

Absolute TSR	
Performance Level	Modifier
██████████	50%
██████	75%
████	100%
███	150%

The modifier shall be applied as of the end of the Performance Period, after the Cumulative Free Cash Flow and Absolute TSR performance results have been determined. Notwithstanding the foregoing, in no event may the number of Performance Shares earned exceed the Maximum Award.

**Terms for Performance Goals:**

Threshold level performance must be achieved in order to earn any Performance Shares for the Cumulative Free Cash Flow Performance Goals. If actual performance is between performance levels, the number of Performance Shares earned with respect to the Performance Goal will be interpolated on a straight line basis for pro-rata achievement for performance at or between performance levels. If the Performance Goals would produce fractional shares, the number of Performance Shares earned shall be rounded up to the nearest whole share, but not in excess of the Maximum Award.

**Change in Control:**

If a Change in Control occurs during the Performance Period or prior to the end of the 60 trading day period following the end of the Performance Period, the number of Performance Shares earned will be based on the Cumulative Free Cash Flow performance results through the date of the Change in Control (or through December 31, 2019, if earlier), and then modified based on Absolute TSR through the date of the Change in Control, as follows:

- The number of Performance Shares earned with respect to the Cumulative Free Cash Flow Performance Goal will be based on actual Cumulative Free Cash Flow through the date of the Change in Control (or through December 31, 2019, if earlier) relative to the 2017, 2018 and 2019 portions of the total Cumulative Free Cash Flow target, as determined by the Committee before the Change in Control in its sole discretion. Cumulative Free Cash Flow through the date of the Change in Control (or through December 31, 2019, if earlier) shall be compared to the annual and quarterly targets for the period through the date of the Change in Control.
- Absolute TSR will be calculated using the per-share sales price in the Change in Control as the Ending Share Price and as if the Change in Control date were the end of the Performance Period, as determined by the Committee before the Change in Control in its sole discretion.

The Committee reserves discretion to provide for accelerated vesting of the earned Performance Shares at a higher performance level pursuant to Section 14(b) of the Plan.

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## **EXHIBIT B**

### **ARMSTRONG FLOORING, INC. 2016 LONG-TERM INCENTIVE PLAN**

#### **PERFORMANCE-BASED RESTRICTED STOCK GRANT TERMS AND CONDITIONS**

1. Grant.

(a) Subject to the terms set forth below, Armstrong Flooring, Inc. (the "Company") has granted to the designated employee (the "Grantee") an award of performance-based restricted stock (the "Performance Shares") as specified in the 2017 Long-Term Performance-Based Restricted Stock Grant Letters to which these Grant Conditions relate (the "Grant Letters"). Each Grant Letter specifies a Target Award and the Maximum Award granted as of the Date of Grant, subject to restrictions as set forth herein. The "Date of Grant" is March 7, 2017. The Performance Shares are shares of common stock of the Company ("Company Stock").

(b) The Performance Shares shall be earned and vested if and to the extent that the Cumulative Free Cash Flow, Cumulative EBITDA and Absolute TSR performance goals set forth in the Grant Letters (the "Performance Goals"), employment conditions and other terms of these Grant Conditions are met. The "Performance Period" for which the attainment of the Performance Goals will be measured is the period beginning January 1, 2017 and ending December 31, 2019.

(c) These Terms and Conditions (the "Grant Conditions") are part of the Grant Letters. This grant is made under the Armstrong Flooring, Inc. 2016 Long-Term Incentive Plan (the "Plan"). Any terms not defined herein shall have the meanings set forth in the Plan.

2. Performance Goals; Vesting.

(a) The Grantee shall earn and vest in a number of Performance Shares based on the attainment of the Performance Goals for the Performance Period, provided that the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively the "Employer") through the Vesting Date (as defined below). The Performance Goals shall be earned based on attainment of the Performance Goals as determined by the Management Development and Compensation Committee of the Company (the "Committee"), and the Performance Shares shall vest to the extent the Performance Goals are earned as determined by the Committee, provided that the Grantee is employed by the Employer on the Vesting Date.

(b) After the end of the Performance Period, the Committee will determine whether and to what extent the Performance Goals have been met and will certify the amount, if any, earned with respect to the Performance Shares. The Grantee can earn up

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to the Maximum Award based on attainment of the Performance Goals, as set forth in the Grant Letters.

(c) The “Vesting Date” is (i) if no Change in Control occurs, the date on which the Committee certifies whether and to what extent the applicable Performance Goals have been met or (ii) in the event of a Change in Control, the vesting date described in Section 2(d) below. The Committee will certify attainment of the Performance Goals between April 1, 2020 and April 30, 2020 (or an earlier date in 2020 as determined by the Committee), except as provided in Section 2(d) with respect to a Change in Control.

(d) If a Change in Control occurs prior to the end of the Performance Period or prior to the end of the 60 trading day period following the end of the Performance Period, the amount earned with respect to the Performance Shares shall be determined by the Committee as of the date of the Change in Control, as described in the Grant Letters. If the Change in Control occurs on or before December 31, 2019, the earned Performance Shares will vest on December 31, 2019, subject to the Grantee’s continued employment through December 31, 2019. If the Change in Control occurs during the 60 trading day period following the end of the Performance Period, the earned Performance Shares will vest on the date of the Change in Control, subject to the Grantee’s continued employment through the date of the Change in Control. Notwithstanding the foregoing, if the Performance Shares are not assumed by, or replaced by substantially identical grants by, the successor company in the Change in Control, the earned Performance Shares shall vest as of the date of the Change in Control.

(e) No Performance Shares shall vest prior to the Committee’s certification of achievement of the Performance Goals, and to the extent that the Performance Goals are not attained, the Performance Shares shall be immediately forfeited and shall cease to be outstanding as of the date of the Committee’s determination.

(f) When the Performance Shares vest, the earned and vested Performance Shares shall cease to be subject to the restrictions of these Grant Conditions, other than the holding requirements of Section 7 below.

3. Restrictions on Assignment Before Vesting. During the period before the Performance Shares vest, the Performance Shares may not be assigned, transferred, pledged or otherwise disposed of by the Grantee, other than by will or the laws of descent and distribution. Any attempt to assign, transfer, pledge, subject to Performance Shares to any other security interest or otherwise dispose of the Performance Shares other than by will or the laws of descent and distribution, and the levy of any execution, attachment or similar process upon the Performance Shares, shall be null, void and without effect.

4. Termination of Employment.

(a) *General Rule.* Except as described below, if the Grantee ceases to be employed by the Employer prior to the Vesting Date, the Performance Shares shall be forfeited as of the termination date and shall cease to be outstanding.

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(b) *Involuntary Termination before a Change in Control.* If, before a Change in Control and after ten months following the Date of Grant but prior to the Vesting Date, the Grantee ceases to be employed by the Employer on account of Involuntary Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Shares based on the extent to which the Performance Goals are achieved for the Performance Period. The amount earned and vested shall be determined after the end of the Performance Period as described in Section 2. In the event of a subsequent Change in Control prior to the end of the Performance Period or prior to the end of the 60 trading day period following the end of the Performance Period, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters and the earned Performance Shares shall vest on a pro-rata basis as of the date of the Change in Control. The pro-rated portion shall be determined by multiplying the number of Performance Shares earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation.

(c) *Death or Long-Term Disability before a Change in Control.* If, before a Change in Control, the Grantee ceases to be employed by the Employer prior to the Vesting Date on account of death or Long-Term Disability (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Shares based on the extent to which the Performance Goals are achieved for the Performance Period. The amount earned and vested shall be determined after the end of the Performance Period as described in Section 2. In the event of a subsequent Change in Control prior to the end of the Performance Period or prior to the end of the 60 trading day period following the end of the Performance Period, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters and the earned Performance Shares shall vest on a pro-rata basis as of the date of the Change in Control. The pro-rated portion shall be determined by multiplying the number of Performance Shares earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation.

(d) *Involuntary Termination, Death and Long-Term Disability on or after a Change in Control.* If the Grantee's employment terminates on account of Involuntary Termination, death or Long-Term Disability on or after a Change in Control and prior to the Vesting Date, the Grantee shall vest in the Performance Shares earned as of the Change in Control date as described in the Grant Letters. If the Grantee has a Change in Control Severance Agreement with the Company ("Change in Control Agreement"), on and after a Change in Control, the term "Involuntary Termination" shall have the meaning given a termination by the Company without Cause as defined in the Change in Control Agreement, and shall include without limitation a termination for Good Reason as defined in the Change in Control Agreement. The Grantee agrees that, subject to the immediately

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preceding sentence, if and to the extent that these Grant Conditions conflict with the terms of the Change in Control Agreement or any employment agreement between the Company and the Grantee, these Grant Conditions shall supersede the provisions of the Change in Control Agreement and employment agreement applicable to vesting of performance units on and after a Change in Control, notwithstanding anything in the Change in Control Agreement or employment agreement to the contrary.

5. Definitions. For purposes of these Grant Conditions and the Grant Letters:

(a) “Cause” shall mean any of the following, as determined in the sole discretion of the Employer: (i) commission of a felony or a crime involving moral turpitude; (ii) fraud, dishonesty, misrepresentation, theft or misappropriation of funds with respect to the Employer; (iii) violation of the Employer’s Code of Conduct or employment policies, as in effect from time to time; (iv) breach of any written noncompetition, confidentiality or nonsolicitation covenant of the Grantee with respect to the Employer; or (v) gross negligence or misconduct in the performance of the Grantee’s duties with the Employer.

(b) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.

(c) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

6. Dividends. Dividends paid on Performance Shares shall be payable subject to the same Performance Goals, vesting terms and other conditions as the Performance Shares to which they relate. Dividends paid on Performance Shares before vesting shall be retained by the Company in a non-interest bearing bookkeeping account for the Grantee. No interest will be credited to any such account. If and to the extent that the underlying Performance Shares are forfeited, all related dividends shall also be forfeited. Earned and vested dividends shall be paid in cash in 2020 or, if earlier, upon termination of employment as described in Section 4(d) or upon a Change in Control if and as required by Section 4(b) or (c), as applicable, at the same time and subject to the same terms as the underlying Performance Shares vest; provided that if a Change in Control occurs that does not meet the requirements of a “change in the ownership or effective control or the ownership of a substantial portion of the assets” under section 409A of the Code (“409A CIC”) or, with respect to Section 4(d), if the Grantee’s termination of employment under Section 4(d) does not occur within two years after a 409A CIC, the earned and vested dividends shall be paid in 2020, if required by Section 409A.

7. Holding Requirement. Any Performance Shares that are earned in excess of the applicable Target Award must be held by the Grantee for one year following the Vesting Date (the “Holding Period”) and may not be assigned, transferred, pledged or otherwise disposed of by the Grantee, other than by will or the laws of descent and distribution, during the Holding Period. However, if the Grantee’s employment with the Employer terminates for any reason, or a Change in Control occurs, the holding requirement of this

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Section 7 shall lapse as of the date of the Grantee's termination of employment or the Change in Control, as applicable.

8. Stock Power; Stock Certificates. The Committee may require the Grantee to deliver a duly signed stock power, endorsed in blank, relating to the Performance Shares. Stock certificates representing the Performance Shares may be issued by the Company and held until the Performance Shares vest, the Company may hold non-certificated shares until the Performance Shares vest, or the Company may register the shares by book-entry. If certificates are issued, each certificate for a Performance Share shall contain a legend giving appropriate notice of the restrictions in the grant. The Grantee shall be entitled to have the legend removed when the Performance Shares vest. The obligation of the Company to remove the legend on the certificates representing the vested Performance Shares upon vesting shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriately to comply with relevant securities laws and regulations.

9. No Right to Continued Employment. The grant of Performance Shares shall not confer upon the Grantee any right to continued employment with the Employer or interfere with the right of the Employer to terminate the Grantee's employment at any time.

10. Incorporation of Plan by Reference. The Grant Letters and these Grant Conditions are made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Committee shall be conclusive upon any question arising hereunder. The Grantee's receipt of the Performance Shares constitutes the Grantee's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, the Grant Letters, these Grant Conditions, and the Performance Shares shall be final and binding on the Grantee and any other person claiming an interest in the Performance Shares.

11. Withholding Taxes. The Employer shall have the right to deduct from all payments made hereunder and from other compensation an amount equal to the federal (including FICA), state, local and foreign taxes required by law to be withheld with respect to the Performance Shares. The Employer will withhold shares of Company Stock hereunder to satisfy the tax withholding obligation, unless the Grantee provides a payment to the Employer to cover such Taxes, in accordance with procedures established by the Committee. Unless the Committee determines otherwise, the share withholding amount shall not exceed the Grantee's minimum applicable tax withholding amount.

12. Company Policies. All amounts payable under the Grant Letters and these Grant Conditions shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors from time to time.

13. Assignment. The Grant Letters and these Grant Conditions shall bind and inure to the benefit of the successors and assignees of the Company. The Grantee may not sell,

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assign, transfer, pledge or otherwise dispose of the Performance Shares, except to a successor grantee in the event of the Grantee's death.

14. Section 409A. The Grant Letters and these Grant Conditions are intended to be exempt from section 409A of the Code. Notwithstanding the foregoing, if the Performance Shares or related dividends constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code, vested Performance Shares and related dividends shall be settled on the earliest date that would be permitted under section 409A of the Code without incurring penalty or accelerated taxes thereunder, consistent with Section 20(h) of the Plan.

15. Successors. The provisions of the Grant Letters and these Grant Conditions shall extend to any business that becomes a successor to the Company or its subsidiaries or affiliates on account of a merger, consolidation, sale of assets, spinoff or similar transaction with respect to any business of the Company or its subsidiaries or affiliates with which the Grantee is employed, and if this grant continues in effect after such corporate event, references to the "Company or its subsidiaries or affiliates" or the "Employer" in the Grant Letters and these Grant Conditions shall include the successor business and its affiliates, as appropriate. In that event, the Company may make such modifications to the Grant Letters and these Grant Conditions as it deems appropriate to reflect the corporate event.

16. Governing Law. The validity, construction, interpretation and effect of the Grant Letters and these Grant Conditions shall be governed by, and determined in accordance with, the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle.

\* \* \*

**2017 Long-Term Performance-Based Restricted Stock Grant  
Performance Goals Based on Cumulative EBITDA**

ARMSTRONG FLOORING, INC.  
2500 Columbia Ave., P.O. Box 3025  
Lancaster, PA 17604  
717.672.9611

Company Confidential

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**First Name Middle Name Last Name**

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I am pleased to inform you that the Company's Management Development and Compensation Committee granted you the following:

Date of Grant:	March 7, 2017
Target Performance Shares ("Target Award"):	□
Maximum Performance Shares ("Maximum Award"):	<b>[Insert number of shares equal to 300% of Target Award]</b>
Performance Period ("Performance Period"):	January 1, 2017 through December 31, 2019

This award recognizes the importance of your role in achieving the Company's long-term strategy and is subject to the terms of the 2016 Long-Term Incentive Plan and the award agreement. The award agreement consists of this grant letter with the Performance Goals attached as Exhibit A and the Terms and Conditions attached as Exhibit B.

The Performance Shares will be earned by achieving Performance Goals based on Cumulative EBITDA and Absolute Annualized Total Stockholder Return ("Absolute TSR"), subject to your continued employment as described in the Terms and Conditions. The Committee has established the Performance Goals set forth on Exhibit A, which allow you to earn up to the Maximum Award.

To the extent the Performance Goals are achieved and you satisfy the employment requirements, the earned Performance Shares will vest in accordance with the vesting terms set forth in the Terms and Conditions. The Company will withhold shares to satisfy your tax obligations unless you provide a payment to cover the tax withholding obligation.

If the Company pays cash dividends while you hold the Performance Shares before vesting, the dividends on shares attributable to the Performance Shares will accrue in a non-interest bearing bookkeeping account. You will receive a cash payment equal to the accrued dividends at the end of the Performance Period, adjusted for the number of Performance Shares that become earned and vested.

Employment Events

The following chart is a summary of the provisions which apply to this award in connection with termination of employment. The following is only a summary, and in the event of termination of employment, the award will be governed by the Terms and Conditions.

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Event	Provisions
<ul style="list-style-type: none"> <li>■ Voluntary Resignation</li> <li>■ Termination for Cause</li> </ul>	All Performance Shares and accrued dividends are forfeited.
<ul style="list-style-type: none"> <li>■ Involuntary Termination Without Cause</li> </ul>	If termination occurs after 10 months following the Date of Grant, then to the extent that the Performance Goals are achieved, Performance Shares and accrued dividends are earned pro-rata, based on the period of employment; otherwise the Performance Shares and accrued dividends are forfeited.
<ul style="list-style-type: none"> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	To the extent that the Performance Goals are achieved, Performance Shares and accrued dividends are earned pro-rata, based on the period of employment.
After a Change in Control: <ul style="list-style-type: none"> <li>■ Involuntary Termination Without Cause</li> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	Performance Shares calculated upon the Change in Control and accrued dividends are earned as described in <u>Exhibit A</u> .

In the event of any inconsistency between the foregoing summary and the Terms and Conditions or the 2016 Long-Term Incentive Plan, the Terms and Conditions or the 2016 Long-Term Incentive Plan, as applicable, will govern. Capitalized terms used but not defined in this grant letter will have the meanings set forth in the 2016 Long-Term Incentive Plan or the Terms and Conditions, as applicable. **As described in the Terms and Conditions, if and to the extent that the terms of this award agreement conflict with the terms of a change in control agreement or employment agreement between you and the Company, the terms of this award agreement shall supersede the terms of the change in control agreement or employment agreement.**

Please contact Lisa DeMascola (717-672-7394) if you have questions.

Sincerely,

Donald R. Maier  
 President and Chief Executive Officer

***The information contained in this letter is confidential and any discussion, distribution or use of this information is prohibited.***

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**Exhibit A**  
**Performance Goals**

Cumulative EBITDA: Cumulative EBITDA is defined as (i) operating income, plus (ii) depreciation and amortization, plus (iii) non-cash pension expense, as determined by the Committee.

Cumulative EBITDA Performance Scale	
Performance Level	Payout
██████████	0%
██████	50%
██████	100%
██████	200%

Adjustment to Cumulative EBITDA Performance Goal based on Absolute Annualized Total Shareholder Return :

Absolute Annualized Total Shareholder Return (“Absolute TSR”) is a modifier of the Performance Goal. The Cumulative EBITDA performance results shall be adjusted as described below to determine the actual number of Performance Shares that are earned based on attainment of the Cumulative EBITDA and Absolute TSR Performance Goals.

Absolute TSR tracks the appreciation in share price of the Company Stock, including dividends, and is annualized for the Performance Period, as determined by the Committee. Specifically, Absolute TSR is calculated based on the following formula:

$$\left( \frac{\text{Ending Share Price} + \text{Aggregate Dividends}}{\text{Starting Share Price}} \right)^{(1.3)} - 1$$

For purposes of the Absolute TSR calculation:

- “Ending Share Price” means the volume weighted average closing price of the Company Stock for the highest consecutive 30 trading days in the 60 trading day period beginning with and immediately following January 2, 2020.
- “Aggregate Dividends” means a cumulative number of shares of Company Stock assuming same day reinvestment in Company Stock on the ex-dividend date of the dividends paid on a share of Company Stock during the Performance Period.
- “Starting Share Price” means the volume weighted average closing price of the Company Stock for the 30 trading days beginning with and immediately following January 3, 2017.

Absolute TSR	
Performance Level	Modifier
██████████	50%
██████	75%
██████	100%
██████	150%

The modifier shall be applied as of the end of the Performance Period, after the Cumulative EBITDA and Absolute TSR performance results have been determined. Notwithstanding the foregoing, in no event may the number of Performance Shares earned exceed the Maximum Award.

**Terms for Performance Goals:**

Threshold level performance must be achieved in order to earn any Performance Shares for the Cumulative EBITDA Performance Goals. If actual performance is between performance levels, the number of Performance Shares earned with respect to the Performance Goal will be interpolated on a straight line basis for pro-rata achievement for performance at or between performance levels. If the Performance Goals would produce fractional shares, the number of Performance Shares earned shall be rounded up to the nearest whole share, but not in excess of the Maximum Award.

**Change in Control:**

If a Change in Control occurs during the Performance Period or prior to the end of the 60 trading day period following the end of the Performance Period, the number of Performance Shares earned will be based on the Cumulative EBITDA performance results through the date of the Change in Control (or through December 31, 2019, if earlier), and then modified based on Absolute TSR through the date of the Change in Control, as follows:

- The number of Performance Shares earned with respect to the Cumulative EBITDA Performance Goal will be based on Cumulative EBITDA through the date of the Change in Control (or through December 31, 2019, if earlier) relative to the 2017, 2018 and 2019 portions of the total Cumulative EBITDA target, as determined by the Committee before the Change in Control in its sole discretion. Cumulative EBITDA through the date of the Change in Control (or through December 31, 2019, if earlier) shall be compared to the annual and quarterly targets for the period through the date of the Change in Control.
- Absolute TSR will be calculated using the per-share sales price in the Change in Control as the Ending Share Price and as if the Change in Control date were the end of the Performance Period, as determined by the Committee before the Change in Control in its sole discretion.

The Committee reserves discretion to provide for accelerated vesting of the earned Performance Shares at a higher performance level pursuant to Section 14(b) of the Plan.

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## **EXHIBIT B**

### **ARMSTRONG FLOORING, INC. 2016 LONG-TERM INCENTIVE PLAN**

#### **PERFORMANCE-BASED RESTRICTED STOCK GRANT TERMS AND CONDITIONS**

1. Grant.

(a) Subject to the terms set forth below, Armstrong Flooring, Inc. (the "Company") has granted to the designated employee (the "Grantee") an award of performance-based restricted stock (the "Performance Shares") as specified in the 2017 Long-Term Performance-Based Restricted Stock Grant Letters to which these Grant Conditions relate (the "Grant Letters"). Each Grant Letter specifies a Target Award and the Maximum Award granted as of the Date of Grant, subject to restrictions as set forth herein. The "Date of Grant" is March 7, 2017. The Performance Shares are shares of common stock of the Company ("Company Stock").

(b) The Performance Shares shall be earned and vested if and to the extent that the Cumulative Free Cash Flow, Cumulative EBITDA and Absolute TSR performance goals set forth in the Grant Letters (the "Performance Goals"), employment conditions and other terms of these Grant Conditions are met. The "Performance Period" for which the attainment of the Performance Goals will be measured is the period beginning January 1, 2017 and ending December 31, 2019.

(c) These Terms and Conditions (the "Grant Conditions") are part of the Grant Letters. This grant is made under the Armstrong Flooring, Inc. 2016 Long-Term Incentive Plan (the "Plan"). Any terms not defined herein shall have the meanings set forth in the Plan.

2. Performance Goals; Vesting.

(a) The Grantee shall earn and vest in a number of Performance Shares based on the attainment of the Performance Goals for the Performance Period, provided that the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively the "Employer") through the Vesting Date (as defined below). The Performance Goals shall be earned based on attainment of the Performance Goals as determined by the Management Development and Compensation Committee of the Company (the "Committee"), and the Performance Shares shall vest to the extent the Performance Goals are earned as determined by the Committee, provided that the Grantee is employed by the Employer on the Vesting Date.

(b) After the end of the Performance Period, the Committee will determine whether and to what extent the Performance Goals have been met and will certify the amount, if any, earned with respect to the Performance Shares. The Grantee can earn up

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to the Maximum Award based on attainment of the Performance Goals, as set forth in the Grant Letters.

(c) The “Vesting Date” is (i) if no Change in Control occurs, the date on which the Committee certifies whether and to what extent the applicable Performance Goals have been met or (ii) in the event of a Change in Control, the vesting date described in Section 2(d) below. The Committee will certify attainment of the Performance Goals between April 1, 2020 and April 30, 2020 (or an earlier date in 2020 as determined by the Committee), except as provided in Section 2(d) with respect to a Change in Control.

(d) If a Change in Control occurs prior to the end of the Performance Period or prior to the end of the 60 trading day period following the end of the Performance Period, the amount earned with respect to the Performance Shares shall be determined by the Committee as of the date of the Change in Control, as described in the Grant Letters. If the Change in Control occurs on or before December 31, 2019, the earned Performance Shares will vest on December 31, 2019, subject to the Grantee’s continued employment through December 31, 2019. If the Change in Control occurs during the 60 trading day period following the end of the Performance Period, the earned Performance Shares will vest on the date of the Change in Control, subject to the Grantee’s continued employment through the date of the Change in Control. Notwithstanding the foregoing, if the Performance Shares are not assumed by, or replaced by substantially identical grants by, the successor company in the Change in Control, the earned Performance Shares shall vest as of the date of the Change in Control.

(e) No Performance Shares shall vest prior to the Committee’s certification of achievement of the Performance Goals, and to the extent that the Performance Goals are not attained, the Performance Shares shall be immediately forfeited and shall cease to be outstanding as of the date of the Committee’s determination.

(f) When the Performance Shares vest, the earned and vested Performance Shares shall cease to be subject to the restrictions of these Grant Conditions, other than the holding requirements of Section 7 below.

3. Restrictions on Assignment Before Vesting. During the period before the Performance Shares vest, the Performance Shares may not be assigned, transferred, pledged or otherwise disposed of by the Grantee, other than by will or the laws of descent and distribution. Any attempt to assign, transfer, pledge, subject to Performance Shares to any other security interest or otherwise dispose of the Performance Shares other than by will or the laws of descent and distribution, and the levy of any execution, attachment or similar process upon the Performance Shares, shall be null, void and without effect.

4. Termination of Employment.

(a) *General Rule.* Except as described below, if the Grantee ceases to be employed by the Employer prior to the Vesting Date, the Performance Shares shall be forfeited as of the termination date and shall cease to be outstanding.

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(b) *Involuntary Termination before a Change in Control.* If, before a Change in Control and after ten months following the Date of Grant but prior to the Vesting Date, the Grantee ceases to be employed by the Employer on account of Involuntary Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Shares based on the extent to which the Performance Goals are achieved for the Performance Period. The amount earned and vested shall be determined after the end of the Performance Period as described in Section 2. In the event of a subsequent Change in Control prior to the end of the Performance Period or prior to the end of the 60 trading day period following the end of the Performance Period, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters and the earned Performance Shares shall vest on a pro-rata basis as of the date of the Change in Control. The pro-rated portion shall be determined by multiplying the number of Performance Shares earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation.

(c) *Death or Long-Term Disability before a Change in Control.* If, before a Change in Control, the Grantee ceases to be employed by the Employer prior to the Vesting Date on account of death or Long-Term Disability (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Shares based on the extent to which the Performance Goals are achieved for the Performance Period. The amount earned and vested shall be determined after the end of the Performance Period as described in Section 2. In the event of a subsequent Change in Control prior to the end of the Performance Period or prior to the end of the 60 trading day period following the end of the Performance Period, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters and the earned Performance Shares shall vest on a pro-rata basis as of the date of the Change in Control. The pro-rated portion shall be determined by multiplying the number of Performance Shares earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation.

(d) *Involuntary Termination, Death and Long-Term Disability on or after a Change in Control.* If the Grantee's employment terminates on account of Involuntary Termination, death or Long-Term Disability on or after a Change in Control and prior to the Vesting Date, the Grantee shall vest in the Performance Shares earned as of the Change in Control date as described in the Grant Letters. If the Grantee has a Change in Control Severance Agreement with the Company ("Change in Control Agreement"), on and after a Change in Control, the term "Involuntary Termination" shall have the meaning given a termination by the Company without Cause as defined in the Change in Control Agreement, and shall include without limitation a termination for Good Reason as defined in the Change in Control Agreement. The Grantee agrees that, subject to the immediately

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preceding sentence, if and to the extent that these Grant Conditions conflict with the terms of the Change in Control Agreement or any employment agreement between the Company and the Grantee, these Grant Conditions shall supersede the provisions of the Change in Control Agreement and employment agreement applicable to vesting of performance units on and after a Change in Control, notwithstanding anything in the Change in Control Agreement or employment agreement to the contrary.

5. Definitions. For purposes of these Grant Conditions and the Grant Letters:

(a) “Cause” shall mean any of the following, as determined in the sole discretion of the Employer: (i) commission of a felony or a crime involving moral turpitude; (ii) fraud, dishonesty, misrepresentation, theft or misappropriation of funds with respect to the Employer; (iii) violation of the Employer’s Code of Conduct or employment policies, as in effect from time to time; (iv) breach of any written noncompetition, confidentiality or nonsolicitation covenant of the Grantee with respect to the Employer; or (v) gross negligence or misconduct in the performance of the Grantee’s duties with the Employer.

(b) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.

(c) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

6. Dividends. Dividends paid on Performance Shares shall be payable subject to the same Performance Goals, vesting terms and other conditions as the Performance Shares to which they relate. Dividends paid on Performance Shares before vesting shall be retained by the Company in a non-interest bearing bookkeeping account for the Grantee. No interest will be credited to any such account. If and to the extent that the underlying Performance Shares are forfeited, all related dividends shall also be forfeited. Earned and vested dividends shall be paid in cash in 2020 or, if earlier, upon termination of employment as described in Section 4(d) or upon a Change in Control if and as required by Section 4(b) or (c), as applicable, at the same time and subject to the same terms as the underlying Performance Shares vest; provided that if a Change in Control occurs that does not meet the requirements of a “change in the ownership or effective control or the ownership of a substantial portion of the assets” under section 409A of the Code (“409A CIC”) or, with respect to Section 4(d), if the Grantee’s termination of employment under Section 4(d) does not occur within two years after a 409A CIC, the earned and vested dividends shall be paid in 2020, if required by Section 409A.

7. Holding Requirement. Any Performance Shares that are earned in excess of the applicable Target Award must be held by the Grantee for one year following the Vesting Date (the “Holding Period”) and may not be assigned, transferred, pledged or otherwise disposed of by the Grantee, other than by will or the laws of descent and distribution, during the Holding Period. However, if the Grantee’s employment with the Employer terminates for any reason, or a Change in Control occurs, the holding requirement of this

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Section 7 shall lapse as of the date of the Grantee's termination of employment or the Change in Control, as applicable.

8. Stock Power; Stock Certificates. The Committee may require the Grantee to deliver a duly signed stock power, endorsed in blank, relating to the Performance Shares. Stock certificates representing the Performance Shares may be issued by the Company and held until the Performance Shares vest, the Company may hold non-certificated shares until the Performance Shares vest, or the Company may register the shares by book-entry. If certificates are issued, each certificate for a Performance Share shall contain a legend giving appropriate notice of the restrictions in the grant. The Grantee shall be entitled to have the legend removed when the Performance Shares vest. The obligation of the Company to remove the legend on the certificates representing the vested Performance Shares upon vesting shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriately to comply with relevant securities laws and regulations.

9. No Right to Continued Employment. The grant of Performance Shares shall not confer upon the Grantee any right to continued employment with the Employer or interfere with the right of the Employer to terminate the Grantee's employment at any time.

10. Incorporation of Plan by Reference. The Grant Letters and these Grant Conditions are made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Committee shall be conclusive upon any question arising hereunder. The Grantee's receipt of the Performance Shares constitutes the Grantee's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, the Grant Letters, these Grant Conditions, and the Performance Shares shall be final and binding on the Grantee and any other person claiming an interest in the Performance Shares.

11. Withholding Taxes. The Employer shall have the right to deduct from all payments made hereunder and from other compensation an amount equal to the federal (including FICA), state, local and foreign taxes required by law to be withheld with respect to the Performance Shares. The Employer will withhold shares of Company Stock hereunder to satisfy the tax withholding obligation, unless the Grantee provides a payment to the Employer to cover such Taxes, in accordance with procedures established by the Committee. Unless the Committee determines otherwise, the share withholding amount shall not exceed the Grantee's minimum applicable tax withholding amount.

12. Company Policies. All amounts payable under the Grant Letters and these Grant Conditions shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors from time to time.

13. Assignment. The Grant Letters and these Grant Conditions shall bind and inure to the benefit of the successors and assignees of the Company. The Grantee may not sell,

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assign, transfer, pledge or otherwise dispose of the Performance Shares, except to a successor grantee in the event of the Grantee's death.

14. Section 409A. The Grant Letters and these Grant Conditions are intended to be exempt from section 409A of the Code. Notwithstanding the foregoing, if the Performance Shares or related dividends constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code, vested Performance Shares and related dividends shall be settled on the earliest date that would be permitted under section 409A of the Code without incurring penalty or accelerated taxes thereunder, consistent with Section 20(h) of the Plan.

15. Successors. The provisions of the Grant Letters and these Grant Conditions shall extend to any business that becomes a successor to the Company or its subsidiaries or affiliates on account of a merger, consolidation, sale of assets, spinoff or similar transaction with respect to any business of the Company or its subsidiaries or affiliates with which the Grantee is employed, and if this grant continues in effect after such corporate event, references to the "Company or its subsidiaries or affiliates" or the "Employer" in the Grant Letters and these Grant Conditions shall include the successor business and its affiliates, as appropriate. In that event, the Company may make such modifications to the Grant Letters and these Grant Conditions as it deems appropriate to reflect the corporate event.

16. Governing Law. The validity, construction, interpretation and effect of the Grant Letters and these Grant Conditions shall be governed by, and determined in accordance with, the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle.

\* \* \*

**2017 Long-Term Performance-Based Restricted Stock Unit Grant**  
**Performance Goals Based on Cumulative Free Cash Flow**

ARMSTRONG FLOORING, INC.  
2500 Columbia Ave., P.O. Box 3025  
Lancaster, PA 17604  
717.672.9611

Company Confidential

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%%FIRST\_NAME%- %MIDDLE\_NAME%-  
%%LAST\_NAME%-

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I am pleased to inform you that the Company's Management Development and Compensation Committee granted you the following:

Date of Grant:	March 7, 2017
Performance Units (" <u>Target Award</u> "):	□
Performance Period (" <u>Performance Period</u> "):	January 1, 2017 through December 31, 2019

This award recognizes the importance of your role in achieving the Company's long-term strategy and is subject to the terms of the 2016 Long-Term Incentive Plan and the award agreement. The award agreement consists of this grant letter with the Performance Goals attached as Exhibit A and the Terms and Conditions attached as Exhibit B.

The Performance Units will be earned by achieving a Performance Goal based on Cumulative Free Cash Flow, subject to your continued employment through the end of the Performance Period. The Committee has established the Performance Goal set forth on Exhibit A, which allows you to earn up to 200 % of the Target Award, if you remain continuously employed by the Employer through the end of the Performance Period.

To the extent the Performance Goal is achieved and you satisfy the employment requirements, a number of shares of Company Stock equal to the Performance Units that are earned and vested will be distributed to you following the conclusion of the Performance Period in accordance with the payment terms set forth in the Terms and Conditions. The Company will withhold shares to satisfy your tax obligations unless prohibited by country law or unless you provide a payment to cover the tax withholding obligation. You have no ownership or voting rights relative to the Performance Units.

If the Company makes cash dividend payments during the Performance Period, the value of the dividends on shares attributable to the Performance Units will accrue as dividend equivalents in a non-interest bearing bookkeeping account. You will receive a cash payment equal to the accrued dividend equivalents at the end of the Performance Period, adjusted for the number of Performance Units that become earned and vested.

Employment Events

The following chart is a summary of the provisions which apply to this award in connection with termination of employment. The following is only a summary, and in the event of termination of employment, the award will be governed by the Terms and Conditions.

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Event	Provisions
<ul style="list-style-type: none"> <li>■ Voluntary Resignation</li> <li>■ Termination for Cause</li> </ul>	All Performance Shares and accrued dividends are forfeited.
<ul style="list-style-type: none"> <li>■ "55 / 5" Rule Termination (55 years of age or older with 5 years of service)</li> <li>■ Involuntary Termination Without Cause</li> </ul>	If termination occurs after 10 months following the Date of Grant, then to the extent that the Performance Goal is achieved, Performance Units and accrued dividend equivalents are earned pro-rata, based on the period of employment; otherwise the Performance Units and accrued dividend equivalents are forfeited.
<ul style="list-style-type: none"> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	To the extent that the Performance Goals are achieved, Performance Shares and accrued dividends are earned pro-rata, based on the period of employment.
<p>After a Change in Control:</p> <ul style="list-style-type: none"> <li>■ Involuntary Termination Without Cause</li> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	Performance Shares calculated upon the Change in Control and accrued dividends are earned as described in <u>Exhibit A</u> .

In the event of any inconsistency between the foregoing summary and the Terms and Conditions or the 2016 Long-Term Incentive Plan, the Terms and Conditions or the 2016 Long-Term Incentive Plan, as applicable, will govern. Capitalized terms used but not defined in this grant letter will have the meanings set forth in the 2016 Long-Term Incentive Plan or the Terms and Conditions, as applicable.

Please contact Lisa DeMascola (717-672-7394) if you have questions.

Sincerely,

Donald R. Maier  
President and Chief Executive Officer

***The information contained in this letter is confidential and any discussion, distribution or use of this information is prohibited.***

**Exhibit A**  
**Performance Goal**

**Cumulative Free Cash Flow:** Cumulative Free Cash Flow is defined as cash flow from operations, less cash used in investing activities, as determined by the Committee.

<b>Cumulative Free Cash Flow Performance Scale</b>	
<b>Performance Level</b>	<b>Payout</b>
██████████	0%
██████	50%
████	100%
███	200%

Threshold level performance must be achieved in order to earn any Performance Units for the Performance Goal. If actual performance is between performance levels, the number of Performance Units earned with respect to the Performance Goal will be interpolated on a straight line basis for pro-rata achievement for performance at or between performance levels. If the Performance Goal would produce fractional units, the number of Performance Units earned shall be rounded up to the nearest whole unit, but not in excess of an aggregate of 200% of the Target Award.

**Change in Control:**

If a Change in Control occurs prior to the end of the Performance Period, the number of Performance Units earned with respect to the Cumulative Free Cash Flow Performance Goal will be the greater of (i) the Target Award or (ii) the number of Performance Units earned with respect to the Cumulative Free Cash Flow Performance Goal based on actual Cumulative Free Cash Flow through the date of the Change in Control relative to the 2017, 2018 and 2019 portions of the total Cumulative Free Cash Flow target, as determined by the Committee before the Change in Control in its sole discretion. Cumulative Free Cash Flow through the date of the Change in Control shall be compared to the annual and quarterly targets for the period through the date of the Change in Control.

The Committee reserves discretion to provide for accelerated vesting of the earned Performance Units at a higher performance level pursuant to Section 14(b) of the Plan.

**EXHIBIT B**

**ARMSTRONG FLOORING, INC.  
2016 LONG-TERM INCENTIVE PLAN**

**PERFORMANCE-BASED RESTRICTED STOCK UNIT GRANT  
TERMS AND CONDITIONS**

1. Grant.

(a) Subject to the terms set forth below, Armstrong Flooring, Inc. (the "Company") has granted to the designated employee (the "Grantee") two target awards (the "Target Award") of performance-based restricted stock units (the "Performance Units") as specified in the 2017 Long-Term Performance Restricted Stock Unit Grant Letters to which these Grant Conditions relate (the "Grant Letters"). The "Date of Grant" is March 7, 2017. The Performance Units are Stock Units with respect to common stock of the Company ("Company Stock").

(b) The Performance Units shall be earned, vested and payable if and to the extent that the Cumulative Free Cash Flow and Cumulative EBITDA performance goals set forth in the Grant Letters (the "Performance Goals"), employment conditions and other terms of these Grant Conditions are met. The "Performance Period" for which the attainment of the Performance Goals will be measured is the period beginning January 1, 2017 and ending December 31, 2019.

(c) These Terms and Conditions (the "Grant Conditions") are part of the Grant Letters. This grant is made under the Armstrong Flooring, Inc. 2016 Long-Term Incentive Plan (the "Plan"). Any terms not defined herein shall have the meanings set forth in the Plan.

2. Performance Goals; Vesting.

(a) The Grantee shall earn and vest in a number of Performance Units based on the attainment of the Performance Goals for the Performance Period, provided that the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively the "Employer") through December 31, 2019 (the "Vesting Date"). The Performance Units shall be earned based on attainment of the Performance Goals and shall vest based on the Grantee's continued employment through the Vesting Date, or as otherwise provided below.

(b) After the end of the Performance Period, the Management Development and Compensation Committee (the "Committee") will determine whether and to what extent the Performance Goals have been met and the amount earned with respect to the Performance Units. The Grantee can earn up to 200% of the Target Award based on attainment of the Performance Goals, as set forth in the Grant Letters. Earned and vested Performance Units shall be payable as described in Section 5.

(c) If a Change in Control occurs, the amount earned with respect to the Performance Units shall be determined as of the date of the Change in Control as described in the Grant

Letters. The earned Performance Units shall continue to vest based on the Grantee's continued employment through the Vesting Date, except as otherwise provided herein. Earned and vested Performance Units shall be payable as described in Section 5. Notwithstanding the foregoing, if the Performance Units are not assumed by, or replaced by substantially identical grants by, the successor company in the Change in Control, the earned Performance Units shall vest as of the date of the Change in Control, and such earned and vested Performance Units shall be paid as of the date of the Change in Control if the Change in Control is a 409A CIC (as defined below) and if permitted by the plan termination provisions of the regulations under section 409A of the Code. If payment at the date of the Change in Control is not permitted under section 409A, the earned and vested Performance Units shall be payable as described in Section 5.

(d) Except as described below, no Performance Units shall be earned prior to the Committee's determination of achievement of the Performance Goals, and to the extent that the Performance Goals are not attained, the Performance Units shall be immediately forfeited and shall cease to be outstanding as of the date of the Committee's determination.

### 3. Termination of Employment.

(a) *General Rule.* Except as described below, if the Grantee ceases to be employed by the Employer prior to the Vesting Date, the Performance Units shall be forfeited as of the termination date and shall cease to be outstanding.

(b) *"55 / 5" Rule Termination.* If, after ten months following the Date of Grant but prior to the Vesting Date, the Grantee ceases to be employed by the Employer on account of a "55 / 5" Rule Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period; provided such vesting does not result in a violation of any age discrimination or other applicable law. In the event of a Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(c) *Involuntary Termination before a Change in Control.* If, before a Change in Control and after ten months following the Date of Grant but prior to the Vesting Date, the Grantee ceases to be employed by the Employer on account of Involuntary Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period, provided such vesting does not result in a violation of any age discrimination or other applicable law. In the event of a subsequent Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a

fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(d) *Death or Long-Term Disability Before a Change in Control.* If, before a Change in Control, the Grantee ceases to be employed by the Employer prior to the Vesting Date on account of death or Long-Term Disability (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period. In the event of a subsequent Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(e) *Involuntary Termination, Death and Disability on or after a Change in Control.* If the Grantee's employment terminates on account of Involuntary Termination, death or Long-Term Disability on or after a Change in Control and prior to the Vesting Date, the Grantee shall vest in the Performance Units earned as of the Change in Control date as described in the Grant Letters. If the Grantee has a Change in Control Severance Agreement with the Company ("Change in Control Agreement"), on and after a Change in Control, the term "Involuntary Termination" shall have the meaning given a termination by the Company without Cause as defined in the Change in Control Agreement, and shall include without limitation a termination for Good Reason as defined in the Change in Control Agreement. **The Grantee agrees that, subject to the immediately preceding sentence, if and to the extent that these Grant Conditions conflict with the terms of the Change in Control Agreement or any employment agreement between the Company and the Grantee, these Grant Conditions shall supersede the provisions of the Change in Control Agreement and employment agreement applicable to vesting of performance units on and after a Change in Control, notwithstanding anything in the Change in Control Agreement or employment agreement to the contrary.**

(f) *Coordination of Provisions.* If the Grantee terminates employment in a termination that is both a "'55 / 5' Rule Termination" and an Involuntary Termination, the termination shall be treated as an Involuntary Termination for purposes of the Grant Condition and Grant Letters.

4. Definitions. For purposes of these Grant Conditions and the Grant Letters:

(a) "'55 / 5' Rule Termination" shall mean the Grantee's termination of employment other than for Cause after the Grantee has attained age 55 and has completed five years of service with the Employer.

(b) “Cause” shall mean any of the following, as determined in the sole discretion of the Employer: (i) commission of a felony or a crime involving moral turpitude; (ii) fraud, dishonesty, misrepresentation, theft or misappropriation of funds with respect to the Employer; (iii) violation of the Employer’s Code of Conduct or employment policies, as in effect from time to time; (iv) breach of any written noncompetition, confidentiality or nonsolicitation covenant of the Grantee with respect to the Employer; or (v) gross negligence or misconduct in the performance of the Grantee’s duties with the Employer.

(c) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.

(d) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

#### 5. Payment.

(a) Except as provided below, after the end of the Performance Period, if the Committee certifies that the Performance Goals and other conditions to payment of the Performance Units have been met, the Company shall issue shares of Company Stock to the Grantee equal to the number of earned and vested Performance Units, subject to applicable withholding for Taxes (as defined below) and subject to compliance with section 409A of the Code and as described in Section 20(h) of the Plan. Payment of earned and vested Performance Units shall be made between April 1, 2020 and April 30, 2020, except as provided below. All unpaid Performance Units shall be forfeited in the event of termination for Cause.

(b) If the Grantee’s employment terminates for any reason other than Cause upon or within two years after a Change in Control that meets the requirements of a 409A CIC, the Grantee’s unpaid earned and vested Performance Units (if any) shall be paid within 60 days after the termination date, subject to compliance with section 409A of the Code, if applicable, and as described in Section 20(h) of the Plan. The Company shall issue shares of Company Stock to the Grantee equal to the number of the earned and vested Performance Units, subject to applicable withholding for Taxes. If a Change in Control does not meet the requirements of a 409A CIC, the Grantee’s earned and vested Performance Units (if any) shall be paid at the date described in subsection (a).

(c) Any fractional shares will be rounded up to the nearest whole share, but not exceeding 200% of the Target Award.

6. Dividend Equivalents. Dividend Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goals, vesting terms and other conditions as the Performance Units to which they relate. Dividend Equivalents shall be credited on the Performance Units when dividends are declared on shares of Company Stock from the Date of Grant until the payment date for the vested Performance Units. The Company will keep records of Dividend Equivalents in a non-interest bearing bookkeeping account for the Grantee. No interest will be credited to any such account. Vested Dividend Equivalents shall be paid in cash at the same time and subject to the same terms as the underlying vested Performance Units.

If and to the extent that the underlying Performance Units are forfeited, all related Dividend Equivalents shall also be forfeited.

7. Delivery of Shares. The Company's obligation to deliver shares upon the vesting of the Performance Units shall be subject to applicable laws, rules and regulations and also to such approvals by governmental agencies as may be deemed appropriate to comply with relevant securities laws and regulations.
8. No Stockholder Rights. No shares of Company Stock shall be issued to the Grantee on the Date of Grant, and the Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company with respect to any Performance Units.
9. No Right to Continued Employment. The grant of Performance Units shall not confer upon the Grantee any right to continued employment with the Employer or interfere with the right of the Employer to terminate the Grantee's employment at any time.
10. Incorporation of Plan by Reference. The Grant Letters and these Grant Conditions are made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Committee shall be conclusive upon any question arising hereunder. The Grantee's receipt of the Performance Units constitutes the Grantee's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, the Grant Letters, these Grant Conditions, and the Performance Units shall be final and binding on the Grantee and any other person claiming an interest in the Performance Units.
11. Withholding Taxes.
  - (a) The Employer shall have the right, and the Grantee hereby authorizes the Employer, to deduct from all payments made hereunder and from other compensation an amount equal to the federal (including FICA), state, local and foreign taxes, social insurance, payroll tax, contributions, payment on account obligations or other amounts required by law to be collected, withheld or accounted for with respect to the Performance Units (the "Taxes"). The Employer will withhold shares of Company Stock payable hereunder to satisfy the withholding obligation for Taxes on amounts payable in shares, unless the Grantee provides a payment to the Employer to cover such Taxes, in accordance with procedures established by the Committee. Unless the Committee determines otherwise, the share withholding amount shall not exceed the Grantee's minimum applicable withholding amount for Taxes.
  - (b) Regardless of any action the Employer takes with respect to any such Taxes, the Grantee acknowledges that the ultimate liability for all such Taxes legally due by the Grantee is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Employer. The Grantee further acknowledges that the Employer (i) makes no representations or undertakings regarding the treatment of any Taxes in connection with any aspect of the Performance Units, including the grant, vesting or settlement of the Performance Units and the subsequent sale of any shares of Company Stock acquired at settlement and the receipt of any Dividend Equivalents; and (ii) does not commit to structure the terms of the grant or any aspect

of the Performance Units to reduce or eliminate the Grantee's liability for Taxes. Further, if the Grantee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Grantee acknowledges that the Employer (or the Grantee's former employer, as applicable) may be required to collect, withhold or account for Taxes in more than one jurisdiction.

12. Company Policies. All amounts payable under the Grant Letters and these Grant Conditions shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors from time to time.

13. Assignment. The Grant Letters and these Grant Conditions shall bind and inure to the benefit of the successors and assignees of the Company. The Grantee may not sell, assign, transfer, pledge or otherwise dispose of the Performance Units, except to a successor grantee in the event of the Grantee's death.

14. Section 409A. The Grant Letters and these Grant Conditions are intended to comply with section 409A of the Code or an exemption, consistent with Section 20(h) of the Plan, including the six-month delay for specified employees in accordance with the requirements of section 409A of the Code, if applicable. In furtherance of the foregoing, if the Performance Units or related Dividend Equivalents constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code, vested Performance Units and related Dividend Equivalents shall be settled on the earliest date that would be permitted under section 409A of the Code without incurring penalty or accelerated taxes thereunder.

15. Successors. The provisions of the Grant Letters and these Grant Conditions shall extend to any business that becomes a successor to the Company or its subsidiaries or affiliates on account of a merger, consolidation, sale of assets, spinoff or similar transaction with respect to any business of the Company or its subsidiaries or affiliates with which the Grantee is employed, and if this grant continues in effect after such corporate event, references to the "Company or its subsidiaries or affiliates" or the "Employer" in the Grant Letters and these Grant Conditions shall include the successor business and its affiliates, as appropriate. In that event, the Company may make such modifications to the Grant Letters and these Grant Conditions as it deems appropriate to reflect the corporate event.

16. Governing Law. The validity, construction, interpretation and effect of the Grant Letters and these Grant Conditions shall be governed by, and determined in accordance with, the applicable laws of the Commonwealth of Pennsylvania, excluding any conflicts or choice of law rule or principle.

17. No Entitlement or Claims for Compensation. In connection with the acceptance of the grant of the Performance Units under the Grant Letters and these Grant Conditions, the Grantee acknowledges the following:

(a) the Plan is established voluntarily by the Company, the grant of the Performance Units under the Plan is made at the discretion of the Committee and the Plan may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Performance Units under the Plan is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Units, or benefits in lieu of them, even if Performance Units have been granted repeatedly in the past;

(c) all decisions with respect to future grants of Performance Units, if any, will be at the sole discretion of the Committee;

(d) the Grantee is voluntarily participating in the Plan;

(e) the Performance Units and any shares of Company Stock acquired under the Plan are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Employer (including, as applicable, the Grantee's employer) and which are outside the scope of the Grantee's employment contract, if any;

(f) the Performance Units and any shares of Company Stock acquired under the Plan are not to be considered part of the Grantee's normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, payment in lieu of notice, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the Performance Units and the shares of Company Stock subject to the award are not intended to replace any pension rights or compensation;

(h) the grant of Performance Units and the Grantee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

(i) the future value of the underlying shares of Company Stock is unknown and cannot be predicted with certainty. If the Grantee vests in the Performance Units and receives shares of Company Stock, the value of the acquired shares may increase or decrease. The Grantee understands that the Company is not responsible for any foreign exchange fluctuation between the United States Dollar and the Grantee's local currency that may affect the value of the Performance Units or the shares of Company Stock; and

(j) the Grantee shall have no rights, claim or entitlement to compensation or damages as a result of the Grantee's cessation of employment (for any reason whatsoever, whether or not in breach of contract or local labor law or the terms of the Grantee's employment agreement, if any), insofar as these rights, claim or entitlement arise or may arise from the Grantee's ceasing to have rights under or be entitled to receive shares of Company Stock under or ceasing to have the opportunity to participate in the Plan as a result of such cessation or loss or diminution in value of the Performance Units or any of the shares of Company Stock acquired thereunder as a result of such cessation, and the Grantee irrevocably releases the Employer from any such rights, entitlement or claim that may arise. If, notwithstanding the foregoing, any such right or claim is

found by a court of competent jurisdiction to have arisen, then the Grantee shall be deemed to have irrevocably waived the Grantee's entitlement to pursue such rights or claim.

18. **Data Privacy.**

(a) The Grantee hereby explicitly, willingly and unambiguously consents to the collection, systematization, accumulation, storage, blocking, destruction, use, disclosure and transfer, in electronic or other form, of the Grantee's personal data as described in these Grant Conditions by and among, as applicable, the Grantee's employer, the Company or its subsidiaries or affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

(b) The Grantee understands that the Grantee's employer, the Company or its subsidiaries or affiliates, as applicable, hold certain personal information and sensitive personal information about the Grantee regarding the Grantee's employment, the nature and amount of the Grantee's compensation and the fact and conditions of the Grantee's participation in the Plan, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or its subsidiaries or affiliates, details of all options, awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan (the "Data").

(c) The Grantee understands that the Data may be transferred, including any cross-border, transfer to the Company, its subsidiaries and affiliates and, any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

19. Addendum. Notwithstanding any provisions in these Grant Conditions, the Performance Units shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary for legal or administrative reasons. The Addendum constitutes part of these Grant Conditions.

\* \* \*

## ADDENDUM

### ARMSTRONG FLOORING, INC. PERFORMANCE RESTRICTED STOCK UNIT GRANT

#### *Additional Terms and Conditions and Notifications*

This Addendum includes special terms and conditions that govern the Performance Units granted to the Grantee if the Grantee resides in the countries listed herein. These terms and conditions are in addition to the terms and conditions set forth in the Grant Conditions. This Addendum may also include information regarding certain other issues of which the Grantee should be aware with respect to the Grantee's participation in the Plan. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Grant Conditions (of which this Addendum is a part) and the Plan.

#### **AUSTRALIA**

##### *SECURITIES LAW DISCLOSURE*

For the purposes of this section of the Addendum:

“Australian Participants” means all persons to whom an offer or invitation of Performance Units are made in Australia under the Plan.

“Exchange” means the New York Stock Exchange.

“related body corporate” has the meaning given in section 50 of the Corporations Act 2001 (Cth).

##### General Advice Only

Any advice given by the Company or any related body corporate of the Company in relation to the Performance Units offered under the Plan does not take into account an Australian Participant's objectives, financial situation and needs. Australian Participants should consider obtaining their own financial product advice from an independent person who is licensed by the Australian Securities & Investments Commission to give such advice.

##### Acquisition price

No acquisition price is payable by Australian Participants for the Company to grant you the number of Performance Units set forth in the Grant Letter.

##### Risks of Performance Units and Company Stock

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Acquiring and holding Performance Units and Company Stock involves risk. These risks include that:

- (a) there is no guarantee that Company Stock will grow in value - it may decline in value. Stock markets are subject to fluctuations and the price of Company Stock can rise and fall, depending upon the Company's performance and other internal and external factors.
- (b) the Company may decide not to continue to pay dividends on its Company Stock at the current level, or may decide to cease the payment of dividends on its Company Stock.
- (c) there are tax implications involved in acquiring and holding Performance Units and Company Stock and the tax regime applying to Australian Participants may change.

Market Price of Company Stock in Australian Dollars

An Australian Participant could, from time to time, ascertain the market price of Company Stock by obtaining that price from the Exchange website, the Company website or The Wall Street Journal, and multiplying that price by a published exchange rate to convert U.S. Dollars into Australian Dollars.

**2017 Long-Term Performance-Based Restricted Stock Unit Grant  
Performance Goals Based on Cumulative EBITDA**

ARMSTRONG FLOORING, INC.  
2500 Columbia Ave., P.O. Box 3025  
Lancaster, PA 17604  
717.672.9611

Company Confidential

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%%FIRST\_NAME%- %MIDDLE\_NAME%-  
%%LAST\_NAME%-%

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I am pleased to inform you that the Company's Management Development and Compensation Committee granted you the following:

Date of Grant:	March 7, 2017
Performance Units (" <u>Target Award</u> "):	□
Performance Period (" <u>Performance Period</u> "):	January 1, 2017 through December 31, 2019

This award recognizes the importance of your role in achieving the Company's long-term strategy and is subject to the terms of the 2016 Long-Term Incentive Plan and the award agreement. The award agreement consists of this grant letter with the Performance Goals attached as Exhibit A and the Terms and Conditions attached as Exhibit B.

The Performance Units will be earned by achieving a Performance Goal based on Cumulative EBITDA, subject to your continued employment through the end of the Performance Period. The Committee has established the Performance Goal set forth on Exhibit A, which allows you to earn up to 200 % of the Target Award, if you remain continuously employed by the Employer through the end of the Performance Period.

To the extent the Performance Goal is achieved and you satisfy the employment requirements, a number of shares of Company Stock equal to the Performance Units that are earned and vested will be distributed to you following the conclusion of the Performance Period in accordance with the payment terms set forth in the Terms and Conditions. The Company will withhold shares to satisfy your tax obligations unless prohibited by country law or unless you provide a payment to cover the tax withholding obligation. You have no ownership or voting rights relative to the Performance Units.

If the Company makes cash dividend payments during the Performance Period, the value of the dividends on shares attributable to the Performance Units will accrue as dividend equivalents in a non-interest bearing bookkeeping account. You will receive a cash payment equal to the accrued dividend equivalents at the end of the Performance Period, adjusted for the number of Performance Units that become earned and vested.

Employment Events

The following chart is a summary of the provisions which apply to this award in connection with termination of employment. The following is only a summary, and in the event of termination of employment, the award will be governed by the Terms and Conditions.

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Event	Provisions
<ul style="list-style-type: none"> <li>■ Voluntary Resignation</li> <li>■ Termination for Cause</li> </ul>	All Performance Shares and accrued dividends are forfeited.
<ul style="list-style-type: none"> <li>■ "55 / 5" Rule Termination (55 years of age or older with 5 years of service)</li> <li>■ Involuntary Termination Without Cause</li> </ul>	If termination occurs after 10 months following the Date of Grant, then to the extent that the Performance Goal is achieved, Performance Units and accrued dividend equivalents are earned pro-rata, based on the period of employment; otherwise the Performance Units and accrued dividend equivalents are forfeited.
<ul style="list-style-type: none"> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	To the extent that the Performance Goals are achieved, Performance Shares and accrued dividends are earned pro-rata, based on the period of employment.
<p>After a Change in Control:</p> <ul style="list-style-type: none"> <li>■ Involuntary Termination Without Cause</li> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	Performance Shares calculated upon the Change in Control and accrued dividends are earned as described in <u>Exhibit A</u> .

In the event of any inconsistency between the foregoing summary and the Terms and Conditions or the 2016 Long-Term Incentive Plan, the Terms and Conditions or the 2016 Long-Term Incentive Plan, as applicable, will govern. Capitalized terms used but not defined in this grant letter will have the meanings set forth in the 2016 Long-Term Incentive Plan or the Terms and Conditions, as applicable.

Please contact Lisa DeMascola (717-672-7394) if you have questions.

Sincerely,

Donald R. Maier  
President and Chief Executive Officer

***The information contained in this letter is confidential and any discussion, distribution or use of this information is prohibited.***

**Exhibit A**  
**Performance Goal**

**Cumulative EBITDA:** Cumulative EBITDA is defined as (i) operating income, plus (ii) depreciation and amortization, plus (iii) non-cash pension expense, as determined by the Committee.

<b>Cumulative EBITDA Performance Scale</b>	
Performance Level	Payout
██████████	0%
██████	50%
██████	100%
██████	200%

Threshold level performance must be achieved in order to earn any Performance Units for the Performance Goal. If actual performance is between performance levels, the number of Performance Units earned with respect to the Performance Goal will be interpolated on a straight line basis for pro-rata achievement for performance at or between performance levels. If the Performance Goal would produce fractional units, the number of Performance Units earned shall be rounded up to the nearest whole unit, but not in excess of an aggregate of 200% of the Target Award.

**Change in Control:**

If a Change in Control occurs prior to the end of the Performance Period, the number of Performance Units earned with respect to the Cumulative EBITDA Performance Goal will be the greater of (i) the Target Award or (ii) the number of Performance Units earned with respect to the Cumulative EBITDA Performance Goal based on Cumulative EBITDA through the date of the Change in Control relative to the 2017, 2018 and 2019 portions of the total Cumulative EBITDA target, as determined by the Committee before the Change in Control in its sole discretion. Cumulative EBITDA through the date of the Change in Control shall be compared to the annual and quarterly targets for the period through the date of the Change in Control.

The Committee reserves discretion to provide for accelerated vesting of the earned Performance Units at a higher performance level pursuant to Section 14(b) of the Plan.

**EXHIBIT B**

**ARMSTRONG FLOORING, INC.  
2016 LONG-TERM INCENTIVE PLAN**

**PERFORMANCE-BASED RESTRICTED STOCK UNIT GRANT  
TERMS AND CONDITIONS**

1. Grant.

(a) Subject to the terms set forth below, Armstrong Flooring, Inc. (the "Company") has granted to the designated employee (the "Grantee") two target awards (the "Target Award") of performance-based restricted stock units (the "Performance Units") as specified in the 2017 Long-Term Performance Restricted Stock Unit Grant Letters to which these Grant Conditions relate (the "Grant Letters"). The "Date of Grant" is March 7, 2017. The Performance Units are Stock Units with respect to common stock of the Company ("Company Stock").

(b) The Performance Units shall be earned, vested and payable if and to the extent that the Cumulative Free Cash Flow and Cumulative EBITDA performance goals set forth in the Grant Letters (the "Performance Goals"), employment conditions and other terms of these Grant Conditions are met. The "Performance Period" for which the attainment of the Performance Goals will be measured is the period beginning January 1, 2017 and ending December 31, 2019.

(c) These Terms and Conditions (the "Grant Conditions") are part of the Grant Letters. This grant is made under the Armstrong Flooring, Inc. 2016 Long-Term Incentive Plan (the "Plan"). Any terms not defined herein shall have the meanings set forth in the Plan.

2. Performance Goals; Vesting.

(a) The Grantee shall earn and vest in a number of Performance Units based on the attainment of the Performance Goals for the Performance Period, provided that the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively the "Employer") through December 31, 2019 (the "Vesting Date"). The Performance Units shall be earned based on attainment of the Performance Goals and shall vest based on the Grantee's continued employment through the Vesting Date, or as otherwise provided below.

(b) After the end of the Performance Period, the Management Development and Compensation Committee (the "Committee") will determine whether and to what extent the Performance Goals have been met and the amount earned with respect to the Performance Units. The Grantee can earn up to 200% of the Target Award based on attainment of the Performance Goals, as set forth in the Grant Letters. Earned and vested Performance Units shall be payable as described in Section 5.

(c) If a Change in Control occurs, the amount earned with respect to the Performance Units shall be determined as of the date of the Change in Control as described in the Grant

Letters. The earned Performance Units shall continue to vest based on the Grantee's continued employment through the Vesting Date, except as otherwise provided herein. Earned and vested Performance Units shall be payable as described in Section 5. Notwithstanding the foregoing, if the Performance Units are not assumed by, or replaced by substantially identical grants by, the successor company in the Change in Control, the earned Performance Units shall vest as of the date of the Change in Control, and such earned and vested Performance Units shall be paid as of the date of the Change in Control if the Change in Control is a 409A CIC (as defined below) and if permitted by the plan termination provisions of the regulations under section 409A of the Code. If payment at the date of the Change in Control is not permitted under section 409A, the earned and vested Performance Units shall be payable as described in Section 5.

(d) Except as described below, no Performance Units shall be earned prior to the Committee's determination of achievement of the Performance Goals, and to the extent that the Performance Goals are not attained, the Performance Units shall be immediately forfeited and shall cease to be outstanding as of the date of the Committee's determination.

### 3. Termination of Employment.

(a) *General Rule.* Except as described below, if the Grantee ceases to be employed by the Employer prior to the Vesting Date, the Performance Units shall be forfeited as of the termination date and shall cease to be outstanding.

(b) *"55 / 5" Rule Termination.* If, after ten months following the Date of Grant but prior to the Vesting Date, the Grantee ceases to be employed by the Employer on account of a "55 / 5" Rule Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period; provided such vesting does not result in a violation of any age discrimination or other applicable law. In the event of a Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(c) *Involuntary Termination before a Change in Control.* If, before a Change in Control and after ten months following the Date of Grant but prior to the Vesting Date, the Grantee ceases to be employed by the Employer on account of Involuntary Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period, provided such vesting does not result in a violation of any age discrimination or other applicable law. In the event of a subsequent Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a

fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(d) *Death or Long-Term Disability Before a Change in Control.* If, before a Change in Control, the Grantee ceases to be employed by the Employer prior to the Vesting Date on account of death or Long-Term Disability (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period. In the event of a subsequent Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(e) *Involuntary Termination, Death and Disability on or after a Change in Control.* If the Grantee's employment terminates on account of Involuntary Termination, death or Long-Term Disability on or after a Change in Control and prior to the Vesting Date, the Grantee shall vest in the Performance Units earned as of the Change in Control date as described in the Grant Letters. If the Grantee has a Change in Control Severance Agreement with the Company ("Change in Control Agreement"), on and after a Change in Control, the term "Involuntary Termination" shall have the meaning given a termination by the Company without Cause as defined in the Change in Control Agreement, and shall include without limitation a termination for Good Reason as defined in the Change in Control Agreement. **The Grantee agrees that, subject to the immediately preceding sentence, if and to the extent that these Grant Conditions conflict with the terms of the Change in Control Agreement or any employment agreement between the Company and the Grantee, these Grant Conditions shall supersede the provisions of the Change in Control Agreement and employment agreement applicable to vesting of performance units on and after a Change in Control, notwithstanding anything in the Change in Control Agreement or employment agreement to the contrary.**

(f) *Coordination of Provisions.* If the Grantee terminates employment in a termination that is both a "'55 / 5' Rule Termination" and an Involuntary Termination, the termination shall be treated as an Involuntary Termination for purposes of the Grant Condition and Grant Letters.

4. Definitions. For purposes of these Grant Conditions and the Grant Letters:

(a) "'55 / 5' Rule Termination" shall mean the Grantee's termination of employment other than for Cause after the Grantee has attained age 55 and has completed five years of service with the Employer.

(b) “Cause” shall mean any of the following, as determined in the sole discretion of the Employer: (i) commission of a felony or a crime involving moral turpitude; (ii) fraud, dishonesty, misrepresentation, theft or misappropriation of funds with respect to the Employer; (iii) violation of the Employer’s Code of Conduct or employment policies, as in effect from time to time; (iv) breach of any written noncompetition, confidentiality or nonsolicitation covenant of the Grantee with respect to the Employer; or (v) gross negligence or misconduct in the performance of the Grantee’s duties with the Employer.

(c) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.

(d) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

#### 5. Payment.

(a) Except as provided below, after the end of the Performance Period, if the Committee certifies that the Performance Goals and other conditions to payment of the Performance Units have been met, the Company shall issue shares of Company Stock to the Grantee equal to the number of earned and vested Performance Units, subject to applicable withholding for Taxes (as defined below) and subject to compliance with section 409A of the Code and as described in Section 20(h) of the Plan. Payment of earned and vested Performance Units shall be made between April 1, 2020 and April 30, 2020, except as provided below. All unpaid Performance Units shall be forfeited in the event of termination for Cause.

(b) If the Grantee’s employment terminates for any reason other than Cause upon or within two years after a Change in Control that meets the requirements of a 409A CIC, the Grantee’s unpaid earned and vested Performance Units (if any) shall be paid within 60 days after the termination date, subject to compliance with section 409A of the Code, if applicable, and as described in Section 20(h) of the Plan. The Company shall issue shares of Company Stock to the Grantee equal to the number of the earned and vested Performance Units, subject to applicable withholding for Taxes. If a Change in Control does not meet the requirements of a 409A CIC, the Grantee’s earned and vested Performance Units (if any) shall be paid at the date described in subsection (a).

(c) Any fractional shares will be rounded up to the nearest whole share, but not exceeding 200% of the Target Award.

6. Dividend Equivalents. Dividend Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goals, vesting terms and other conditions as the Performance Units to which they relate. Dividend Equivalents shall be credited on the Performance Units when dividends are declared on shares of Company Stock from the Date of Grant until the payment date for the vested Performance Units. The Company will keep records of Dividend Equivalents in a non-interest bearing bookkeeping account for the Grantee. No interest will be credited to any such account. Vested Dividend Equivalents shall be paid in cash at the same time and subject to the same terms as the underlying vested Performance Units.

If and to the extent that the underlying Performance Units are forfeited, all related Dividend Equivalents shall also be forfeited.

7. Delivery of Shares. The Company's obligation to deliver shares upon the vesting of the Performance Units shall be subject to applicable laws, rules and regulations and also to such approvals by governmental agencies as may be deemed appropriate to comply with relevant securities laws and regulations.
8. No Stockholder Rights. No shares of Company Stock shall be issued to the Grantee on the Date of Grant, and the Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company with respect to any Performance Units.
9. No Right to Continued Employment. The grant of Performance Units shall not confer upon the Grantee any right to continued employment with the Employer or interfere with the right of the Employer to terminate the Grantee's employment at any time.
10. Incorporation of Plan by Reference. The Grant Letters and these Grant Conditions are made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Committee shall be conclusive upon any question arising hereunder. The Grantee's receipt of the Performance Units constitutes the Grantee's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, the Grant Letters, these Grant Conditions, and the Performance Units shall be final and binding on the Grantee and any other person claiming an interest in the Performance Units.
11. Withholding Taxes.
  - (a) The Employer shall have the right, and the Grantee hereby authorizes the Employer, to deduct from all payments made hereunder and from other compensation an amount equal to the federal (including FICA), state, local and foreign taxes, social insurance, payroll tax, contributions, payment on account obligations or other amounts required by law to be collected, withheld or accounted for with respect to the Performance Units (the "Taxes"). The Employer will withhold shares of Company Stock payable hereunder to satisfy the withholding obligation for Taxes on amounts payable in shares, unless the Grantee provides a payment to the Employer to cover such Taxes, in accordance with procedures established by the Committee. Unless the Committee determines otherwise, the share withholding amount shall not exceed the Grantee's minimum applicable withholding amount for Taxes.
  - (b) Regardless of any action the Employer takes with respect to any such Taxes, the Grantee acknowledges that the ultimate liability for all such Taxes legally due by the Grantee is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Employer. The Grantee further acknowledges that the Employer (i) makes no representations or undertakings regarding the treatment of any Taxes in connection with any aspect of the Performance Units, including the grant, vesting or settlement of the Performance Units and the subsequent sale of any shares of Company Stock acquired at settlement and the receipt of any Dividend Equivalents; and (ii) does not commit to structure the terms of the grant or any aspect

of the Performance Units to reduce or eliminate the Grantee's liability for Taxes. Further, if the Grantee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Grantee acknowledges that the Employer (or the Grantee's former employer, as applicable) may be required to collect, withhold or account for Taxes in more than one jurisdiction.

12. Company Policies. All amounts payable under the Grant Letters and these Grant Conditions shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors from time to time.

13. Assignment. The Grant Letters and these Grant Conditions shall bind and inure to the benefit of the successors and assignees of the Company. The Grantee may not sell, assign, transfer, pledge or otherwise dispose of the Performance Units, except to a successor grantee in the event of the Grantee's death.

14. Section 409A. The Grant Letters and these Grant Conditions are intended to comply with section 409A of the Code or an exemption, consistent with Section 20(h) of the Plan, including the six-month delay for specified employees in accordance with the requirements of section 409A of the Code, if applicable. In furtherance of the foregoing, if the Performance Units or related Dividend Equivalents constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code, vested Performance Units and related Dividend Equivalents shall be settled on the earliest date that would be permitted under section 409A of the Code without incurring penalty or accelerated taxes thereunder.

15. Successors. The provisions of the Grant Letters and these Grant Conditions shall extend to any business that becomes a successor to the Company or its subsidiaries or affiliates on account of a merger, consolidation, sale of assets, spinoff or similar transaction with respect to any business of the Company or its subsidiaries or affiliates with which the Grantee is employed, and if this grant continues in effect after such corporate event, references to the "Company or its subsidiaries or affiliates" or the "Employer" in the Grant Letters and these Grant Conditions shall include the successor business and its affiliates, as appropriate. In that event, the Company may make such modifications to the Grant Letters and these Grant Conditions as it deems appropriate to reflect the corporate event.

16. Governing Law. The validity, construction, interpretation and effect of the Grant Letters and these Grant Conditions shall be governed by, and determined in accordance with, the applicable laws of the Commonwealth of Pennsylvania, excluding any conflicts or choice of law rule or principle.

17. No Entitlement or Claims for Compensation. In connection with the acceptance of the grant of the Performance Units under the Grant Letters and these Grant Conditions, the Grantee acknowledges the following:

(a) the Plan is established voluntarily by the Company, the grant of the Performance Units under the Plan is made at the discretion of the Committee and the Plan may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Performance Units under the Plan is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Units, or benefits in lieu of them, even if Performance Units have been granted repeatedly in the past;

(c) all decisions with respect to future grants of Performance Units, if any, will be at the sole discretion of the Committee;

(d) the Grantee is voluntarily participating in the Plan;

(e) the Performance Units and any shares of Company Stock acquired under the Plan are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Employer (including, as applicable, the Grantee's employer) and which are outside the scope of the Grantee's employment contract, if any;

(f) the Performance Units and any shares of Company Stock acquired under the Plan are not to be considered part of the Grantee's normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, payment in lieu of notice, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the Performance Units and the shares of Company Stock subject to the award are not intended to replace any pension rights or compensation;

(h) the grant of Performance Units and the Grantee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

(i) the future value of the underlying shares of Company Stock is unknown and cannot be predicted with certainty. If the Grantee vests in the Performance Units and receives shares of Company Stock, the value of the acquired shares may increase or decrease. The Grantee understands that the Company is not responsible for any foreign exchange fluctuation between the United States Dollar and the Grantee's local currency that may affect the value of the Performance Units or the shares of Company Stock; and

(j) the Grantee shall have no rights, claim or entitlement to compensation or damages as a result of the Grantee's cessation of employment (for any reason whatsoever, whether or not in breach of contract or local labor law or the terms of the Grantee's employment agreement, if any), insofar as these rights, claim or entitlement arise or may arise from the Grantee's ceasing to have rights under or be entitled to receive shares of Company Stock under or ceasing to have the opportunity to participate in the Plan as a result of such cessation or loss or diminution in value of the Performance Units or any of the shares of Company Stock acquired thereunder as a result of such cessation, and the Grantee irrevocably releases the Employer from any such rights, entitlement or claim that may arise. If, notwithstanding the foregoing, any such right or claim is

found by a court of competent jurisdiction to have arisen, then the Grantee shall be deemed to have irrevocably waived the Grantee's entitlement to pursue such rights or claim.

18. **Data Privacy.**

(a) The Grantee hereby explicitly, willingly and unambiguously consents to the collection, systematization, accumulation, storage, blocking, destruction, use, disclosure and transfer, in electronic or other form, of the Grantee's personal data as described in these Grant Conditions by and among, as applicable, the Grantee's employer, the Company or its subsidiaries or affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

(b) The Grantee understands that the Grantee's employer, the Company or its subsidiaries or affiliates, as applicable, hold certain personal information and sensitive personal information about the Grantee regarding the Grantee's employment, the nature and amount of the Grantee's compensation and the fact and conditions of the Grantee's participation in the Plan, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or its subsidiaries or affiliates, details of all options, awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan (the "Data").

(c) The Grantee understands that the Data may be transferred, including any cross-border, transfer to the Company, its subsidiaries and affiliates and, any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

19. Addendum. Notwithstanding any provisions in these Grant Conditions, the Performance Units shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary for legal or administrative reasons. The Addendum constitutes part of these Grant Conditions.

\* \* \*

**ADDENDUM**  
**ARMSTRONG FLOORING, INC.**  
**PERFORMANCE RESTRICTED STOCK UNIT GRANT**

*Additional Terms and Conditions and Notifications*

This Addendum includes special terms and conditions that govern the Performance Units granted to the Grantee if the Grantee resides in the countries listed herein. These terms and conditions are in addition to the terms and conditions set forth in the Grant Conditions. This Addendum may also include information regarding certain other issues of which the Grantee should be aware with respect to the Grantee's participation in the Plan. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Grant Conditions (of which this Addendum is a part) and the Plan.

**AUSTRALIA**

*SECURITIES LAW DISCLOSURE*

For the purposes of this section of the Addendum:

“Australian Participants” means all persons to whom an offer or invitation of Performance Units are made in Australia under the Plan.

“Exchange” means the New York Stock Exchange.

“related body corporate” has the meaning given in section 50 of the Corporations Act 2001 (Cth).

General Advice Only

Any advice given by the Company or any related body corporate of the Company in relation to the Performance Units offered under the Plan does not take into account an Australian Participant's objectives, financial situation and needs. Australian Participants should consider obtaining their own financial product advice from an independent person who is licensed by the Australian Securities & Investments Commission to give such advice.

Acquisition price

No acquisition price is payable by Australian Participants for the Company to grant you the number of Performance Units set forth in the Grant Letter.

Risks of Performance Units and Company Stock

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Acquiring and holding Performance Units and Company Stock involves risk. These risks include that:

- (a) there is no guarantee that Company Stock will grow in value - it may decline in value. Stock markets are subject to fluctuations and the price of Company Stock can rise and fall, depending upon the Company's performance and other internal and external factors.
- (b) the Company may decide not to continue to pay dividends on its Company Stock at the current level, or may decide to cease the payment of dividends on its Company Stock.
- (c) there are tax implications involved in acquiring and holding Performance Units and Company Stock and the tax regime applying to Australian Participants may change.

Market Price of Company Stock in Australian Dollars

An Australian Participant could, from time to time, ascertain the market price of Company Stock by obtaining that price from the Exchange website, the Company website or The Wall Street Journal, and multiplying that price by a published exchange rate to convert U.S. Dollars into Australian Dollars.

**2017 Long-Term Performance-Based Restricted Stock Unit Grant  
Performance Goals Based on Cumulative Free Cash Flow**

ARMSTRONG FLOORING, INC.  
2500 Columbia Ave., P.O. Box 3025  
Lancaster, PA 17604  
717.672.9611

Company Confidential

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%%FIRST\_NAME%--% %%MIDDLE\_NAME%--%  
%%LAST\_NAME%--%

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I am pleased to inform you that the Company's Management Development and Compensation Committee granted you the following:

Date of Grant:	March 7, 2017
Performance Units (" <u>Target Award</u> "):	□
Performance Period (" <u>Performance Period</u> "):	January 1, 2017 through December 31, 2019

This award recognizes the importance of your role in achieving the Company's long-term strategy and is subject to the terms of the 2016 Long-Term Incentive Plan and the award agreement. The award agreement consists of this grant letter with the Performance Goals attached as Exhibit A, and the Terms and Conditions attached as Exhibit B.

The Performance Units will be earned by achieving a Performance Goal based on Cumulative Free Cash Flow, subject to your continued employment through the end of the Performance Period. The Committee has established the Performance Goal set forth on Exhibit A, which allows you to earn up to 200 % of the Target Award, if you remain continuously employed by the Employer through the end of the Performance Period.

To the extent the Performance Goal is achieved and you satisfy the employment requirements, the Performance Units that are earned and vested will be paid to you in cash following the conclusion of the Performance Period in accordance with the payment terms set forth in the Terms and Conditions. You have no ownership or voting rights relative to the Performance Units.

If the Company makes cash dividend payments during the Performance Period, the value of the dividends on shares attributable to the Performance Units will accrue as dividend equivalents in a non-interest bearing bookkeeping account. You will receive a cash payment equal to the accrued dividend equivalents at the end of the Performance Period, adjusted for the number of Performance Units that become earned and vested.

Employment Events

The following chart is a summary of the provisions which apply to this award in connection with termination of employment. The following is only a summary, and in the event of termination of employment, the award will be governed by the Terms and Conditions.

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Event	Provisions
<ul style="list-style-type: none"> <li>■ Voluntary Resignation</li> <li>■ Termination for Cause</li> </ul>	All Performance Shares and accrued dividends are forfeited.
<ul style="list-style-type: none"> <li>■ "55 / 5" Rule Termination (55 years of age or older with 5 years of service)</li> <li>■ Involuntary Termination Without Cause</li> </ul>	If termination occurs after 10 months following the Date of Grant, then to the extent that the Performance Goal is achieved, Performance Units and accrued dividend equivalents are earned pro-rata, based on the period of employment; otherwise the Performance Units and accrued dividend equivalents are forfeited.
<ul style="list-style-type: none"> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	To the extent that the Performance Goals are achieved, Performance Shares and accrued dividends are earned pro-rata, based on the period of employment.
After a Change in Control: <ul style="list-style-type: none"> <li>■ Involuntary Termination Without Cause</li> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	Performance Shares calculated upon the Change in Control and accrued dividends are earned as described in <u>Exhibit A</u> .

In the event of any inconsistency between the foregoing summary and the Terms and Conditions or the 2016 Long-Term Incentive Plan, the Terms and Conditions or the 2016 Long-Term Incentive Plan, as applicable, will govern. Capitalized terms used but not defined in this grant letter will have the meanings set forth in the 2016 Long-Term Incentive Plan or the Terms and Conditions, as applicable.

Please contact Lisa DeMascola (717-672-7394) if you have questions.

Sincerely,

Donald R. Maier  
President and Chief Executive Officer

***The information contained in this letter is confidential and any discussion, distribution or use of this information is prohibited.***

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**Exhibit A**  
**Performance Goal**

**Cumulative Free Cash Flow:** Cumulative Free Cash Flow is defined as cash flow from operations, less cash used in investing activities, as determined by the Committee.

<b>Cumulative Free Cash Flow Performance Scale</b>	
<b>Performance Level</b>	<b>Payout</b>
██████████	0%
████	50%
███	100%
██	200%

Threshold level performance must be achieved in order to earn any Performance Units for the Performance Goal. If actual performance is between performance levels, the number of Performance Units earned with respect to the Performance Goal will be interpolated on a straight line basis for pro-rata achievement for performance at or between performance levels. If the Performance Goal would produce fractional units, the number of Performance Units earned shall be rounded up to the nearest whole unit, but not in excess of an aggregate of 200% of the Target Award.

**Change in Control:**

If a Change in Control occurs prior to the end of the Performance Period, the number of Performance Units earned with respect to the Cumulative Free Cash Flow Performance Goal will be the greater of (i) the Target Award or (ii) the number of Performance Units earned with respect to the Cumulative Free Cash Flow Performance Goal based on actual Cumulative Free Cash Flow through the date of the Change in Control relative to the 2017, 2018 and 2019 portions of the total Cumulative Free Cash Flow target, as determined by the Committee before the Change in Control in its sole discretion. Cumulative Free Cash Flow through the date of the Change in Control shall be compared to the annual and quarterly targets for the period through the date of the Change in Control.

The Committee reserves discretion to provide for accelerated vesting of the earned Performance Units at a higher performance level pursuant to Section 14(b) of the Plan.

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## **EXHIBIT B**

### **ARMSTRONG FLOORING, INC. 2016 LONG-TERM INCENTIVE PLAN**

#### **PERFORMANCE-BASED RESTRICTED STOCK UNIT GRANT TERMS AND CONDITIONS**

1. Grant.

(a) Subject to the terms set forth below, Armstrong Flooring, Inc. (the "Company") has granted to the designated employee (the "Grantee") two target awards (the "Target Award") of performance-based restricted stock units (the "Performance Units") as specified in the 2017 Long-Term Performance Restricted Stock Unit Grant Letters to which these Grant Conditions relate (the "Grant Letters"). The "Date of Grant" is March 7, 2017. The Performance Units are Stock Units that relate to common stock of the Company ("Company Stock") and entitle the Grantee to receive a cash bonus payment from the Grantee's employer subject to the terms set forth below.

(b) The Performance Units shall be earned, vested and payable if and to the extent that the Cumulative Free Cash Flow and Cumulative EBITDA performance goals set forth in the Grant Letters (the "Performance Goals"), employment conditions and other terms of these Grant Conditions are met. The "Performance Period" for which the attainment of the Performance Goals will be measured is the period beginning January 1, 2017 and ending December 31, 2019.

(c) These Terms and Conditions (the "Grant Conditions") are part of the Grant Letters. This grant is made under the Armstrong Flooring, Inc. 2016 Long-Term Incentive Plan (the "Plan"). Any terms not defined herein shall have the meanings set forth in the Plan.

2. Performance Goals; Vesting.

(a) The Grantee shall earn and vest in a number of Performance Units based on the attainment of the Performance Goals for the Performance Period, provided that the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively the "Employer") through December 31, 2019 (the "Vesting Date"). The Performance Goals shall be earned based on attainment of the Performance Goals and shall vest based on the Grantee's continued employment through the Vesting Date, or as otherwise provided below.

(b) After the end of the Performance Period, the Management Development and Compensation Committee (the "Committee") will determine whether and to what extent the Performance Goals have been met and the amount earned with respect to the Performance Units. The Grantee can earn up to 200% of the Target Award based on

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attainment of the Performance Goals, as set forth in the Grant Letters. Earned and vested Performance Units shall be payable as described in Section 5.

(c) If a Change in Control occurs, the amount earned with respect to the Performance Units shall be determined as of the date of the Change in Control as described in the Grant Letters. The earned Performance Units shall continue to vest based on the Grantee's continued employment through the Vesting Date, except as otherwise provided herein. Earned and vested Performance Units shall be payable as described in Section 5. Notwithstanding the foregoing, if the Performance Units are not assumed by, or replaced by substantially identical grants by, the successor company in the Change in Control, the earned Performance Units shall vest as of the date of the Change in Control, and such earned and vested Performance Units shall be paid as of the date of the Change in Control if the Change in Control is a 409A CIC (as defined below) and if permitted by the plan termination provisions of the regulations under section 409A of the Code. If payment at the date of the Change in Control is not permitted under section 409A, the earned and vested Performance Units shall be payable as described in Section 5.

(d) Except as described below, no Performance Units shall be earned prior to the Committee's determination of achievement of the Performance Goals, and to the extent that the Performance Goals are not attained, the Performance Units shall be immediately forfeited and shall cease to be outstanding as of the date of the Committee's determination.

### 3. Termination of Employment.

(a) *General Rule.* Except as described below, if the Grantee ceases to be employed by the Employer prior to the Vesting Date, the Performance Units shall be forfeited as of the termination date and shall cease to be outstanding.

(b) *"55 / 5" Rule Termination.* If, after ten months following the Date of Grant but prior to the Vesting Date, the Grantee ceases to be employed by the Employer on account of a "55 / 5" Rule Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period; provided such vesting does not result in a violation of any age discrimination or other applicable law. In the event of a Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(c) *Involuntary Termination before a Change in Control.* If, before a Change in Control and after ten months following the Date of Grant but prior to the Vesting Date,

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the Grantee ceases to be employed by the Employer on account of Involuntary Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period, provided such vesting does not result in a violation of any age discrimination or other applicable law. In the event of a subsequent Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(d) *Death or Long-Term Disability Before a Change in Control.* If, before a Change in Control, the Grantee ceases to be employed by the Employer prior to the Vesting Date on account of death or Long-Term Disability (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period. In the event of a subsequent Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(e) *Involuntary Termination, Death and Disability on or after a Change in Control.* If the Grantee's employment terminates on account of Involuntary Termination, death or Long-Term Disability on or after a Change in Control and prior to the Vesting Date, the Grantee shall vest in the Performance Units earned as of the Change in Control date as described in the Grant Letters.

(f) *Coordination of Provisions.* If the Grantee terminates employment in a termination that is both a "'55 / 5' Rule Termination" and an Involuntary Termination, the termination shall be treated as an Involuntary Termination for purposes of the Grant Condition and Grant Letters.

4. Definitions. For purposes of these Grant Conditions and the Grant Letters:

(a) "'55 / 5' Rule Termination" shall mean the Grantee's termination of employment other than for Cause after the Grantee has attained age 55 and has completed five years of service with the Employer.

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(b) “Cause” shall mean any of the following, as determined in the sole discretion of the Employer: (i) commission of a felony or a crime involving moral turpitude; (ii) fraud, dishonesty, misrepresentation, theft or misappropriation of funds with respect to the Employer; (iii) violation of the Employer’s Code of Conduct or employment policies, as in effect from time to time; (iv) breach of any written noncompetition, confidentiality or nonsolicitation covenant of the Grantee with respect to the Employer; or (v) gross negligence or misconduct in the performance of the Grantee’s duties with the Employer.

(c) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.

(d) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

#### 5. Payment.

(a) Except as provided below, after the end of the Performance Period, if the Committee certifies that the Performance Goals and other conditions to payment of the Performance Units have been met, the Company shall cause the Grantee’s employer to make a cash payment to the Grantee, payable in local currency, equal to the Fair Market Value of the shares of Company Stock underlying the earned and vested Performance Units, subject to applicable withholding for Taxes (as defined below) and subject to compliance with section 409A of the Code and as described in Section 20(h) of the Plan. The Fair Market Value of the shares shall be determined as of the date immediately before the payment date. The cash payment for earned and vested Performance Units shall be made between April 1, 2020 and April 30, 2020, except as provided below. All unpaid Performance Units shall be forfeited in the event of termination for Cause.

(b) If the Grantee’s employment terminates for any reason other than Cause upon or within two years after a Change in Control that meets the requirements of a 409A CIC, the Company shall cause the Grantee’s employer to make a cash payment to the Grantee, payable in local currency, equal to the Fair Market Value of the shares of Company Stock underlying the earned and vested Performance Units within 60 days after the termination date, subject to applicable withholding for Taxes and subject to compliance with section 409A of the Code and as described in Section 20(h) of the Plan. The Fair Market Value of the shares shall be determined as of the date immediately before the payment date. If a Change in Control does not meet the requirements of a 409A CIC, the Grantee’s earned and vested Performance Units shall be paid at the date described in subsection (a).

6. Dividend Equivalents. Dividend Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goals, vesting terms and other conditions as the Performance Units to which they relate. Dividend Equivalents shall be credited on the Performance Units when dividends are declared on shares of Company Stock from the Date of Grant until the payment date for the vested

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Performance Units. The Company will keep records of Dividend Equivalents in a non-interest bearing bookkeeping account for the Grantee. No interest will be credited to any such account. Vested Dividend Equivalents shall be paid in cash at the same time and subject to the same terms as the underlying vested Performance Units. If and to the extent that the underlying Performance Units are forfeited, all related Dividend Equivalents shall also be forfeited.

7. No Stockholder Rights. No shares of Company Stock shall be issued to the Grantee with respect to the Performance Units, and the Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company with respect to any Performance Units.

8. No Right to Continued Employment. The grant of Performance Units shall not confer upon the Grantee any right to continued employment with the Employer or interfere with the right of the Employer to terminate the Grantee's employment at any time.

9. Incorporation of Plan by Reference. The Grant Letters and these Grant Conditions are made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Committee shall be conclusive upon any question arising hereunder. The Grantee's receipt of the Performance Units constitutes the Grantee's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, the Grant Letters, these Grant Conditions, and the Performance Units shall be final and binding on the Grantee and any other person claiming an interest in the Performance Units.

10. Withholding Taxes.

(a) The Employer shall have the right, and the Grantee hereby authorizes the Employer, to deduct from all payments made hereunder and from other compensation an amount equal to the federal (including FICA), state, local and foreign taxes, social insurance, payroll tax, contributions, payment on account obligations or other amounts required by law to be collected, withheld or accounted for with respect to the Performance Units (the "Taxes").

(b) Regardless of any action the Employer takes with respect to any such Taxes, the Grantee acknowledges that the ultimate liability for all such Taxes legally due by the Grantee is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Employer. The Grantee further acknowledges that the Employer (i) makes no representations or undertakings regarding the treatment of any Taxes in connection with any aspect of the Performance Units, including the grant, vesting or settlement of the Performance Units and the receipt of any Dividend Equivalents; and (ii) does not commit to structure the terms of the grant or any aspect of the Performance Units to reduce or eliminate the Grantee's liability for Taxes. Further, if the Grantee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Grantee acknowledges that the Employer (or the Grantee's

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former employer, as applicable) may be required to collect, withhold or account for Taxes in more than one jurisdiction.

11. Company Policies. All amounts payable under the Grant Letters and these Grant Conditions shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors from time to time.

12. Assignment. The Grant Letters and these Grant Conditions shall bind and inure to the benefit of the successors and assignees of the Company. The Grantee may not sell, assign, transfer, pledge or otherwise dispose of the Performance Units, except to a successor grantee in the event of the Grantee's death.

13. Section 409A. The Grant Letters and these Grant Conditions are intended to comply with section 409A of the Code or an exemption, consistent with Section 20(h) of the Plan, including the six-month delay for specified employees in accordance with the requirements of section 409A of the Code, if applicable. In furtherance of the foregoing, if the Performance Units or related Dividend Equivalents constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code, vested Performance Units and related Dividend Equivalents shall be settled on the earliest date that would be permitted under section 409A of the Code without incurring penalty or accelerated taxes thereunder.

14. Successors. The provisions of the Grant Letters and these Grant Conditions shall extend to any business that becomes a successor to the Company or its subsidiaries or affiliates on account of a merger, consolidation, sale of assets, spinoff or similar transaction with respect to any business of the Company or its subsidiaries or affiliates with which the Grantee is employed, and if this grant continues in effect after such corporate event, references to the "Company or its subsidiaries or affiliates" or the "Employer" in the Grant Letters and these Grant Conditions shall include the successor business and its affiliates, as appropriate. In that event, the Company may make such modifications to the Grant Letters and these Grant Conditions as it deems appropriate to reflect the corporate event.

15. Governing Law. The validity, construction, interpretation and effect of the Grant Letters and these Grant Conditions shall be governed by, and determined in accordance with, the applicable laws of the Commonwealth of Pennsylvania, excluding any conflicts or choice of law rule or principle.

16. No Entitlement or Claims for Compensation. In connection with the acceptance of the grant of the Performance Units under the Grant Letters and these Grant Conditions, the Grantee acknowledges the following:

(a) the Plan is established voluntarily by the Company, the grant of the Performance Units under the Plan is made at the discretion of the Committee and the Plan may be modified, amended, suspended or terminated by the Company at any time;

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(b) the grant of the Performance Units under the Plan is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Units, or benefits in lieu of them, even if Performance Units have been granted repeatedly in the past;

(c) all decisions with respect to future grants of Performance Units, if any, will be at the sole discretion of the Committee;

(d) the Grantee is voluntarily participating in the Plan;

(e) the Performance Units and any payments thereunder are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Employer (including, as applicable, the Grantee's employer) and which are outside the scope of the Grantee's employment contract, if any;

(f) the Performance Units and any payments thereunder are not to be considered part of the Grantee's normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, payment in lieu of notice, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the Performance Units and any payments thereunder are not intended to replace any pension rights or compensation;

(h) the grant of Performance Units and the Grantee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

(i) the future value of the underlying shares of Company Stock is unknown and cannot be predicted with certainty. The Grantee understands that the Company is not responsible for any foreign exchange fluctuation between the United States Dollar and the Grantee's local currency that may affect the value of the Performance Units; and

(j) the Grantee shall have no rights, claim or entitlement to compensation or damages as a result of the Grantee's cessation of employment (for any reason whatsoever, whether or not in breach of contract or local labor law or the terms of the Grantee's employment agreement, if any), insofar as these rights, claim or entitlement arise or may arise from the Grantee's ceasing to have rights under or be entitled to receive payment under or ceasing to have the opportunity to participate in the Plan as a result of such cessation or loss or diminution in value of the Performance Units as a result of such cessation, and the Grantee irrevocably releases the Employer from any such rights, entitlement or claim that may arise. If, notwithstanding the foregoing, any such right or claim is found by a court of competent jurisdiction to have arisen, then the Grantee shall be deemed to have irrevocably waived the Grantee's entitlement to pursue such rights or claim.

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17. **Data Privacy.**

(a) The Grantee hereby explicitly, willingly and unambiguously consents to the collection, systematization, accumulation, storage, blocking, destruction, use, disclosure and transfer, in electronic or other form, of the Grantee's personal data as described in these Grant Conditions by and among, as applicable, the Grantee's employer, the Company or its subsidiaries or affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

(b) The Grantee understands that the Grantee's employer, the Company or its subsidiaries or affiliates, as applicable, hold certain personal information and sensitive personal information about the Grantee regarding the Grantee's employment, the nature and amount of the Grantee's compensation and the fact and conditions of the Grantee's participation in the Plan, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or its subsidiaries or affiliates and details of all awards in the Grantee's favor, for the purpose of implementing, administering and managing the Plan (the "Data").

(c) The Grantee understands that the Data may be transferred, including any cross-border, transfer to the Company, its subsidiaries and affiliates and, any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

\* \* \*

**2017 Long-Term Performance-Based Restricted Stock Unit Grant  
Performance Goals Based on Cumulative EBITDA**

ARMSTRONG FLOORING, INC.  
2500 Columbia Ave., P.O. Box 3025  
Lancaster, PA 17604  
717.672.9611

Company Confidential

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%%FIRST\_NAME%--% %%MIDDLE\_NAME%--%  
%%LAST\_NAME%--%

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I am pleased to inform you that the Company's Management Development and Compensation Committee granted you the following:

Date of Grant:	March 7, 2017
Performance Units (" <u>Target</u> Award"):	□
Performance Period (" <u>Performance</u> Period"):	January 1, 2017 through December 31, 2019

This award recognizes the importance of your role in achieving the Company's long-term strategy and is subject to the terms of the 2016 Long-Term Incentive Plan and the award agreement. The award agreement consists of this grant letter with the Performance Goals attached as Exhibit A, and the Terms and Conditions attached as Exhibit B.

The Performance Units will be earned by achieving a Performance Goal based on Cumulative EBITDA, subject to your continued employment through the end of the Performance Period. The Committee has established the Performance Goal set forth on Exhibit A, which allows you to earn up to 200 % of the Target Award, if you remain continuously employed by the Employer through the end of the Performance Period.

To the extent the Performance Goal is achieved and you satisfy the employment requirements, the Performance Units that are earned and vested will be paid to you in cash following the conclusion of the Performance Period in accordance with the payment terms set forth in the Terms and Conditions. You have no ownership or voting rights relative to the Performance Units.

If the Company makes cash dividend payments during the Performance Period, the value of the dividends on shares attributable to the Performance Units will accrue as dividend equivalents in a non-interest bearing bookkeeping account. You will receive a cash payment equal to the accrued dividend equivalents at the end of the Performance Period, adjusted for the number of Performance Units that become earned and vested.

Employment Events

The following chart is a summary of the provisions which apply to this award in connection with termination of employment. The following is only a summary, and in the event of termination of employment, the award will be governed by the Terms and Conditions.

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Event	Provisions
<ul style="list-style-type: none"> <li>■ Voluntary Resignation</li> <li>■ Termination for Cause</li> </ul>	All Performance Shares and accrued dividends are forfeited.
<ul style="list-style-type: none"> <li>■ "55 / 5" Rule Termination (55 years of age or older with 5 years of service)</li> <li>■ Involuntary Termination Without Cause</li> </ul>	If termination occurs after 10 months following the Date of Grant, then to the extent that the Performance Goal is achieved, Performance Units and accrued dividend equivalents are earned pro-rata, based on the period of employment; otherwise the Performance Units and accrued dividend equivalents are forfeited.
<ul style="list-style-type: none"> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	To the extent that the Performance Goals are achieved, Performance Shares and accrued dividends are earned pro-rata, based on the period of employment.
After a Change in Control: <ul style="list-style-type: none"> <li>■ Involuntary Termination Without Cause</li> <li>■ Death</li> <li>■ Long-Term Disability</li> </ul>	Performance Shares calculated upon the Change in Control and accrued dividends are earned as described in <u>Exhibit A</u> .

In the event of any inconsistency between the foregoing summary and the Terms and Conditions or the 2016 Long-Term Incentive Plan, the Terms and Conditions or the 2016 Long-Term Incentive Plan, as applicable, will govern. Capitalized terms used but not defined in this grant letter will have the meanings set forth in the 2016 Long-Term Incentive Plan or the Terms and Conditions, as applicable.

Please contact Lisa DeMascola (717-672-7394) if you have questions.

Sincerely,

Donald R. Maier  
President and Chief Executive Officer

***The information contained in this letter is confidential and any discussion, distribution or use of this information is prohibited.***

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**Exhibit A**  
**Performance Goal**

**Cumulative EBITDA:** Cumulative EBITDA is defined as (i) operating income, plus (ii) depreciation and amortization, plus (iii) non-cash pension expense, as determined by the Committee.

<b>Cumulative EBITDA Performance Scale</b>	
Performance Level	Payout
██████████	0%
██████	50%
████	100%
███	200%

Threshold level performance must be achieved in order to earn any Performance Units for the Performance Goal. If actual performance is between performance levels, the number of Performance Units earned with respect to the Performance Goal will be interpolated on a straight line basis for pro-rata achievement for performance at or between performance levels. If the Performance Goal would produce fractional units, the number of Performance Units earned shall be rounded up to the nearest whole unit, but not in excess of an aggregate of 200% of the Target Award.

**Change in Control:**

If a Change in Control occurs prior to the end of the Performance Period, the number of Performance Units earned with respect to the Cumulative EBITDA Performance Goal will be the greater of (i) the Target Award or (ii) the number of Performance Units earned with respect to the Cumulative EBITDA Performance Goal based on Cumulative EBITDA through the date of the Change in Control relative to the 2017, 2018 and 2019 portions of the total Cumulative EBITDA target, as determined by the Committee before the Change in Control in its sole discretion. Cumulative EBITDA through the date of the Change in Control shall be compared to the annual and quarterly targets for the period through the date of the Change in Control.

The Committee reserves discretion to provide for accelerated vesting of the earned Performance Units at a higher performance level pursuant to Section 14(b) of the Plan.

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## **EXHIBIT B**

### **ARMSTRONG FLOORING, INC. 2016 LONG-TERM INCENTIVE PLAN**

#### **PERFORMANCE-BASED RESTRICTED STOCK UNIT GRANT TERMS AND CONDITIONS**

1. Grant.

(a) Subject to the terms set forth below, Armstrong Flooring, Inc. (the "Company") has granted to the designated employee (the "Grantee") two target awards (the "Target Award") of performance-based restricted stock units (the "Performance Units") as specified in the 2017 Long-Term Performance Restricted Stock Unit Grant Letters to which these Grant Conditions relate (the "Grant Letters"). The "Date of Grant" is March 7, 2017. The Performance Units are Stock Units that relate to common stock of the Company ("Company Stock") and entitle the Grantee to receive a cash bonus payment from the Grantee's employer subject to the terms set forth below.

(b) The Performance Units shall be earned, vested and payable if and to the extent that the Cumulative Free Cash Flow and Cumulative EBITDA performance goals set forth in the Grant Letters (the "Performance Goals"), employment conditions and other terms of these Grant Conditions are met. The "Performance Period" for which the attainment of the Performance Goals will be measured is the period beginning January 1, 2017 and ending December 31, 2019.

(c) These Terms and Conditions (the "Grant Conditions") are part of the Grant Letters. This grant is made under the Armstrong Flooring, Inc. 2016 Long-Term Incentive Plan (the "Plan"). Any terms not defined herein shall have the meanings set forth in the Plan.

2. Performance Goals; Vesting.

(a) The Grantee shall earn and vest in a number of Performance Units based on the attainment of the Performance Goals for the Performance Period, provided that the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively the "Employer") through December 31, 2019 (the "Vesting Date"). The Performance Goals shall be earned based on attainment of the Performance Goals and shall vest based on the Grantee's continued employment through the Vesting Date, or as otherwise provided below.

(b) After the end of the Performance Period, the Management Development and Compensation Committee (the "Committee") will determine whether and to what extent the Performance Goals have been met and the amount earned with respect to the Performance Units. The Grantee can earn up to 200% of the Target Award based on

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attainment of the Performance Goals, as set forth in the Grant Letters. Earned and vested Performance Units shall be payable as described in Section 5.

(c) If a Change in Control occurs, the amount earned with respect to the Performance Units shall be determined as of the date of the Change in Control as described in the Grant Letters. The earned Performance Units shall continue to vest based on the Grantee's continued employment through the Vesting Date, except as otherwise provided herein. Earned and vested Performance Units shall be payable as described in Section 5. Notwithstanding the foregoing, if the Performance Units are not assumed by, or replaced by substantially identical grants by, the successor company in the Change in Control, the earned Performance Units shall vest as of the date of the Change in Control, and such earned and vested Performance Units shall be paid as of the date of the Change in Control if the Change in Control is a 409A CIC (as defined below) and if permitted by the plan termination provisions of the regulations under section 409A of the Code. If payment at the date of the Change in Control is not permitted under section 409A, the earned and vested Performance Units shall be payable as described in Section 5.

(d) Except as described below, no Performance Units shall be earned prior to the Committee's determination of achievement of the Performance Goals, and to the extent that the Performance Goals are not attained, the Performance Units shall be immediately forfeited and shall cease to be outstanding as of the date of the Committee's determination.

### 3. Termination of Employment.

(a) *General Rule.* Except as described below, if the Grantee ceases to be employed by the Employer prior to the Vesting Date, the Performance Units shall be forfeited as of the termination date and shall cease to be outstanding.

(b) *"55 / 5" Rule Termination.* If, after ten months following the Date of Grant but prior to the Vesting Date, the Grantee ceases to be employed by the Employer on account of a "55 / 5" Rule Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period; provided such vesting does not result in a violation of any age discrimination or other applicable law. In the event of a Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(c) *Involuntary Termination before a Change in Control.* If, before a Change in Control and after ten months following the Date of Grant but prior to the Vesting Date,

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the Grantee ceases to be employed by the Employer on account of Involuntary Termination (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period, provided such vesting does not result in a violation of any age discrimination or other applicable law. In the event of a subsequent Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date, and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(d) *Death or Long-Term Disability Before a Change in Control.* If, before a Change in Control, the Grantee ceases to be employed by the Employer prior to the Vesting Date on account of death or Long-Term Disability (as defined below), the Grantee shall earn and vest in a pro-rated portion of the outstanding Performance Units based on the extent to which the Performance Goals are achieved for the Performance Period. In the event of a subsequent Change in Control, the amount achieved for the Performance Period shall be determined as of the Change in Control date as described in the Grant Letters. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goals by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2017 through the Grantee's termination date and the denominator of which is 36. A partial month after the month of grant shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 5.

(e) *Involuntary Termination, Death and Disability on or after a Change in Control.* If the Grantee's employment terminates on account of Involuntary Termination, death or Long-Term Disability on or after a Change in Control and prior to the Vesting Date, the Grantee shall vest in the Performance Units earned as of the Change in Control date as described in the Grant Letters.

(f) *Coordination of Provisions.* If the Grantee terminates employment in a termination that is both a "'55 / 5' Rule Termination" and an Involuntary Termination, the termination shall be treated as an Involuntary Termination for purposes of the Grant Condition and Grant Letters.

4. Definitions. For purposes of these Grant Conditions and the Grant Letters:

(a) "'55 / 5' Rule Termination" shall mean the Grantee's termination of employment other than for Cause after the Grantee has attained age 55 and has completed five years of service with the Employer.

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(b) “Cause” shall mean any of the following, as determined in the sole discretion of the Employer: (i) commission of a felony or a crime involving moral turpitude; (ii) fraud, dishonesty, misrepresentation, theft or misappropriation of funds with respect to the Employer; (iii) violation of the Employer’s Code of Conduct or employment policies, as in effect from time to time; (iv) breach of any written noncompetition, confidentiality or nonsolicitation covenant of the Grantee with respect to the Employer; or (v) gross negligence or misconduct in the performance of the Grantee’s duties with the Employer.

(c) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.

(d) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

5. Payment.

(a) Except as provided below, after the end of the Performance Period, if the Committee certifies that the Performance Goals and other conditions to payment of the Performance Units have been met, the Company shall cause the Grantee’s employer to make a cash payment to the Grantee, payable in local currency, equal to the Fair Market Value of the shares of Company Stock underlying the earned and vested Performance Units, subject to applicable withholding for Taxes (as defined below) and subject to compliance with section 409A of the Code and as described in Section 20(h) of the Plan. The Fair Market Value of the shares shall be determined as of the date immediately before the payment date. The cash payment for earned and vested Performance Units shall be made between April 1, 2020 and April 30, 2020, except as provided below. All unpaid Performance Units shall be forfeited in the event of termination for Cause.

(b) If the Grantee’s employment terminates for any reason other than Cause upon or within two years after a Change in Control that meets the requirements of a 409A CIC, the Company shall cause the Grantee’s employer to make a cash payment to the Grantee, payable in local currency, equal to the Fair Market Value of the shares of Company Stock underlying the earned and vested Performance Units within 60 days after the termination date, subject to applicable withholding for Taxes and subject to compliance with section 409A of the Code and as described in Section 20(h) of the Plan. The Fair Market Value of the shares shall be determined as of the date immediately before the payment date. If a Change in Control does not meet the requirements of a 409A CIC, the Grantee’s earned and vested Performance Units shall be paid at the date described in subsection (a).

6. Dividend Equivalents. Dividend Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goals, vesting terms and other conditions as the Performance Units to which they relate. Dividend Equivalents shall be credited on the Performance Units when dividends are declared on shares of Company Stock from the Date of Grant until the payment date for the vested

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Performance Units. The Company will keep records of Dividend Equivalents in a non-interest bearing bookkeeping account for the Grantee. No interest will be credited to any such account. Vested Dividend Equivalents shall be paid in cash at the same time and subject to the same terms as the underlying vested Performance Units. If and to the extent that the underlying Performance Units are forfeited, all related Dividend Equivalents shall also be forfeited.

7. No Stockholder Rights. No shares of Company Stock shall be issued to the Grantee with respect to the Performance Units, and the Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company with respect to any Performance Units.

8. No Right to Continued Employment. The grant of Performance Units shall not confer upon the Grantee any right to continued employment with the Employer or interfere with the right of the Employer to terminate the Grantee's employment at any time.

9. Incorporation of Plan by Reference. The Grant Letters and these Grant Conditions are made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Committee shall be conclusive upon any question arising hereunder. The Grantee's receipt of the Performance Units constitutes the Grantee's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, the Grant Letters, these Grant Conditions, and the Performance Units shall be final and binding on the Grantee and any other person claiming an interest in the Performance Units.

10. Withholding Taxes.

(a) The Employer shall have the right, and the Grantee hereby authorizes the Employer, to deduct from all payments made hereunder and from other compensation an amount equal to the federal (including FICA), state, local and foreign taxes, social insurance, payroll tax, contributions, payment on account obligations or other amounts required by law to be collected, withheld or accounted for with respect to the Performance Units (the "Taxes").

(b) Regardless of any action the Employer takes with respect to any such Taxes, the Grantee acknowledges that the ultimate liability for all such Taxes legally due by the Grantee is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Employer. The Grantee further acknowledges that the Employer (i) makes no representations or undertakings regarding the treatment of any Taxes in connection with any aspect of the Performance Units, including the grant, vesting or settlement of the Performance Units and the receipt of any Dividend Equivalents; and (ii) does not commit to structure the terms of the grant or any aspect of the Performance Units to reduce or eliminate the Grantee's liability for Taxes. Further, if the Grantee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Grantee acknowledges that the Employer (or the Grantee's

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former employer, as applicable) may be required to collect, withhold or account for Taxes in more than one jurisdiction.

11. Company Policies. All amounts payable under the Grant Letters and these Grant Conditions shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors from time to time.

12. Assignment. The Grant Letters and these Grant Conditions shall bind and inure to the benefit of the successors and assignees of the Company. The Grantee may not sell, assign, transfer, pledge or otherwise dispose of the Performance Units, except to a successor grantee in the event of the Grantee's death.

13. Section 409A. The Grant Letters and these Grant Conditions are intended to comply with section 409A of the Code or an exemption, consistent with Section 20(h) of the Plan, including the six-month delay for specified employees in accordance with the requirements of section 409A of the Code, if applicable. In furtherance of the foregoing, if the Performance Units or related Dividend Equivalents constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code, vested Performance Units and related Dividend Equivalents shall be settled on the earliest date that would be permitted under section 409A of the Code without incurring penalty or accelerated taxes thereunder.

14. Successors. The provisions of the Grant Letters and these Grant Conditions shall extend to any business that becomes a successor to the Company or its subsidiaries or affiliates on account of a merger, consolidation, sale of assets, spinoff or similar transaction with respect to any business of the Company or its subsidiaries or affiliates with which the Grantee is employed, and if this grant continues in effect after such corporate event, references to the "Company or its subsidiaries or affiliates" or the "Employer" in the Grant Letters and these Grant Conditions shall include the successor business and its affiliates, as appropriate. In that event, the Company may make such modifications to the Grant Letters and these Grant Conditions as it deems appropriate to reflect the corporate event.

15. Governing Law. The validity, construction, interpretation and effect of the Grant Letters and these Grant Conditions shall be governed by, and determined in accordance with, the applicable laws of the Commonwealth of Pennsylvania, excluding any conflicts or choice of law rule or principle.

16. No Entitlement or Claims for Compensation. In connection with the acceptance of the grant of the Performance Units under the Grant Letters and these Grant Conditions, the Grantee acknowledges the following:

(a) the Plan is established voluntarily by the Company, the grant of the Performance Units under the Plan is made at the discretion of the Committee and the Plan may be modified, amended, suspended or terminated by the Company at any time;

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(b) the grant of the Performance Units under the Plan is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Units, or benefits in lieu of them, even if Performance Units have been granted repeatedly in the past;

(c) all decisions with respect to future grants of Performance Units, if any, will be at the sole discretion of the Committee;

(d) the Grantee is voluntarily participating in the Plan;

(e) the Performance Units and any payments thereunder are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Employer (including, as applicable, the Grantee's employer) and which are outside the scope of the Grantee's employment contract, if any;

(f) the Performance Units and any payments thereunder are not to be considered part of the Grantee's normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, payment in lieu of notice, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the Performance Units and any payments thereunder are not intended to replace any pension rights or compensation;

(h) the grant of Performance Units and the Grantee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

(i) the future value of the underlying shares of Company Stock is unknown and cannot be predicted with certainty. The Grantee understands that the Company is not responsible for any foreign exchange fluctuation between the United States Dollar and the Grantee's local currency that may affect the value of the Performance Units; and

(j) the Grantee shall have no rights, claim or entitlement to compensation or damages as a result of the Grantee's cessation of employment (for any reason whatsoever, whether or not in breach of contract or local labor law or the terms of the Grantee's employment agreement, if any), insofar as these rights, claim or entitlement arise or may arise from the Grantee's ceasing to have rights under or be entitled to receive payment under or ceasing to have the opportunity to participate in the Plan as a result of such cessation or loss or diminution in value of the Performance Units as a result of such cessation, and the Grantee irrevocably releases the Employer from any such rights, entitlement or claim that may arise. If, notwithstanding the foregoing, any such right or claim is found by a court of competent jurisdiction to have arisen, then the Grantee shall be deemed to have irrevocably waived the Grantee's entitlement to pursue such rights or claim.

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17. **Data Privacy.**

(a) The Grantee hereby explicitly, willingly and unambiguously consents to the collection, systematization, accumulation, storage, blocking, destruction, use, disclosure and transfer, in electronic or other form, of the Grantee's personal data as described in these Grant Conditions by and among, as applicable, the Grantee's employer, the Company or its subsidiaries or affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

(b) The Grantee understands that the Grantee's employer, the Company or its subsidiaries or affiliates, as applicable, hold certain personal information and sensitive personal information about the Grantee regarding the Grantee's employment, the nature and amount of the Grantee's compensation and the fact and conditions of the Grantee's participation in the Plan, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or its subsidiaries or affiliates and details of all awards in the Grantee's favor, for the purpose of implementing, administering and managing the Plan (the "Data").

(c) The Grantee understands that the Data may be transferred, including any cross-border, transfer to the Company, its subsidiaries and affiliates and, any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

\* \* \*

ARMSTRONG FLOORING, INC.  
2500 Columbia Ave., P.O. Box 3025  
Lancaster, PA 17604  
717.672.9611

2017 Long-Term Time-Based Restricted Stock Unit Grant

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%%FIRST\_NAME%--% %MIDDLE\_NAME%--%  
%%LAST\_NAME%--%

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I am pleased to inform you that the Company's Management Development and Compensation Committee granted you the following:

Date of Grant: March 7, 2017  
Time-Based Restricted Stock Units: 0

This grant is subject to the terms of the 2016 Long-Term Incentive Plan and the award agreement. The award agreement consists of this grant letter and the Terms and Conditions attached as [Exhibit A](#).

Vesting - The Restricted Stock Units will vest in accordance with the following schedule if you remain employed by the Employer through the applicable vesting date, except as described below. One share of the Company's common stock will be distributed to you for each Restricted Stock Unit that vests, within 60 days following the applicable vesting date.

<u>Vesting Date</u>	Time-Based Units Vesting
One year from Date of Grant	33.33%
Two years from Date of Grant	33.33%
Three years from Date of Grant	33.34%

Taxes - The Company will use share tax withholding to satisfy the minimum tax withholding obligations, unless prohibited by country law or you provide a payment to cover the taxes.

Employment Events

The following chart is a summary of the provisions which apply to this award in connection with your termination of employment. The following is only a summary, and in the event of termination of employment, the award will be governed by the Terms and Conditions.

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Event	Provisions
■ Voluntary Resignation	Forfeit all unvested Restricted Stock Units and accrued dividends
■ Termination for Cause	Forfeit all unpaid (vested or unvested) Restricted Stock Units and accrued dividends
■ "55 / 5" Rule Termination (55 years of age or older with 5 years of service) ■ Involuntary Termination	If termination occurs after 10 months following the date of grant, Restricted Stock Units and accrued dividends vest pro-rata based on the period of employment; otherwise unvested Restricted Stock Units and accrued dividends are forfeited
■ Death ■ Long-Term Disability	Restricted Stock Units and accrued dividends vest pro-rata based on the period of employment
■ Involuntary Termination upon or within two years following a Change of Control	Restricted Stock Units and accrued dividends vest in full upon termination of employment

Each Restricted Stock Unit granted is credited to an account maintained for you. You have no ownership or voting rights relative to these Restricted Stock Units. If the Company makes cash dividend payments before the Restricted Stock Units are vested, the value of the dividends will accrue in a non-interest bearing bookkeeping account. You will receive a cash payment for the accrued dividend equivalents based on vesting and payment of the Restricted Stock Units.

In the event of any inconsistency between the foregoing summary and the Terms and Conditions or the 2016 Long-Term Incentive Plan, the Terms and Conditions or the 2016 Long-Term Incentive Plan, as applicable will govern. Capitalized terms used but not defined in this grant agreement will have the meaning set forth in the 2016 Long-Term Incentive Plan or the Terms and Conditions, as applicable.

Please contact Lisa DeMascola (717-672-7394) if you have questions.

Sincerely,

Donald R. Maier  
President and Chief Executive Officer

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**EXHIBIT A**

**ARMSTRONG FLOORING, INC.  
2016 LONG-TERM INCENTIVE PLAN**

**TIME-BASED RESTRICTED STOCK UNIT GRANT  
TERMS AND CONDITIONS**

1. Grant.

(a) Subject to the terms set forth below, Armstrong Flooring, Inc. (the "Company") has granted to the designated employee (the "Grantee") an award of time-based restricted stock units (the "Time-Based Units") as specified in the 2017 Long-Term Time-Based Restricted Stock Unit Grant letter to which these Grant Conditions relate (the "Grant Letter"). The "Date of Grant" is March 7, 2017. The Time-Based Units are Stock Units with respect to common stock of the Company ("Company Stock").

(b) The Time-Based Units shall be vested and payable in accordance with the schedule set forth below, if and to the extent the terms of the Grant Letter and these Grant Conditions are met.

(c) These Terms and Conditions (the "Grant Conditions") are part of the Grant Letter. This grant is made under the Armstrong Flooring, Inc. 2016 Long-Term Incentive Plan (the "Plan"). Any terms not defined herein shall have the meanings set forth in the Plan.

2. Vesting.

(a) Except as provided in Sections 3 and 4 below, the Time-Based Units shall vest on the following dates, if the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively, the "Employer") on the applicable dates below (each individually, a "Vesting Date"):

<u>Vesting Date</u>	Time-Based Units Vesting
One year from Date of Grant (the " <u>First Vesting Date</u> ")	33.33%
Two years from Date of Grant (the " <u>Second Vesting Date</u> ")	33.33%
Three years from Date of Grant (the " <u>Third Vesting Date</u> ")	33.34%

(b) The vesting of the Time-Based Units is cumulative, but shall not exceed 100% of the Time-Based Units. If the foregoing schedule or the provisions of Section 3 would produce fractional units, the number of Time-Based Units vesting shall be rounded up to the nearest whole unit, but not in excess of 100% of the Time-Based Units.

3. Termination of Employment.

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(a) Except as described below, if the Grantee ceases to be employed by the Employer for any reason prior to the Third Vesting Date, the unvested Time-Based Units shall be forfeited as of the termination date and shall cease to be outstanding.

(b) Subject to Section 4 below, if, prior to the Third Vesting Date, the Grantee ceases to be employed by the Employer (x) on account of death or Long-Term Disability (as defined below), or (y) after ten months following the Date of Grant, on account of “55 / 5” Rule Termination (as defined below) or Involuntary Termination (as defined below) (each, a “Qualifying Termination”), the Grantee shall vest in a pro-rated portion of the outstanding Time-Based Units in accordance with this Section 3(b), provided such vesting does not result in a violation of any age discrimination or other applicable law. The pro-rated portion shall be determined by multiplying the number of Time-Based Units by a fraction, the numerator of which is the number of calendar months in the period starting with (i) the first calendar month following the month in which the Date of Grant occurs through (ii) the calendar month in which the Qualifying Termination date occurs, with such final calendar month counting as a full month, and the denominator of which is 36. The pro-rated Time-Based Units shall be paid within 60 days after the Grantee’s termination date, as described in Section 6. The unvested Time-Based Units, if any, shall be forfeited as of the termination date and shall cease to be outstanding.

(c) If the Grantee ceases to be employed by the Employer on account of Cause (as defined below), any unpaid Time-Based Units (vested or unvested) shall be forfeited as of the termination date and shall cease to be outstanding.

4. Change in Control Involuntary Termination. Subject to Section 14 of the Plan, and notwithstanding Section 3 above, if the Grantee has an Involuntary Termination upon or within two years after a Change in Control, and prior to the Third Vesting Date, the Grantee’s outstanding Time-Based Units shall become fully vested and shall be paid within 60 days after such Involuntary Termination, as described in Section 6.

5. Definitions. For purposes of these Grant Conditions and the Grant Letter:

(a) “55 / 5’ Rule Termination” shall mean the Grantee’s termination of employment other than for Cause after the Grantee has attained age 55 and has completed five years of service with the Employer.

(b) “Cause” shall mean any of the following, as determined in the sole discretion of the Employer: (i) commission of a felony or a crime involving moral turpitude; (ii) fraud, dishonesty, misrepresentation, theft or misappropriation of funds with respect to the Employer; (iii) violation of the Employer’s Code of Conduct or employment policies, as in effect from time to time; (iv) breach of any written noncompetition, confidentiality or nonsolicitation covenant of the Grantee with respect to the Employer; or (v) gross negligence or misconduct in the performance of the Grantee’s duties with the Employer.

(c) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.

(d) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

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6. Payment. When Time-Based Units vest, shares of Company Stock equal to the number of vested Time-Based Units shall be issued to the Grantee within 60 days after the applicable vesting date, subject to applicable withholding for Taxes (as defined below) and subject to any six-month delay required under section 409A of the Internal Revenue Code, if applicable, and as described in Section 20(h) of the Plan. Any fractional shares will be rounded up to the nearest whole share. Notwithstanding any provision of the Plan, the Grant Letter or these Grant Conditions to the contrary, the Time-Based Units shall be settled in shares of Company Stock only.
  7. Dividend Equivalents. Dividend Equivalents shall accrue with respect to Time-Based Units and shall be payable subject to the same vesting terms and other conditions as the Time-Based Units to which they relate. Dividend Equivalents shall be credited on the Time-Based Units when dividends are declared on shares of Company Stock from the Date of Grant until the payment date for the vested Time-Based Units. The Company will keep records of Dividend Equivalents in a non-interest bearing bookkeeping account for the Grantee. No interest will be credited to any such account. Vested Dividend Equivalents shall be paid in cash at the same time and subject to the same terms as the underlying vested Time-Based Units. If and to the extent that the underlying Time-Based Units are forfeited, all related Dividend Equivalents shall also be forfeited.
  8. Delivery of Shares. The Company's obligation to deliver shares upon the vesting of the Time-Based Units shall be subject to applicable laws, rules and regulations and also to such approvals by governmental agencies as may be deemed appropriate to comply with relevant securities laws and regulations.
  9. No Shareholder Rights. No shares of Company Stock shall be issued to the Grantee on the Date of Grant, and the Grantee shall not be, nor have any of the rights or privileges of, a shareholder of the Company with respect to any Time-Based Units.
  10. No Right to Continued Employment. The grant of Time-Based Units shall not confer upon the Grantee any right to continued employment with the Employer or interfere with the right of the Employer to terminate the Grantee's employment at any time.
  11. Incorporation of Plan by Reference. The Grant Letter and these Grant Conditions are made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Management Development and Compensation Committee (the "Committee") shall be conclusive upon any question arising hereunder. The Grantee's receipt of the Time-Based Units constitutes the Grantee's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, the Grant Letter, these Grant Conditions, and the Time-Based Units shall be final and binding on the Grantee and any other person claiming an interest in the Time-Based Units.
  12. Withholding Taxes.
    - (a) The Employer shall have the right, and the Grantee hereby authorizes the Employer, to deduct from all payments made hereunder and from other compensation an amount equal to the federal (including FICA), state, local and foreign taxes, social insurance, payroll tax, contributions, payment on account obligations or other amounts required by law to be collected, withheld or accounted for with respect to the Time-Based Units (the "Taxes"). The Employer will withhold shares of Company Stock payable
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hereunder to satisfy the withholding obligation for Taxes on amounts payable in shares, unless the Grantee provides a payment to the Employer to cover such Taxes, in accordance with procedures established by the Committee. Unless the Committee determines otherwise, the share withholding amount shall not exceed the Grantee's minimum applicable withholding amount for Taxes.

(b) Regardless of any action the Employer takes with respect to any such Taxes, the Grantee acknowledges that the ultimate liability for all such Taxes legally due by the Grantee is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Employer. The Grantee further acknowledges that the Employer (i) makes no representations or undertakings regarding the treatment of any Taxes in connection with any aspect of the Time-Based Units, including the grant, vesting or settlement of the Time-Based Units and the subsequent sale of any shares of Company Stock acquired at settlement and the receipt of any Dividend Equivalents; and (ii) does not commit to structure the terms of the grant or any aspect of the Time-Based Units to reduce or eliminate the Grantee's liability for Taxes. Further, if the Grantee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Grantee acknowledges that the Employer (or the Grantee's former employer, as applicable) may be required to collect, withhold or account for Taxes in more than one jurisdiction.

13. Company Policies. All amounts payable under the Grant Letter and these Grant Conditions shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors from time to time.

14. Assignment. The Grant Letter and these Grant Conditions shall bind and inure to the benefit of the successors and assignees of the Company. The Grantee may not sell, assign, transfer, pledge or otherwise dispose of the Time-Based Units, except to a successor grantee in the event of the Grantee's death.

15. Section 409A. The Grant Letter and these Grant Conditions are intended to comply with section 409A of the Code or an exemption, consistent with Section 20(h) of the Plan. In furtherance of the foregoing, if the Time-Based Units or related Dividend Equivalents constitute "nonqualified deferred compensation" within the meaning of section 409A of the Code, vested Time-Based Units and related Dividend Equivalents shall be settled on the earliest date that would be permitted under section 409A of the Code without incurring penalty or accelerated taxes thereunder.

16. Successors. The provisions of the Grant Letter and these Grant Conditions shall extend to any business that becomes a successor to the Company or its subsidiaries or affiliates on account of a merger, consolidation, sale of assets, spinoff or similar transaction with respect to any business of the Company or its subsidiaries or affiliates with which the Grantee is employed, and if this grant continues in effect after such corporate event, references to the "Company or its subsidiaries or affiliates" or the "Employer" in the Grant Letter and these Grant Conditions shall include the successor business and its affiliates, as appropriate. In that event, the Company may make such modifications to the Grant Letter and these Grant Conditions as it deems appropriate to reflect the corporate event.

17. Governing Law. The validity, construction, interpretation and effect of the Grant Letter and these Grant Conditions shall be governed by, and determined in accordance

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with, the applicable laws of the Commonwealth of Pennsylvania, excluding any conflicts or choice of law rule or principle.

18. No Entitlement or Claims for Compensation. In connection with the acceptance of the grant of the Time-Based Units under the Grant Letter and these Grant Conditions, the Grantee acknowledges the following:

(a) the Plan is established voluntarily by the Company, the grant of the Time-Based Units under the Plan is made at the discretion of the Committee and the Plan may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Time-Based Units under the Plan is voluntary and occasional and does not create any contractual or other right to receive future grants of Time-Based Units, or benefits in lieu of them, even if Time-Based Units have been granted repeatedly in the past;

(c) all decisions with respect to future grants of Time-Based Units, if any, will be at the sole discretion of the Committee;

(d) the Grantee is voluntarily participating in the Plan;

(e) the Time-Based Units and any shares of Company Stock acquired under the Plan are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Employer (including, as applicable, the Grantee's employer) and which are outside the scope of the Grantee's employment contract, if any;

(f) the Time-Based Units and any shares of Company Stock acquired under the Plan are not to be considered part of the Grantee's normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, payment in lieu of notice, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the Time-Based Units and the shares of Company Stock subject to the award are not intended to replace any pension rights or compensation;

(h) the grant of Time-Based Units and the Grantee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

(i) the future value of the underlying shares of Company Stock is unknown and cannot be predicted with certainty. If the Grantee vests in the Time-Based Units and receives shares of Company Stock, the value of the acquired shares may increase or decrease. The Grantee understands that the Company is not responsible for any foreign exchange fluctuation between the United States Dollar and the Grantee's local currency that may affect the value of the Time-Based Units or the shares of Company Stock; and

(j) the Grantee shall have no rights, claim or entitlement to compensation or damages as a result of the Grantee's cessation of employment (for any reason whatsoever, whether or not in breach of contract or local labor law or the terms of the Grantee's employment agreement, if any), insofar as these rights, claim or entitlement arise or may arise from the Grantee's ceasing to have rights under or be entitled to receive shares of Company Stock under or ceasing to have the opportunity to participate in the Plan as a

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result of such cessation or loss or diminution in value of the Time-Based Units or any of the shares of Company Stock acquired thereunder as a result of such cessation, and the Grantee irrevocably releases the Employer from any such rights, entitlement or claim that may arise. If, notwithstanding the foregoing, any such right or claim is found by a court of competent jurisdiction to have arisen, then the Grantee shall be deemed to have irrevocably waived the Grantee's entitlement to pursue such rights or claim.

**19. Data Privacy.**

(a) The Grantee hereby explicitly, willingly and unambiguously consents to the collection, systematization, accumulation, storage, blocking, destruction, use, disclosure and transfer, in electronic or other form, of the Grantee's personal data as described in these Grant Conditions by and among, as applicable, the Grantee's employer, the Company or its subsidiaries or affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

(b) The Grantee understands that the Grantee's employer, the Company or its subsidiaries or affiliates, as applicable, hold certain personal information and sensitive personal information about the Grantee regarding the Grantee's employment, the nature and amount of the Grantee's compensation and the fact and conditions of the Grantee's participation in the Plan, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or its subsidiaries or affiliates, details of all options, awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan (the "Data").

(c) The Grantee understands that the Data may be transferred, including any cross-border, transfer to the Company, its subsidiaries and affiliates and, any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

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20. Addendum. Notwithstanding any provisions in these Grant Conditions, the Time-Based Units shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary for legal or administrative reasons. The Addendum constitutes part of these Grant Conditions.

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## ADDENDUM

### ARMSTRONG FLOORING, INC. TIME-BASED RESTRICTED STOCK UNIT GRANT

#### *Additional Terms and Conditions and Notifications*

This Addendum includes special terms and conditions that govern the Time-Based Units granted to the Grantee if the Grantee resides in the countries listed herein. These terms and conditions are in addition to the terms and conditions set forth in the Grant Conditions. This Addendum may also include information regarding certain other issues of which the Grantee should be aware with respect to the Grantee's participation in the Plan. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Grant Conditions (of which this Addendum is a part) and the Plan.

#### **AUSTRALIA**

##### *SECURITIES LAW DISCLOSURE*

For the purposes of this section of the Addendum:

“Australian Participants” means all persons to whom an offer or invitation of Time-Based Units are made in Australia under the Plan.

“Exchange” means the New York Stock Exchange.

“related body corporate” has the meaning given in section 50 of the Corporations Act 2001 (Cth).

##### General Advice Only

Any advice given by the Company or any related body corporate of the Company in relation to the Time-Based Units offered under the Plan does not take into account an Australian Participant's objectives, financial situation and needs. Australian Participants should consider obtaining their own financial product advice from an independent person who is licensed by the Australian Securities & Investments Commission to give such advice.

##### Acquisition price

No acquisition price is payable by Australian Participants for the Company to grant you the number of Time-Based Units set forth in the Grant Letter.

##### Risks of Time-Based Units and Company Stock

Acquiring and holding Time-Based Units and Company Stock involves risk. These risks include that:

(a) there is no guarantee that Company Stock will grow in value - it may decline in value. Stock markets are subject to fluctuations and the price of Company Stock can rise

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and fall, depending upon the Company's performance and other internal and external factors.

(b) the Company may decide not to continue to pay dividends on its Company Stock at the current level, or may decide to cease the payment of dividends on its Company Stock.

(c) there are tax implications involved in acquiring and holding Time-Based Units and Company Stock and the tax regime applying to Australian Participants may change.

Market Price of Company Stock in Australian Dollars

An Australian Participant could, from time to time, ascertain the market price of Company Stock by obtaining that price from the Exchange website, the Company website or The Wall Street Journal, and multiplying that price by a published exchange rate to convert U.S. Dollars into Australian Dollars.

ARMSTRONG FLOORING, INC.  
 2500 Columbia Ave., P.O. Box 3025  
 Lancaster, PA 17604  
 717.672.9611

**2017 Long-Term Time-Based Restricted Stock Unit Grant**

%%FIRST\_NAME%--% %MIDDLE\_NAME%--%  
 %%LAST\_NAME%--%

I am pleased to inform you that the Company's Management Development and Compensation Committee granted you the following:

Date of Grant: March 7, 2017  
 Time-Based Restricted Stock Units: 0

This grant is subject to the terms of the 2016 Long-Term Incentive Plan and the award agreement. The award agreement consists of this grant letter and the Terms and Conditions attached as Exhibit A.

Vesting - The Restricted Stock Units will vest in accordance with the following schedule if you remain employed by the Employer through the applicable vesting date, except as described below. The restricted stock units will be paid in cash.

<u>Vesting Date</u>	Time-Based Units Vesting
<b>One year from Date of Grant</b>	33.33%
<b>Two years from Date of Grant</b>	33.33%
<b>Three years from Date of Grant</b>	33.34%

Employment Events

The following chart is a summary of the provisions which apply to this award in connection with your termination of employment. The following is only a summary, and in the event of termination of employment, the award will be governed by the Terms and Conditions.

Event	Provisions
■ Voluntary Resignation	Forfeit all unvested Restricted Stock Units and accrued dividends
■ Termination for Cause	Forfeit all unpaid (vested or unvested) Restricted Stock Units and accrued dividends
■ "55 / 5" Rule Termination (55 years of age or older with 5 years of service)	If termination occurs after 10 months following the date of grant, Restricted Stock Units and accrued dividends vest pro-rata based on the period of employment; otherwise unvested Restricted Stock Units and accrued dividends are forfeited
■ Involuntary Termination	
■ Death ■ Long-Term Disability	Restricted Stock Units and accrued dividends vest pro-rata based on the period of employment
■ Involuntary Termination upon or within two years following a Change of Control	Restricted Stock Units and accrued dividends vest in full upon termination of employment

Each Restricted Stock Unit granted is credited to an account maintained for you. You have no ownership or voting rights relative to these Restricted Stock Units. If the Company makes cash dividend payments before the Restricted Stock Units are vested, the value of the dividends will accrue in a non-interest bearing bookkeeping account. You will receive a cash payment for the accrued dividend equivalents based on vesting and payment of the Restricted Stock Units.

In the event of any inconsistency between the foregoing summary and the Terms and Conditions or the 2016 Long-Term Incentive Plan, the Terms and Conditions or the 2016 Long-Term Incentive Plan, as applicable will govern. Capitalized terms used but not defined in this grant agreement will have the meaning set forth in the 2016 Long-Term Incentive Plan or the Terms and Conditions, as applicable.

Please contact Lisa DeMascola (717-672-7394) if you have questions.

Sincerely,

Donald R. Maier  
President and Chief Executive Officer

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**EXHIBIT A**

**ARMSTRONG FLOORING, INC.  
2016 LONG-TERM INCENTIVE PLAN**

**TIME-BASED RESTRICTED STOCK UNIT GRANT  
TERMS AND CONDITIONS**

1. Grant.

(a) Subject to the terms set forth below, Armstrong Flooring, Inc. (the "Company") has granted to the designated employee (the "Grantee") an award of time-based restricted stock units (the "Time-Based Units") as specified in the 2017 Long-Term Time-Based Restricted Stock Unit Grant letter to which these Grant Conditions relate (the "Grant Letter"). The "Date of Grant" is March 7, 2017. The Time-Based Units are Stock Units that relate to common stock of the Company ("Company Stock") and entitle the Grantee to receive a cash bonus payment from the Grantee's employer subject to the terms set forth below.

(b) The Time-Based Units shall be vested and payable in accordance with the schedule set forth below, if and to the extent the terms of the Grant Letter and these Grant Conditions are met.

(c) These Terms and Conditions (the "Grant Conditions") are part of the Grant Letter. This grant is made under the Armstrong Flooring, Inc. 2016 Long-Term Incentive Plan (the "Plan"). Any terms not defined herein shall have the meanings set forth in the Plan.

2. Vesting.

(a) Except as provided in Sections 3 and 4 below, the Time-Based Units shall vest on the following dates, if the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively, the "Employer") on the applicable dates below (each individually, a "Vesting Date"):

<u>Vesting Date</u>	Time-Based Units Vesting
One year from Date of Grant (the " <u>First Vesting Date</u> ")	33.33%
Two years from Date of Grant (the " <u>Second Vesting Date</u> ")	33.33%
Three years from Date of Grant (the " <u>Third Vesting Date</u> ")	33.34%

(b) The vesting of the Time-Based Units is cumulative, but shall not exceed 100% of the Time-Based Units. If the foregoing schedule or the provisions of Section 3 would produce fractional units, the number of Time-Based Units vesting shall be rounded up to the nearest whole unit, but not in excess of 100% of the Time-Based Units.

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3. Termination of Employment.

(a) Except as described below, if the Grantee ceases to be employed by the Employer for any reason prior to the Third Vesting Date, the unvested Time-Based Units shall be forfeited as of the termination date and shall cease to be outstanding.

(b) Subject to Section 4 below, if, prior to the Third Vesting Date, the Grantee ceases to be employed by the Employer (x) on account of death or Long-Term Disability (as defined below), or (y) after ten months following the Date of Grant, on account of “55 / 5” Rule Termination (as defined below) or Involuntary Termination (as defined below) (each, a “Qualifying Termination”), the Grantee shall vest in a pro-rated portion of the outstanding Time-Based Units in accordance with this Section 3(b), provided such vesting does not result in a violation of any age discrimination or other applicable law. The pro-rated portion shall be determined by multiplying the number of Time-Based Units by a fraction, the numerator of which is the number of calendar months in the period starting with (i) the first calendar month following the month in which the Date of Grant occurs through (ii) the calendar month in which the Qualifying Termination date occurs, with such final calendar month counting as a full month, and the denominator of which is 36. The pro-rated Time-Based Units shall be paid within 60 days after the Grantee’s termination date, as described in Section 6. The unvested Time-Based Units, if any, shall be forfeited as of the termination date and shall cease to be outstanding.

(c) If the Grantee ceases to be employed by the Employer on account of Cause (as defined below), any unpaid Time-Based Units (vested or unvested) shall be forfeited as of the termination date and shall cease to be outstanding.

4. Change in Control Involuntary Termination. Subject to Section 14 of the Plan, and notwithstanding Section 3 above, if the Grantee has an Involuntary Termination upon or within two years after a Change in Control, and prior to the Third Vesting Date, the Grantee’s outstanding Time-Based Units shall become fully vested and shall be paid within 60 days after such Involuntary Termination, as described in Section 6.

5. Definitions. For purposes of these Grant Conditions and the Grant Letter:

(a) “55 / 5’ Rule Termination” shall mean the Grantee’s termination of employment other than for Cause after the Grantee has attained age 55 and has completed five years of service with the Employer.

(b) “Cause” shall mean any of the following, as determined in the sole discretion of the Employer: (i) commission of a felony or a crime involving moral turpitude; (ii) fraud, dishonesty, misrepresentation, theft or misappropriation of funds with respect to the Employer; (iii) violation of the Employer’s Code of Conduct or employment policies, as in effect from time to time; (iv) breach of any written noncompetition, confidentiality or nonsolicitation covenant of the Grantee with respect to the Employer; or (v) gross negligence or misconduct in the performance of the Grantee’s duties with the Employer.

(c) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.

(d) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

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6. Payment. When Time-Based Units vest, the Company shall cause the Grantee's employer to make a cash payment to the Grantee, payable in local currency, equal to the Fair Market Value of the shares of Company Stock underlying the vested Time-Based Units (rounded up to the nearest whole share), subject to applicable withholding for Taxes (as defined below). The Fair Market Value of the shares shall be determined as of the date immediately before the payment date. Payment shall be made within 60 days after the applicable vesting date.
7. Dividend Equivalents. Dividend Equivalents shall accrue with respect to Time-Based Units and shall be payable subject to the same vesting terms and other conditions as the Time-Based Units to which they relate. Dividend Equivalents shall be credited on the Time-Based Units when dividends are declared on shares of Company Stock from the Date of Grant until the payment date for the vested Time-Based Units. The Company will keep records of Dividend Equivalents in a non-interest bearing bookkeeping account for the Grantee. No interest will be credited to any such account. Vested Dividend Equivalents shall be paid in cash at the same time and subject to the same terms as the underlying vested Time-Based Units. If and to the extent that the underlying Time-Based Units are forfeited, all related Dividend Equivalents shall also be forfeited.
8. No Shareholder Rights. No shares of Company Stock shall be issued to the Grantee with respect to the Time-Based Units, and the Grantee shall not be, nor have any of the rights or privileges of, a shareholder of the Company with respect to any Time-Based Units.
9. No Right to Continued Employment. The grant of Time-Based Units shall not confer upon the Grantee any right to continued employment with the Employer or interfere with the right of the Employer to terminate the Grantee's employment at any time.
10. Incorporation of Plan by Reference. The Grant Letter and these Grant Conditions are made pursuant to the terms of the Plan, the terms of which are incorporated herein by reference, and shall in all respects be interpreted in accordance therewith. The decisions of the Management Development and Compensation Committee (the "Committee") shall be conclusive upon any question arising hereunder. The Grantee's receipt of the Time-Based Units constitutes the Grantee's acknowledgment that all decisions and determinations of the Committee with respect to the Plan, the Grant Letter, these Grant Conditions, and the Time-Based Units shall be final and binding on the Grantee and any other person claiming an interest in the Time-Based Units.
11. Withholding Taxes.
- (a) The Employer shall have the right, and the Grantee hereby authorizes the Employer, to deduct from all payments made hereunder and from other compensation an amount equal to the federal (including FICA), state, local and foreign taxes, social insurance, payroll tax, contributions, payment on account obligations or other amounts required by law to be collected, withheld or accounted for with respect to the Time-Based Units (the "Taxes").
- (b) Regardless of any action the Employer takes with respect to any such Taxes, the Grantee acknowledges that the ultimate liability for all such Taxes legally due by the Grantee is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Employer. The Grantee further acknowledges that the Employer
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(i) makes no representations or undertakings regarding the treatment of any Taxes in connection with any aspect of the Time-Based Units, including the grant, vesting or settlement of the Time-Based Units and the receipt of any Dividend Equivalents; and (ii) does not commit to structure the terms of the grant or any aspect of the Time-Based Units to reduce or eliminate the Grantee's liability for Taxes. Further, if the Grantee has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Grantee acknowledges that the Employer (or the Grantee's former employer, as applicable) may be required to collect, withhold or account for Taxes in more than one jurisdiction.

12. Company Policies. All amounts payable under the Grant Letter and these Grant Conditions shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors from time to time.

13. Assignment. The Grant Letter and these Grant Conditions shall bind and inure to the benefit of the successors and assignees of the Company. The Grantee may not sell, assign, transfer, pledge or otherwise dispose of the Time-Based Units, except to a successor grantee in the event of the Grantee's death.

14. Section 409A. The Grant Letter and these Grant Conditions are intended to comply with section 409A of the Code or an exemption, consistent with Section 20(h) of the Plan.

15. Successors. The provisions of the Grant Letter and these Grant Conditions shall extend to any business that becomes a successor to the Company or its subsidiaries or affiliates on account of a merger, consolidation, sale of assets, spinoff or similar transaction with respect to any business of the Company or its subsidiaries or affiliates with which the Grantee is employed, and if this grant continues in effect after such corporate event, references to the "Company or its subsidiaries or affiliates" or the "Employer" in the Grant Letter and these Grant Conditions shall include the successor business and its affiliates, as appropriate. In that event, the Company may make such modifications to the Grant Letter and these Grant Conditions as it deems appropriate to reflect the corporate event.

16. Governing Law. The validity, construction, interpretation and effect of the Grant Letter and these Grant Conditions shall be governed by, and determined in accordance with, the applicable laws of the Commonwealth of Pennsylvania, excluding any conflicts or choice of law rule or principle.

17. No Entitlement or Claims for Compensation. In connection with the acceptance of the grant of the Time-Based Units under the Grant Letter and these Grant Conditions, the Grantee acknowledges the following:

(a) the Plan is established voluntarily by the Company, the grant of the Time-Based Units under the Plan is made at the discretion of the Committee and the Plan may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Time-Based Units under the Plan is voluntary and occasional and does not create any contractual or other right to receive future grants of Time-Based Units, or benefits in lieu of them, even if Time-Based Units have been granted repeatedly in the past;

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(c) all decisions with respect to future grants of Time-Based Units, if any, will be at the sole discretion of the Committee;

(d) the Grantee is voluntarily participating in the Plan;

(e) the Time-Based Units and any payments thereunder are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Employer (including, as applicable, the Grantee's employer) and which are outside the scope of the Grantee's employment contract, if any;

(f) the Time-Based Units and any payments thereunder are not to be considered part of the Grantee's normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, payment in lieu of notice, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the Time-Based Units and payments thereunder are not intended to replace any pension rights or compensation;

(h) the grant of Time-Based Units and the Grantee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Employer;

(i) the future value of the underlying shares of Company Stock is unknown and cannot be predicted with certainty. The Grantee understands that the Company is not responsible for any foreign exchange fluctuation between the United States Dollar and the Grantee's local currency that may affect the value of the Time-Based Units; and

(j) the Grantee shall have no rights, claim or entitlement to compensation or damages as a result of the Grantee's cessation of employment (for any reason whatsoever, whether or not in breach of contract or local labor law or the terms of the Grantee's employment agreement, if any), insofar as these rights, claim or entitlement arise or may arise from the Grantee's ceasing to have rights under or be entitled to receive payment under or ceasing to have the opportunity to participate in the Plan as a result of such cessation or loss or diminution in value of the Time-Based Units as a result of such cessation, and the Grantee irrevocably releases the Employer from any such rights, entitlement or claim that may arise. If, notwithstanding the foregoing, any such right or claim is found by a court of competent jurisdiction to have arisen, then the Grantee shall be deemed to have irrevocably waived the Grantee's entitlement to pursue such rights or claim.

18. **Data Privacy.**

(a) **The Grantee hereby explicitly, willingly and unambiguously consents to the collection, systematization, accumulation, storage, blocking, destruction, use, disclosure and transfer, in electronic or other form, of the Grantee's personal data as described in these Grant Conditions by and among, as applicable, the Grantee's employer, the Company or its subsidiaries or affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.**

(b) **The Grantee understands that the Grantee's employer, the Company or its subsidiaries or affiliates, as applicable, hold certain personal information and sensitive personal information about the Grantee regarding the Grantee's**

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employment, the nature and amount of the Grantee's compensation and the fact and conditions of the Grantee's participation in the Plan, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or its subsidiaries or affiliates, and details of all awards in the Grantee's favor, for the purpose of implementing, administering and managing the Plan (the "Data").

(c) The Grantee understands that the Data may be transferred, including any cross-border, transfer to the Company, its subsidiaries and affiliates and, to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Grantee understands that the Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

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**CERTIFICATIONS**  
**Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934, As Amended**

I, Donald R. Maier, certify that:

1. I have reviewed this report on Form 10-Q of Armstrong Flooring, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2017

By: /s/ Donald R. Maier

Donald R. Maier  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATIONS**  
**Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934, As Amended**

I, John W. Thompson, certify that:

1. I have reviewed this report on Form 10-Q of Armstrong Flooring, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2017

By: /s/ John W. Thompson

John W. Thompson  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

**Certification of CEO Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2017 of Armstrong Flooring, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Donald R. Maier, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald R. Maier

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Donald R. Maier  
Chief Executive Officer  
(Principal Executive Officer)  
May 8, 2017

**Certification of CFO Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2017 of Armstrong Flooring, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John W. Thompson, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John W. Thompson

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John W. Thompson  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)  
May 8, 2017