

**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, 2020

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, Lancaster, PA

(Address of principal executive offices)

17603

(Zipcode)

(717) 672-9611

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.0001 par value	AFI	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 21,593,522 shares of common stock, \$0.0001 par value, outstanding at June 19, 2020.

EXPLANATORY NOTE

As previously disclosed in the Current Report on Form 8-K filed by Armstrong Flooring, Inc., on May 7, 2020, we delayed the filing of this Quarterly Report on Form 10-Q due to circumstances related to the COVID-19 pandemic and in reliance on the U.S. Securities and Exchange Commission's order under Section 36 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and certain rules thereunder (Release No. 34-88465). We were unable to file the Report by its original due date as a result of disruptions caused by the pandemic and the need to perform additional analyses and procedures relating to COVID-19's potential impact on our financial statements, including analyses pertaining to the potential impairment of long-lived assets. We were also evaluating alternatives to further enhance liquidity, including through discussions with our lenders regarding covenants under our asset-based revolving credit facility ("ABL Credit Facility").

Armstrong Flooring, Inc.

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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 commercial and residential markets and their effect on our operating results, and our ability to increase revenues, earnings and earnings before interest, taxes, depreciation and amortization. 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:

- the impact of COVID-19 on the economy, demand for our products and our operations, including the measures taken by governmental authorities to address it, which may precipitate or exacerbate other risks and/or uncertainties;
- global economic conditions;
- competition;
- availability and costs of raw materials and energy;
- key customers;
- construction activity;
- execution of strategy;
- international operations;
- debt covenants;
- liquidity;
- debt;
- information systems and transition services;
- personnel;
- intellectual property rights;
- claims and litigation;
- labor;
- internal controls;
- environmental and regulatory matters;
- outsourcing; and
- other risks detailed from time to time in our filings with the Securities and Exchange Commission ("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 (Unaudited)
(Dollars in millions, except per share data)

	Three Months Ended March 31,	
	2020	2019
Net sales	\$ 138.7	\$ 141.7
Cost of goods sold	115.4	119.6
Gross profit	23.3	22.1
Selling, general and administrative expenses	36.6	37.7
Operating (loss)	(13.3)	(15.6)
Interest expense	0.6	1.0
Other (income) expense, net	(0.4)	0.3
(Loss) from continuing operations before income taxes	(13.5)	(16.9)
Income tax (benefit)	(0.3)	(0.3)
Net (loss) from continuing operations	\$ (13.2)	\$ (16.6)
(Loss) on disposal of discontinued operations, net of tax	—	(0.1)
Net (loss) from discontinued operations	—	(0.1)
Net (loss)	\$ (13.2)	\$ (16.7)
Basic (loss) per share of common stock:		
Basic (loss) per share of common stock from continuing operations	\$ (0.60)	\$ (0.63)
Basic (loss) per share of common stock from discontinued operations	—	—
Basic (loss) per share of common stock	\$ (0.60)	\$ (0.63)
Diluted (loss) per share of common stock:		
Diluted (loss) per share of common stock from continuing operations	\$ (0.60)	\$ (0.63)
Diluted (loss) per share of common stock from discontinued operations	—	—
Diluted (loss) per share of common stock	\$ (0.60)	\$ (0.63)

See accompanying notes to Condensed Consolidated Financial Statements.

Armstrong Flooring, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(Dollars in millions)

	Three Months Ended March 31,	
	2020	2019
Net (loss)	\$ (13.2)	\$ (16.7)
Changes in other comprehensive income, net of tax:		
Foreign currency translation adjustments	(2.5)	2.2
Derivative gain (loss)	1.3	(0.5)
Pension and postretirement adjustments	1.3	1.2
Total other comprehensive income	0.1	2.9
Total comprehensive (loss)	\$ (13.1)	\$ (13.8)

See accompanying notes to Condensed Consolidated Financial Statements.

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

	March 31, 2020 (Unaudited)	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 31.9	\$ 27.1
Accounts and notes receivable, net	40.1	36.1
Inventories, net	118.6	111.6
Income tax receivable	0.8	0.7
Prepaid expenses and other current assets	12.1	10.0
Total current assets	203.5	185.5
Property, plant, and equipment, less accumulated depreciation and amortization of \$323.2 and \$318.4, respectively	269.7	277.2
Operating lease assets	5.7	6.0
Intangible assets, less accumulated amortization of \$20.8 and \$19.0, respectively	23.8	25.4
Deferred income taxes	5.1	5.3
Other noncurrent assets	2.7	2.8
Total assets	\$ 510.5	\$ 502.2
Liabilities and Stockholders' Equity		
Current liabilities:		
Current installments of long-term debt	\$ 0.2	\$ 0.2
Accounts payable and accrued expenses	99.8	104.4
Total current liabilities	100.0	104.6
Long-term debt	72.5	42.5
Noncurrent operating lease liabilities	2.4	2.7
Postretirement benefit liabilities	58.3	59.7
Pension benefit liabilities	14.2	16.0
Other long-term liabilities	4.5	5.8
Noncurrent income taxes payable	0.2	0.2
Deferred income taxes	2.5	2.4
Total liabilities	254.6	233.9
Stockholders' equity:		
Common stock with par value \$.0001 per share: 100,000,000 shares authorized; 28,357,658 issued and 21,555,833 outstanding shares as of March 31, 2020 and 28,357,658 issued and 21,519,761 outstanding shares as of December 31, 2019	—	—
Preferred stock with par value \$.0001 per share: 15,000,000 shares authorized; none issued	—	—
Treasury stock, at cost, 6,801,825 shares as of March 31, 2020 and 6,837,897 shares as of December 31, 2019	(88.2)	(88.9)
Additional paid-in capital	676.7	676.7
Accumulated deficit	(258.0)	(244.8)
Accumulated other comprehensive (loss)	(74.6)	(74.7)
Total stockholders' equity	255.9	268.3
Total liabilities and stockholders' equity	\$ 510.5	\$ 502.2

See accompanying notes to Condensed Consolidated Financial Statements.

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

	<u>Common Stock</u>		<u>Treasury Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive (Loss)</u>	<u>(Accumulated Deficit)</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
December 31, 2019	21,519,761	\$ —	6,837,897	\$ (88.9)	\$ 676.7	\$ (74.7)	\$ (244.8)	\$ 268.3
Net (loss)	—	—	—	—	—	—	(13.2)	(13.2)
Stock-based employee compensation, net	36,072	—	(36,072)	0.7	—	—	—	0.7
Other comprehensive income	—	—	—	—	—	0.1	—	0.1
March 31, 2020	21,555,833	\$ —	6,801,825	\$ (88.2)	\$ 676.7	\$ (74.6)	\$ (258.0)	\$ 255.9

	<u>Common Stock</u>		<u>Treasury Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive (Loss)</u>	<u>(Accumulated Deficit)</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
December 31, 2018	25,832,193	\$ —	2,452,165	\$ (39.7)	\$ 678.6	\$ (61.6)	\$ (186.3)	\$ 391.0
Net (loss)	—	—	—	—	—	—	(16.7)	(16.7)
Stock-based employee compensation, net	53,908	—	(50,251)	0.9	(0.5)	—	—	0.4
Other comprehensive income	—	—	—	—	—	2.9	—	2.9
March 31, 2019	25,886,101	\$ —	2,401,914	\$ (38.8)	\$ 678.1	\$ (58.7)	\$ (203.0)	\$ 377.6

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,	
	2020	2019
Cash flows from operating activities:		
Net (loss)	\$ (13.2)	\$ (16.7)
Adjustments to reconcile net (loss) to net cash (used for) operating activities:		
Depreciation and amortization	10.6	11.3
Deferred income taxes	(0.5)	(0.2)
Stock-based compensation	0.7	0.4
Gain from long-term disability plan change	(1.1)	—
U.S. pension expense	0.9	1.4
Other non-cash adjustments, net	1.4	(0.2)
Changes in operating assets and liabilities:		
Receivables	(4.8)	(21.8)
Inventories	(8.1)	(4.9)
Accounts payable and accrued expenses	1.2	(33.0)
Income taxes payable and receivable	—	(0.4)
Other assets and liabilities	(4.2)	0.9
Net cash (used for) operating activities	(17.1)	(63.2)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(7.5)	(8.6)
Net cash used for investing activities	(7.5)	(8.6)
Cash flows from financing activities:		
Proceeds from revolving credit facility	30.0	—
Payments on revolving credit facility	—	(25.0)
Payments on long-term debt	(0.1)	(1.0)
Value of shares withheld related to employee tax withholding	—	(0.7)
Net cash provided by (used for) financing activities	29.9	(26.7)
Effect of exchange rate changes on cash and cash equivalents	(0.5)	0.4
Net increase (decrease) in cash and cash equivalents	4.8	(98.1)
Cash and cash equivalents at beginning of year	27.1	173.8
Cash and cash equivalents at end of period	\$ 31.9	\$ 75.7
Supplemental Cash Flow Disclosure:		
Amounts in accounts payable for capital expenditures	\$ 2.0	\$ 3.7
Interest paid	0.7	0.9
Income taxes paid (refunded), net	0.3	0.3

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 resilient flooring products for use primarily in the construction and renovation of residential, commercial and institutional buildings. AFI designs, manufactures, sources and sells resilient 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.

Basis of Presentation

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, allowances for bad debts, inventory obsolescence, lower of cost or market 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, 2020 and 2019 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.

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, 2019, except as noted below. 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, 2019.

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

COVID-19

The COVID-19 pandemic is expected to significantly impact our revenue in future quarters. In response, we have implemented several cost reduction initiatives, including reduced capital spending, implementing a furlough of certain salaried employees and reducing employee benefits. We are also pursuing a plan to monetize non-core assets. The impact of the pandemic on our future results is unknown. We have incurred net losses for the past several years, and negative cash flows from operations beginning in 2019. The pandemic's current and expected future impacts, our recurring losses and our negative cash flows resulted in the identification of a triggering event requiring impairment testing of our North America asset group in the first quarter of 2020. The results of this testing indicated that, as of March 31, 2020, our North America asset group is not impaired. While no long-lived asset impairment, significant inventory write-down or significant incremental accounts receivable reserves were recorded in the first quarter of 2020, such charges are possible in the future, which could have a material adverse effect on our future results.

On June 23, 2020 we amended our asset-based revolving credit facility ("ABL Credit Facility") to adjust the debt covenants to terms that are more appropriate under the current circumstances. See Note 12 to the Condensed Consolidated Financial Statements for additional information related to the ABL amendment. On June 23, 2020 we also entered into a new \$70 million term loan facility with Pathlight Capital, LP. to provide additional liquidity to help fund our strategy and for other general business purposes. Based on our projected financial performance as of March 31, 2020, we believed, at the time, that it was probable that events resulting from the effects of COVID-19 could have prevented us from complying with the Consolidated EBITDA debt covenant in the second quarter of 2020 which would have given our lenders the right to immediately call the outstanding loan balance under the ABL Credit Facility, and we did not believe that the combination of our current cash balance and expected cash flows would be sufficient to repay this obligation. After evaluation, we have concluded that the actions we have taken sufficiently mitigated the risks that were present at March 31, 2020 described above.

Recently Adopted Accounting Standards

On January 1, 2020, we adopted ASU 2016-13, "*Measurement of Credit Losses on Financial Instruments*." The guidance and subsequent amendments issued, requires immediate recognition of estimated credit losses that are expected to occur over the remaining life of many financial assets. The most notable impact of this ASU related to our processes around the assessment of the adequacy of our allowance for doubtful accounts on trade account receivables. We adopted using the modified retrospective transition method. The adoption of the standard did not have a material impact on our financial condition, results of operations or cash flows.

On January 1, 2020, we adopted ASU 2018-13, "*Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*." The guidance eliminates, adds and modifies certain disclosure requirements. Adoption of the standard did not have an impact our financial condition, results of operations or cash flows.

On January 1, 2020, we adopted ASU 2018-14, "*Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans*." The guidance changes the disclosure requirements by eliminating certain disclosures that are no longer considered cost beneficial and added new ones that are considered pertinent. Adoption of the standard did not have an impact our financial condition, results of operations or cash flows.

On January 1, 2020, we adopted ASU 2018-15, "*Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*." The guidance aligns the requirements for capitalizing implementation costs in a cloud computing arrangement service contract with the requirements for capitalizing implementation costs incurred for an internal use software license. Capitalized implementation costs should be amortized over the term of the service agreement on a straight line basis and should be assessed for impairment in a manner similar to long-lived assets. We adopted using the prospective transition method. This standard did not have a material impact on our financial condition, results of operations and cash flows.

Recently Issued Accounting Standards

In December 2019, the FASB issued ASU 2019-12, "*Income Taxes (Topic 740)*." The guidance simplifies accounting for income taxes by removing certain exceptions. This new guidance is effective for fiscal years beginning after December 15, 2020 for public companies. Early adoption is permitted. We are continuing to evaluate the impact the adoption of this standard will have on our financial condition, results of operations or cash flows.

NOTE 2. REVENUE

We disaggregate revenue based on customer geography as geography represents the most appropriate depiction of how the nature, timing and uncertainty of revenues and cash flows are impacted by economic factors.

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

The following table presents our revenues disaggregated by geographic area based upon the location of the customer.

	Three Months Ended March 31,	
	2020	2019
Net sales		
United States	\$ 115.2	\$ 109.3
Canada	7.3	10.0
China	6.6	11.4
Other	9.6	11.0
Total net sales	<u>\$ 138.7</u>	<u>\$ 141.7</u>

NOTE 3. INCOME TAXES

The following table presents details related to our income taxes:

	Three Months Ended March 31,	
	2020	2019
(Loss) from continuing operations before income taxes	\$ (13.5)	\$ (16.9)
Income tax (benefit)	(0.3)	(0.3)
Effective tax rate	2.2%	1.8%

Pursuant to ASC 740, we are required to consider all items (including items recorded in other comprehensive income) in determining the amount of tax benefit that results from a loss from continuing operations. As such, we recorded year to date income tax benefits of \$0.3 million, as of March 31, 2020 and 2019, as a result of the income included in other comprehensive income. The remaining tax expense relates to the mix of income among tax jurisdictions.

Upon audit, taxing authorities may challenge all or part of an uncertain income tax position. 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 2020 to our unrecognized tax benefits as of December 31, 2019.

As of March 31, 2020, we consider foreign unremitted earnings to be permanently reinvested.

NOTE 4. DISCONTINUED OPERATIONS

In December 2018, we completed the sale of our wood business to Tarzan Holdco, Inc. ("TZI") a Delaware corporation and an affiliate of American Industrial Partners. The proceeds from the sale were \$90.2 million, net of closing costs, transaction fees and taxes. The transaction was subject to a customary post-closing working capital adjustment process which resulted in us making a \$1.9 million payment to TZI in the third quarter of 2019.

The following is a summary of the results related to the net (loss) gain on disposal of the wood business which is included in discontinued operations:

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

	Three Months Ended March 31, 2019	
(Loss) on disposal of discontinued operations before income tax	\$	(0.1)
Income tax (benefit) expense		—
Net (loss) on disposal of discontinued operations	\$	(0.1)

NOTE 5. EARNINGS (LOSS) PER SHARE OF COMMON STOCK

Earnings per share components may not add due to rounding.

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

	Three Months Ended March 31,	
	2020	2019
Numerator		
Net (loss) from continuing operations	\$ (13.2)	\$ (16.6)
Net (loss) from discontinued operations	—	(0.1)
Net (loss)	\$ (13.2)	\$ (16.7)
Denominator		
Weighted average number of common shares outstanding	21,527,453	25,851,432
Weighted average number of vested shares not yet issued	317,129	804,356
Weighted average number of common shares outstanding - Basic	21,844,582	26,655,788
Dilutive impact of stock-based compensation plans	—	—
Weighted average number of common shares outstanding - Diluted	21,844,582	26,655,788

For the three months ended March 31, 2020 and March 31, 2019 the diluted loss per share was 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.

The following awards were excluded from the computation of diluted earnings (loss) per share:

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

	Three Months Ended March 31,	
	2020	2019
Potentially dilutive common shares excluded from diluted computation, as inclusion would be anti-dilutive	1,061,132	440,075
Performance awards excluded from diluted computation, as performance conditions not met	180,504	509,065

NOTE 6. ACCOUNTS AND NOTES RECEIVABLE

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

	March 31, 2020	December 31, 2019
Customer receivables	\$ 53.3	\$ 47.1
Miscellaneous receivables	4.2	7.2
Less: allowance for product claims, discounts, returns and losses	(17.4)	(18.2)
Total	\$ 40.1	\$ 36.1

On January 1, 2020 we adopted ASU 2016-13, "Measurement of Credit Losses on Financial Instruments." The guidance requires immediate recognition of estimated credit losses that are expected to occur over the remaining life of many financial assets. 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. We adopted this ASU using the modified retrospective transition method. The adoption of the standard did not have a material impact on our results of operations or cash flows.

Allowance for product claims represents expected reimbursements for cost associated with warranty repairs and customer accommodation claims, 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 claims:

	Three Months Ended March 31,	
	2020	2019
Balance as of January 1	\$ (9.0)	\$ (6.4)
Reductions for payments	2.1	1.5
Current year claim accruals	(1.9)	(1.8)
Balance as of March 31	\$ (8.8)	\$ (6.7)

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

NOTE 7. INVENTORIES

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

	March 31, 2020	December 31, 2019
Finished goods	\$ 92.5	\$ 87.1
Goods in process	4.7	4.5
Raw materials and supplies	21.4	20.0
Total	<u>\$ 118.6</u>	<u>\$ 111.6</u>

NOTE 8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	March 31, 2020	December 31, 2019
Payables, trade and other	\$ 71.9	\$ 70.5
Employment costs	11.3	13.8
Other accrued expenses	13.3	16.8
Current operating lease liabilities	3.3	3.3
Total	<u>\$ 99.8</u>	<u>\$ 104.4</u>

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

NOTE 9. PENSION AND OTHER POSTRETIREMENT BENEFIT PROGRAMS

The following table summarizes our pension and postretirement expense:

	Three Months Ended March 31,	
	2020	2019
Defined-benefit pension, U.S.		
Service cost	\$ 0.6	\$ 0.6
Interest cost	3.1	3.8
Expected return on plan assets	(5.3)	(5.4)
Amortization of net actuarial loss	2.6	2.4
Total, defined-benefit pension, U.S.	<u>\$ 1.0</u>	<u>\$ 1.4</u>
Defined-benefit pension, Canada		
Interest cost	\$ 0.1	\$ 0.1
Expected return on plan assets	(0.1)	(0.1)
Amortization of net actuarial loss	0.1	0.1
Total, defined-benefit pension, Canada	<u>\$ 0.1</u>	<u>\$ 0.1</u>
Defined-benefit postretirement, U.S.		
Service cost	\$ —	\$ 0.1
Interest cost	0.5	0.6
Amortization of prior service credits	(0.1)	—
Amortization of net actuarial gains	(1.2)	(0.8)
Total, defined-benefit postretirement, U.S.	<u>\$ (0.8)</u>	<u>\$ (0.1)</u>

Armstrong Flooring, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
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NOTE 10. ACCUMULATED OTHER COMPREHENSIVE (LOSS)

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

	Foreign Currency Translation Adjustments	Derivative Adjustments	Pension and Postretirement Adjustments	Total Accumulated Other Comprehensive (Loss) Income
Balance, December 31, 2019	\$ (0.5)	\$ (0.6)	\$ (73.6)	\$ (74.7)
Other comprehensive (loss) income before reclassifications, net of tax impact of \$- , (\$0.3), \$- and (\$0.3)	(2.5)	1.4	0.2	(0.9)
Amounts reclassified from accumulated other comprehensive income	—	(0.1)	1.1	1.0
Net current period other comprehensive (loss) income	(2.5)	1.3	1.3	0.1
Balance, March 31, 2020	<u>\$ (3.0)</u>	<u>\$ 0.7</u>	<u>\$ (72.3)</u>	<u>\$ (74.6)</u>
Balance, December 31, 2018	\$ 1.7	\$ 0.8	\$ (64.1)	\$ (61.6)
Other comprehensive income (loss) before reclassifications, net of tax impact of \$- , \$0.2, \$-, and \$0.2	2.2	(0.3)	(0.1)	1.8
Amounts reclassified from accumulated other comprehensive income	—	(0.2)	1.3	1.1
Net current period other comprehensive income (loss)	2.2	(0.5)	1.2	2.9
Balance, March 31, 2019	<u>\$ 3.9</u>	<u>\$ 0.3</u>	<u>\$ (62.9)</u>	<u>\$ (58.7)</u>

The amounts reclassified from AOCI and the affected line item of the Condensed Consolidated Statements of Operations are presented in the table below.

Armstrong Flooring, Inc. and Subsidiaries
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	Three Months Ended March 31,		Affected Line Item
	2020	2019	
Derivative adjustments			
Foreign exchange contracts - purchases	\$ (0.1)	\$ (0.1)	Cost of goods sold
Foreign exchange contracts - sales	—	(0.1)	Net sales
Total (income) before tax	(0.1)	(0.2)	
Tax impact	—	—	Income tax (benefit)
Total (income), net of tax	(0.1)	(0.2)	
Pension and postretirement adjustments			
Amortization of net actuarial loss	1.4	1.7	Other expense, net
Tax impact	(0.3)	(0.4)	Income tax (benefit)
Total expense, net of tax	1.1	1.3	
Total reclassifications for the period	\$ 1.0	\$ 1.1	

NOTE 11. 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.

Armstrong Flooring, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
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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.

Summary of Financial Position

There were no material liabilities recorded as of March 31, 2020 and December 31, 2019 for potential environmental liabilities that we consider probable and for which a reasonable estimate of the probable liability could be made.

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.

On November 15, 2019, a shareholder filed a putative class action complaint in the United States District Court for the Central District of California alleging violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, promulgated thereunder, based on alleged false and/or misleading statements or omissions made between May 6, 2018 and November 4, 2019. We cannot predict the duration or outcome of this suit at this time. As a result, we are unable to estimate the reasonably possible loss arising from this lawsuit. The Company intends to vigorously defend itself in this matter.

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, results of operations, or cash flows.

Armstrong Flooring, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
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NOTE 12. SUBSEQUENT EVENTS

On June 23, 2020 we entered into a Third Amendment to the ABL Credit Facility ("the Amendment"), which reduces commitments from \$100 million to \$90 million, amends the interest rates applicable to the loans, modifies certain financial maintenance and other covenants, and permits indebtedness under the Term Loan Agreement defined below. The Amended ABL Credit Facility provides for a borrowing base that is derived from our accounts receivable and inventory (collectively, with the equity interests in the guarantors, the ABL Priority Collateral, subject to certain reserves and other limitations.

The Amendment permits us to grant a first priority security interest in real estate, machinery and equipment and intellectual property collateral to the Term Loan Agent (collectively, the "Term Loan Priority Collateral"). Bank of America, N.A., as administrative agent and collateral agent (in such capacities, the "ABL Agent") will not have a security interest in the real property securing the Term Loan Agreement (as defined below) but will have a second priority security interest in machinery and equipment and intellectual property constituting Term Loan Priority Collateral.

Borrowings under the Amended ABL Credit Facility will bear interest at a rate per annum equal to, at our option, a base rate or a Eurodollar rate equal to the London interbank offered rate ("LIBOR") for the relevant interest period, plus, in each case, an applicable margin determined in accordance with the provisions of the Amendment. The base rate will be the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate of Bank of America, N.A., and (c) one month LIBOR plus 1.00%. The applicable margin for borrowings under the Amended ABL Credit Facility will be determined based on the Company's Consolidated Leverage Ratio (as defined in the Amendment) and will range from 1.75% to 3.00% with respect to base rate borrowings and 2.75% to 4.00% with respect to Eurodollar rate borrowings. In addition to paying interest on outstanding principal under the Amended ABL Credit Facility, we will pay a commitment fee to the lenders with respect to the unutilized revolving commitments thereunder at a rate ranging from 0.375% to 0.50% depending on the Company's Consolidated Leverage Ratio.

In addition, the Amendment also amends certain financial covenants. The Amended ABL Credit Facility requires, among other things, that we maintain a minimum Consolidated Cash Flow (as defined in the Amendment) for the three-fiscal quarter period ending September 30, 2020 and for any four-fiscal quarter period ending thereafter, have minimum Availability (as defined in the Amended ABL Credit Facility) of \$30 million and, during a Financial Covenant Trigger Period (as defined in the Amendment), maintain a minimum Consolidated Fixed Charge Coverage Ratio (as defined in the Amendment) of at least 1.00 to 1.00 (such covenants, the "Financial Covenants").

On June 23, 2020 we also entered into a new term loan facility with Pathlight Capital L.P. as the administrative agent ("Term Loan Agreement"). The Term Loan Agreement provides us with a secured term loan credit facility of \$70 million (the "Term Loan Facility"). The borrowing base is derived from the Company's machinery and equipment, intellectual property and real property, subject to certain reserves and other limitations. The Term Loan Facility is scheduled to mature on June 23, 2025.

Borrowings under the Term Loan Facility will bear interest at a rate per annum equal to LIBOR for a three-month interest period, plus an applicable margin of 2.00%.

We must use cash proceeds from certain dispositions, including sales of real estate, equity and debt issuances and extraordinary events to prepay outstanding loans under the Term Loan Facility, subject to specified exceptions, including the prepayment requirements with respect to the Amended ABL Credit Facility. Prepayments of loans under the Term Loan Facility prior to the third anniversary of the closing date are subject to certain premiums.

All obligations under the Term Loan Agreement are guaranteed by each of our wholly owned domestic material subsidiaries and are secured by a first priority lien on the Term Priority Collateral and a second priority lien on the ABL Priority Collateral.

Armstrong Flooring, Inc. and Subsidiaries
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(Dollars in millions, except per share data)

The Term Loan Agreement contains a number of covenants that, among other things and subject to certain exceptions, restrict our ability to create liens, to undertake fundamental changes, to incur debt, to sell or dispose of assets, to make investments, to make restricted payments such as dividends, distributions or equity repurchases, to change the nature of our businesses, to enter into transactions with affiliates and to enter into certain burdensome agreements.

In addition, the Term Loan Agreement requires us to comply with the amended ABL Credit Facility Financial Covenants.

The Term Loan Agreement also contains customary affirmative covenants and events of default, including a cross-default provision in respect of certain material indebtedness and a change of control provision. If an event of default occurs, the lenders may choose to accelerate the maturity of the Term Loan Facility and require repayment of all obligations thereunder.

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

Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided in addition to the accompanying Condensed Consolidated Financial Statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. This interim MD&A should be read in conjunction with the MD&A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Overview

Armstrong Flooring, Inc. ("AFI" or the "Company") is a leading global producer of resilient flooring products for use primarily in the construction and renovation of commercial, residential and institutional buildings. We design, manufacture, source and sell flooring products primarily in North America and the Pacific Rim. As of March 31, 2020, we operated eight manufacturing plants in three countries. We operate six manufacturing plants located throughout the United States (California, Illinois, Mississippi, Oklahoma, and Pennsylvania) and one plant each in China and Australia.

COVID-19

The COVID-19 pandemic is impacting our operations. We are committed to safeguarding our employees and the communities in which we operate, while continuing to deliver our products to customers. We are following guidelines and directives from governmental authorities and local health authorities across our facilities to continue to operate safely and responsibly. This includes working remotely, providing personal protective equipment, limiting group meetings, restricting air travel, enhancing cleaning and sanitizing procedures, and practicing social distancing, among other risk mitigation measures.

Our China plant was closed most of the month of February 2020. On April 1, 2020, we announced a proactive two-week production suspension in our North America plants beginning April 5, 2020 in response to the increasing social and economic impact of COVID-19. We are continuing to operate our warehouses. We believe we have built up sufficient inventory at our warehouses to continue to fill orders from customers working on projects related to healthcare, education, housing and other needs. Our inventory supply is supplemented by product also available with our distributor partners, which all continue to be operational. We reopened our North America plants as planned following the two-week shut-down. Our plants in China and Australia continued their operations during April. We have not experienced, and do not anticipate, material availability issues related to our raw materials or finished goods.

To help mitigate the potential spread of the virus, our North America sales team and corporate staff are working remotely. In April 2020, we announced a two-month furlough of approximately 100 employees, primarily administrative employees from our corporate headquarters. In addition, the employer match for certain benefit plans has been suspended indefinitely for salaried non-production employees.

Inconsistent state and local government orders have resulted in and will continue to have varying impacts to our results across geographies and for some of our customers. In some cases independent customer retail locations are closed. Generally, home centers have continued to operate. Construction is considered an essential business in most of North America. However, some of our customers' commercial projects in the retail sector have been postponed. These factors have led to a softer demand environment in certain states since the second half of March 2020.

We are evaluating the CARES Act passed by Congress for potential financial incentives that may be applicable to us.

Employees

As of March 31, 2020 and December 31, 2019, we had approximately 1,600 full-time and part-time employees worldwide.

Factors Affecting Our Business

Net Sales

Overview

Demand for our products is influenced by economic conditions. We closely monitor publicly available macroeconomic trend data that provide insight to commercial and residential market activity; this includes Gross Domestic Product growth indices, the Architecture Billings Index and the Consumer Confidence Index, as well as housing starts and existing home sales.

Demand for our products is also influenced by consumer preferences. In addition, our channel partners raise or lower their inventory levels according to their expectations of market demand and consumer preferences, which directly affects our sales.

Markets

We compete in both the commercial and residential markets in North America and primarily the commercial market in the Pacific Rim. Our business operates in a competitive environment across all our product categories, and excess capacity exists in much of the industry. We continue to see efforts by various competitors to price aggressively as a means to gain market share.

We continue to see a decline in demand for our traditional resilient products, including VCT and particularly vinyl sheet products used in residential applications. The decline in vinyl sheet is driven by loss of market share to competitors as well as consumer trends, which have continued to favor alternate products, including luxury vinyl tile ("LVT") products.

The flooring market continues to experience LVT growth. Given its attractive visuals and performance characteristics, LVT growth has exceeded that of the overall flooring market. We believe LVT growth has and will continue to come partially at the expense of other product categories in both the soft and hard surface flooring markets.

We are the largest producer of VCT which is primarily used in commercial environments.

Tariffs

The U.S. government announced a tariff of 10% on certain flooring products imported to the U.S. from China, effective on September 24, 2018 with an additional 15% effective on May 10, 2019. This tariff increase has an impact on products we import from China. In order to partially offset the impact, we implemented price increases that went into effect in the fourth quarter of 2018, and additional price increases that went into effect in the second quarter of 2019 on select impacted products. On November 8, 2019, an exclusion on tariffs of certain flooring products was announced. The exclusion applies retroactively to September 24, 2018. We filed for tariff refunds on these products in 2020. In addition, we reduced prices on select impacted products in the fourth quarter of 2019.

Results of Operations**Condensed Consolidated Results from Continuing Operations**

Below is a summary of comparative results of operations for the three months ended March 31, 2020 and 2019:

<i>(Dollars in millions)</i>	Three Months Ended March 31,			
	2020	2019	Change	
			\$	%
Net sales	\$ 138.7	\$ 141.7	\$ (3.0)	(2.1)%
Cost of goods sold	115.4	119.6	(4.2)	(3.5)%
Gross profit	23.3	22.1	1.2	5.4 %
Selling, general and administrative expenses	36.6	37.7	(1.1)	(2.9)%
Operating (loss)	(13.3)	(15.6)	2.3	NM*
Interest expense	0.6	1.0	(0.4)	
Other (income) expense, net	(0.4)	0.3	(0.7)	
(Loss) from continuing operations before income taxes	(13.5)	(16.9)	3.4	
Income tax (benefit)	(0.3)	(0.3)	—	
Net (loss) from continuing operations	(13.2)	(16.6)	3.4	
(Loss) on disposal of discontinued operations, net of tax	—	(0.1)	0.1	
Net (loss) from discontinued operations	—	(0.1)	0.1	
Net (loss)	\$ (13.2)	\$ (16.7)	\$ 3.5	

NM*: not meaningful

Three months ended March 31, 2020 compared to March 31, 2019**Net Sales**

Net sales by percentage point change are shown in the table below:

<i>(Dollars in millions)</i>	Three Months Ended March 31,		Change		Percentage Point Change Due to			
	2020	2019	\$	%	Price	Volume	Mix	Currency
	\$ 138.7	\$ 141.7	\$ (3.0)	(2.1)%	(2.0)	(2.9)	3.1	(0.3)

Net sales for the three months ended March 31, 2020 decreased compared to the three months ended March 31, 2019 due to unfavorable volume and unfavorable price partially offset by favorable mix. Unfavorable volume reflected the decrease in China sales due to COVID-19. Unfavorable price was driven by the reduction of prices due to lower tariffs. Favorable mix resulted from higher LVT sales due to higher than normal distributor LVT inventory during the first quarter of 2019.

Operating (Loss)

Operating loss for the three months ended March 31, 2020 decreased compared to the three months ended March 31, 2019, primarily due to lower costs of sourced product including the impact of lower tariffs and cost improvements related to manufacturing consolidation.

Liquidity and Capital Resources

Our primary sources of liquidity are, and we anticipate that they will continue to be, proceeds from asset sales and borrowings under our secured credit facilities as described. We believe these sources are sufficient to fund our capital needs and planned capital expenditures, and to meet our interest and other contractual obligations in the near term, except as discussed below under Debt Covenants. Our liquidity needs for operations vary throughout the year with the majority of our cash flows typically generated in the second and third quarters.

Cash and cash equivalents totaled \$31.9 million as of March 31, 2020, of which \$19.9 million was held in the U.S.

Cash Flows

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

<i>(Dollars in millions)</i>	Three Months Ended March 31,	
	2020	2019
Cash (used for) operating activities	\$ (17.1)	\$ (63.2)
Cash (used for) investing activities	(7.5)	(8.6)
Cash provided by (used for) financing activities	29.9	(26.7)

Operating activities

Operating activities for the three months ended March 31, 2020 used \$17.1 million. Cash was used by changes in working capital, primarily inventories and receivables. The net loss was partially offset by non-cash expenses, primarily depreciation and amortization. Operating activities for the three months ended March 31, 2019 used \$63.2 million of cash, primarily due to a reduction in accounts payable and accrued expenses and an increase in receivables. Lower than normal net working capital at December 31, 2018 led to a larger than normal build in the first quarter of 2019.

Investing activities

Net cash used for investing activities of \$7.5 million and \$8.6 million for the three months ended March 31, 2020 and 2019, respectively, primarily reflected purchases of property, plant and equipment.

Financing activities

Net cash provided by financing activities for the three months ended March 31, 2020 was \$29.9 million. Cash provided primarily reflected borrowings under our ABL Credit Facility. Net cash used in the three months ended March 31, 2019 was \$26.7 million, and primarily reflected repayments on our revolving credit facility.

Debt

As of March 31, 2020, total borrowings outstanding under our ABL Credit Facility were \$72.2 million, while outstanding letters of credit were \$3.9 million. Net availability under the ABL Credit Facility as of March 31, 2020 was \$11.6 million.

Borrowings under the ABL Credit 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 the net leverage ratio and was 2.25% as of March 31, 2020. As of March 31, 2020, the interest rate of 3.54% was determined using the LIBOR plus applicable margin. We are required to pay a commitment fee, payable quarterly in arrears, on the average daily unused amount of the revolving ABL Credit Facility, which varies according to the net leverage ratio and was 0.20% as of March 31, 2020. Outstanding letters of credit issued under the ABL Credit Facility are subject to fees which will be due quarterly in arrears based on the applicable margin described above plus a fronting fee. The total rate for letters of credit was 2.375% as of March 31, 2020.

All obligations under the ABL Credit Facility are guaranteed by each of our wholly owned domestic subsidiaries that individually, or together with its subsidiaries, has assets of more than \$1.0 million. All obligations under the ABL Credit Facility, and guarantees of those obligations, are secured by all of the present and future assets of the Company and the guarantors, subject to certain exceptions and exclusions as set forth in the ABL Credit Facility and other security and collateral documents.

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

Our foreign subsidiaries had available lines of credit totaling \$8.5 million; there were no borrowings under these lines of credit as of March 31, 2020.

Debt Covenants

The ABL Credit Facility includes covenants that, among other things, require us to provide the bank group's agent("the Agent") with certain information with respect to the Company and the borrowing base and to maintain or otherwise preserve the collateral in favor of the Agent and further restricts our ability to make acquisitions and repurchase equity.

The ABL Credit Facility required, among other things, that we maintain a Consolidated Fixed Charge Coverage Ratio (as defined in the Second Amendment to the credit agreement underlying the ABL Credit Facility (the "Second Amendment")) during a Financial Covenant Trigger Period (as defined in the Second Amendment) of at least 1.00 to 1.00 as well as meet a minimum Consolidated EBITDA (as defined in the Second Amendment) and limit on capital expenditures.

As of March 31, 2020 we were in compliance with the covenants.

Based on our projected financial performance as of March 31, 2020, we believed, at the time, that it was probable that events resulting from the effects of COVID-19 could have prevented us from complying with the Consolidated EBITDA debt covenant under our ABL Credit Facility in the second quarter of 2020. On June 23, 2020 we amended the ABL Credit Facility to adjust the debt covenants to terms that are more appropriate under the current circumstances. On June 23, 2020 we also entered into a new \$70 million term loan facility with Pathlight Capital, L.C. to provide additional liquidity to help fund our strategy and for other general business purposes. See Note 12 to the Condensed Consolidated Financial Statements for additional information related to the ABL amendment and term loan facility.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

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. Quantitative and Qualitative 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 2019 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.

During the evaluation of disclosure controls and procedures and our internal control over financial reporting as of December 31, 2019 conducted during the preparation of our financial statements, which were included in our Annual Report on Form 10-K for the year ended December 31, 2019, our management identified material weaknesses in internal control over financial reporting relating to the design and implementation of information technology general controls (ITGCs) over two information technology (IT) systems that support our processing of certain sales incentives, which are recorded as a reduction of net sales and accounts receivable. As a result, business process automated and manual controls that are dependent on the affected ITGCs were ineffective because they could have been adversely impacted. These control deficiencies were a result of: risk-assessment processes inadequate to identify and evaluate responses to risks in the financial reporting process; and failure to implement monitoring control activities when involving a third party service provider. These control deficiencies did not result in any identified misstatements to the consolidated financial statements as of and for the year ended December 31, 2019 and there were no changes to previously released financial results. However, the control deficiencies create a reasonable possibility that a material misstatement to our consolidated financial statements will not be prevented or detected on a timely basis and, therefore, we concluded that as of December 31, 2019, our internal control over financial reporting was not effective.

As of March 31, 2020, the material weakness was not yet remediated. As a result, our Chief Executive Officer and Chief Financial Officer, together with management, concluded that, as of March 31, 2020, our disclosure controls and procedures were not effective. We have been actively engaged in the design of remediation efforts to address the material weakness in our internal control over financial reporting as of December 31, 2019. The weakness will not be considered remediated, however, until the controls are designed, implemented and operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed prior to the end of 2020.

Change in Internal Controls over Financial Reporting

Except for the material weakness described above, no changes in our internal control over financial reporting occurred during the fiscal quarter ended March 31, 2020 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 11 to the Condensed Consolidated Financial Statements included elsewhere in this report, which is incorporated herein by reference.

Item 1A. Risk Factors

Supplemental Risk Factor

In light of recent developments relating to COVID-19, the Company is supplementing Item 1A. Risk Factors in the Annual Report on Form 10-K. The following risk factor should be read in conjunction with the risk factors described in the Annual Report on Form 10-K.

Our business, results of operations, financial condition, cash flows and stock price can be adversely affected by pandemics, epidemics or other public health emergencies, such as the recent outbreak of COVID-19.

Our business, results of operations, financial condition, cash flows and stock price can be adversely affected by pandemics, epidemics or other public health emergencies, such as the recent outbreak of COVID-19 which has spread from China to many other countries including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The outbreak has resulted in governments around the world implementing increasingly restrictive measures to help control the spread of the virus, including quarantines, “shelter in place” and “stay at home” orders, travel restrictions, business curtailments, school closures, and other measures. In addition, governments and central banks in several parts of the world have enacted fiscal and monetary stimulus measures to counteract the impacts of COVID-19.

Pursuant to guidance issued by the U.S. Department of Homeland Security, we operate in a critical infrastructure sector and we believe our employees qualify as “Essential Critical Infrastructure Workers.” Accordingly, we have implemented measures designed to keep our employees safe and have protocols in place to address continuity of operations issues at our facilities. While we have experienced nominal issues with continuity of operations and have experienced no disruptions in service to our customers to-date, a widespread or sustained outbreak of COVID-19 at one or more locations could disrupt our ability to service our customers. Although we have continued to operate our facilities to date consistent with federal guidelines and state and local orders, the outbreak of COVID-19 and any preventive or protective actions taken by governmental authorities may have a material adverse effect on our operations, supply chain, customers and transportation networks, including business shutdowns or disruptions. The extent to which COVID-19 may adversely impact our business depends on future developments, which are highly uncertain and unpredictable, depending upon the severity and duration of the outbreak and the effectiveness of actions taken globally to contain or mitigate its effects. Any resulting financial impact cannot be estimated reasonably at this time, but may materially adversely affect our business, results of operations, financial condition and cash flows. Even after the COVID-19 pandemic has subsided, we may experience materially adverse impacts to our business due to any resulting economic recession or depression. Additionally, concerns over the economic impact of COVID-19 have caused extreme volatility in financial and other capital markets which has and may continue to adversely impact our stock price and our ability to access capital markets. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in our 2019 Annual Report, such as those relating to our products and financial performance.

Change in Risk Factor

We have amended our ABL Credit Facility and entered into a new Term Loan Agreement. In response, we are revising the below Risk Factor in the Annual Report on Form 10-K. The following risk factor should be read in conjunction with the risk factors described in the Annual Report on Form 10-K.

Our credit agreements contain a number of covenants that impose significant operating and financial restrictions, including restrictions on our ability to engage in activities that may be in our best long-term interests.

The credit agreements underlying our \$90 million amended ABL Credit Facility and \$70 million Term Loan Facility include covenants that, among other things, may impose significant operating and financial restrictions, including restrictions or limitations on our ability to engage in activities that may be in our best long-term interests. The credit facilities include covenants that, among other things, require us to provide the bank groups' agents (the "Agents") with certain information with respect to us and the borrowing base and to maintain or otherwise preserve the collateral in favor of the Agents and further restricts our ability to make acquisitions and repurchase equity. Under the terms of the credit facilities, we are required to maintain a specified fixed charge coverage and net leverage ratios. Our ability to meet these ratios could be affected by events beyond our control, and we cannot assure that we will meet them. A breach of any of the restrictive covenants or ratios would result in a default under the credit facilities. If any such default occurs, the lenders under the credit facilities may be able to elect to declare all outstanding borrowings under our facilities, together with accrued interest and other fees, to be immediately due and payable, or enforce their security interest. The lenders may also have the right in these circumstances to terminate commitments to provide further borrowings.

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

(c) Issuer Purchases of Equity Securities

The following table includes information about our stock repurchases from January 1, 2020 to March 31, 2020:

Period	Total Number of Shares Purchased ¹	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may yet be Purchased under the Plans or Programs
January 1 - 31, 2020	—	\$ —	—	—
February 1 - 29, 2020	240	\$ 3.68	—	—
March 1 - 31, 2020	16,982	\$ 1.91	—	—
Total	17,222		—	—

¹ Shares reacquired through the withholding of shares to pay employee tax obligations upon the exercise of options or vesting of restricted units granted under our long-term incentive plans and those previously granted under Armstrong World Industries' long-term incentive plans, which were converted to AFI units on April 1, 2016.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of this Quarterly Report on Form 10-Q:

Exhibit Number	Description
10.1	Form of 2020 Long-Term Time-Based Cash Award - CEO. †
10.2	Form of 2020 Long-Term Time-Based Cash Award - Tier 1. †
10.3	Form of 2020 Long-Term Time-Based Cash Award - Tier 2 and 3. †
10.4	Form of 2020 Long-Term Performance - Based Performance Stock Unit Grant - CEO. †
10.5	Form of 2020 Long-Term Performance - Based Performance Stock Unit Grant - Tier 1. †
10.6	Form of 2020 Long-Term Performance - Based Performance Stock Unit Grant - Tier 2 and 3. †
10.7	Amendment to Armstrong Flooring, Inc. Nonqualified Deferred Compensation Plan effective May 1, 2020. †
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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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†
†	Filed herewith.
*	Furnished herewith.

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: June 24, 2020

By: /s/ Douglas B. Bingham

Douglas B. Bingham
Senior Vice President, Chief Financial Officer and Treasurer
(As Duly Authorized Officer and Principal Financial Officer)

Date: June 24, 2020

By: /s/ Tracy L. Marines

Tracy L. Marines
Vice President and Controller
(As Duly Authorized Officer and Principal Accounting Officer)

Exhibit 10.1

2020 Long-Term Time-Based Cash Award

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

[Grantee Name]

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

Date of Grant: March 24, 2020
Time-Based Cash Award: [Cash Amount]

This grant is subject to the terms of this award agreement. The award agreement consists of this grant letter and the Terms and Conditions attached as Exhibit A.

Vesting - The Cash Award will vest on March 24, 2022, if you remain employed by the Employer through such vesting date, except as described below. The Cash Award is payable in a single lump sum cash payment (subject to applicable withholding for 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.

Event	Provisions
▪ Voluntary Resignation	Forfeit the unvested Cash Award
▪ Termination for Cause	Forfeit the unpaid (vested or unvested) Cash Award
▪ Involuntary Termination	If termination occurs after 10 months following the Date of Grant, the Cash Award vests pro-rata based on the period of employment; otherwise unvested portion of Cash Award is forfeited
▪ Death ▪ Long-Term Disability	Cash Award vests pro-rata based on the period of employment
▪ Involuntary Termination upon or within two years following a Change of Control	Cash Award vests in full upon termination of employment

In the event of any inconsistency between the foregoing summary and the Terms and Conditions, the Terms and Conditions will govern. Capitalized terms used but not defined in this grant letter will have the meanings set forth in the Terms and Conditions. **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 note that the Terms and Conditions contain restrictive covenant language pertaining to confidentiality, non-competition and non-solicitation. You should read these sections carefully before deciding whether to accept the Cash Award. If you decide not to accept the Cash Award, you will not be subject to the restrictive covenants set forth in the Terms and Conditions, but you will forfeit the Cash Award. You will continue to be subject to any restrictive covenants set forth in the 2016 Long-Term Incentive Plan with respect to any equity grants made to you under such plan and any restrictive covenants set forth in any other agreements between

you and the Company. There will be no other consequences as a result of your decision not to accept the Cash Award.

Please contact Cynthia Carlson-Auchey (717-672-7094) if you have questions.

Sincerely,

John C. Bassett
SVP & CHRO

EXHIBIT A

ARMSTRONG FLOORING, INC.

TIME-BASED CASH AWARD 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”) a time-based cash award (the “Cash Award”) as specified in the 2020 Long-Term Time-Based Cash Award Grant Letter to which these Grant Conditions relate (the “Grant Letter”). The “Date of Grant” is March 24, 2020. The Cash Award entitles the Grantee to receive a cash bonus payment from the Grantee’s employer subject to the terms set forth below.

(b) The Cash Award 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.

2. Vesting. Except as provided in Sections 3 and 4 below, the Cash Award shall vest on March 24, 2022, if the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively, the “Employer”) on such date (the “Vesting Date”):

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 Vesting Date, the unvested Cash Award shall be forfeited as of the termination date and shall cease to be outstanding.

(b) Subject to Section 4 below, if, prior to the 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 Involuntary Termination (as defined below), the Grantee shall vest in a pro-rated portion of the granted Cash Award 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 amount of the Cash Award 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 Involuntary Termination date occurs, with such final calendar month counting as a full month, and the denominator of which is 24. The pro-rated Cash Award shall be paid within 60 days after the Grantee’s termination date, as described in Section 7. The unvested Cash Award, 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), the unpaid Cash Award (vested or unvested) shall be forfeited as of the termination date and shall cease to be outstanding.

4. Change in Control Involuntary Termination. Notwithstanding Section 3 above, if the Grantee has an Involuntary Termination upon or within two years after a Change in Control (as defined below), and prior to the Vesting Date, the Grantee’s outstanding Cash Award shall become fully vested and shall be paid within 60 days after such Involuntary Termination, as described in Section 7. 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 cash

awards 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 Letter:

(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 non-solicitation 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) “Change in Control” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(c) “Company Trade Secrets” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(d) “Confidential Information” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(e) “Injurious Conduct” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

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

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

6. Restrictive Covenants: Forfeiture.

(a) The Management Development and Compensation Committee (the “Committee”) may determine that the Cash Award shall be forfeited if the Grantee engages in Injurious Conduct.

(b) If the Committee determines that the Grantee has engaged in Injurious Conduct, the Committee may in its discretion require the Grantee to return to the Company the cash received in payment of the Cash Award.

(c) The Committee shall exercise the right of forfeiture and recoupment provided to the Company in this Section 6 within 180 days after the Company’s discovery of the Injurious Conduct activities giving rise to the Company’s right of forfeiture or recoupment.

(d) The Grantee may make a request to the Committee in writing for a determination regarding whether any proposed business or activity would constitute Injurious Conduct. Such request shall fully describe the proposed business or activity. The Committee shall respond to the Grantee in writing and the Committee’s determination shall be limited to the specific business or activity so described.

(e) By accepting the Cash Award, the Grantee acknowledges and agrees that all Company Trade Secrets and Confidential Information developed, created or maintained by the Grantee, alone or with others, during the Grantee’s employment or service with the Employer, shall remain at all times the sole property of the Company and its subsidiaries and affiliates.

(f) This Agreement consists of a series of separate restrictive covenants, all of which shall survive and be enforceable in law and/or equity after the Grantee’s termination or cessation of the Grantee’s employment or service with the Employer. The Grantee understands that in the event of a violation of any provision of this Section 6, the Company shall have the right to seek injunctive relief, in addition to any other existing rights provided in this Agreement or by operation of law, without the requirement of posting bond. The remedies provided in this Section 6 shall be in addition to any legal or equitable remedies existing at law or provided for in any other agreement between the Grantee and the Company or any of its subsidiaries or affiliates, and shall not be construed as a limitation upon, or as an alternative or in lieu of, any such remedies. If any provisions of this Section 6 and Attachment 1 shall be determined by a court of competent jurisdiction to be unenforceable in part by reason of it

being too great a period of time or covering too great a geographical area, it shall be in full force and effect as to that period of time or geographical area determined to be reasonable by the court.

(g) By accepting the Cash Award, the Grantee acknowledges that the Grantee has carefully read and considered the provisions of this Section 6 and Attachment 1 and agrees that the restrictions set forth herein are fair and reasonable, are supported by valid consideration, and are reasonably required to protect the legitimate business interests of the Company and its subsidiaries and affiliates.

(h) In the event of a breach by the Grantee of any restrictive covenant set forth on Attachment 1, the running of the period of restriction shall automatically be tolled and suspended for the amount of time the breach continues, and shall automatically commence when the breach is remedied so that the Company and its subsidiaries and affiliates shall receive the benefit of the Grantee's compliance with the terms and conditions of this Section 6.

7. Payment. When the Cash Award (or portion thereof) vests, the Company shall cause the Grantee's employer to make a single lump sum cash payment to the Grantee, payable in local currency, equal to the amount of the vested Cash Award, subject to applicable withholding for Taxes (as defined below). Payment shall be made within 60 days after the applicable vesting date.

8. No Right to Continued Employment. The grant of the Cash Award 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. Administration by the Committee. The Cash Award, the Grant Letter and these Grant Conditions will be administered and interpreted by the Committee. The Committee may delegate authority to one or more subcommittees or individuals, as it deems appropriate. The Board of Directors of the Company (the "Board") may take all actions of the Committee under the Grant Letter and these Grant Conditions. To the extent that the Board, Committee, subcommittee or individual administers the Grant Letter and these Grant Conditions, references in the Grant Letter and these Grant Conditions to the "Committee" shall be deemed to refer to the Board, Committee, subcommittee or other individual. The Committee is authorized to establish such rules and regulations as it deems necessary for the proper administration of the Cash Award, the Grant Letter and these Grant Conditions and the Committee has sole discretionary authority to make such determinations and interpretations and to take such action in connection with the Grant Letter and these Grant Conditions and the Cash Award granted hereunder as it deems necessary or advisable. The Grantee's receipt of this Cash Award constitutes the Grantee's acknowledgement that all determinations and interpretations made by the Committee shall be binding and conclusive on the Grantee and any other person claiming an interest in the Cash Award.

10. Amendment and Waiver. No provisions of the Grant Letter and these Grant Conditions may be amended, modified, waived or discharged unless the amendment, waiver, modification, or discharge is authorized by the Committee; provided that the Grantee consents to such amendment, modification, waiver or discharge if it materially impairs the rights of the Grantee.

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 Cash Award (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 Cash Award, including the grant, vesting or payment of the Cash Award; and (ii) does not commit to structure the terms of the grant or any aspect of the Cash Award 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 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 Cash Award, except to a successor grantee in the event of the Grantee's death.
14. Unfunded Agreement. The Grant Letter and these Grant Conditions shall be unfunded, and the Grantee's rights under the Grant Letter and these Grant Conditions are those of a general creditor of the Company. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of the Cash Award under the Grant Letter and these Grant Conditions.
15. Section 409A. The Grant Letter and these Grant Conditions are intended to comply with the requirements of section 409A of the Code or an exemption (specifically, the short term deferral exemption of section 409A of the Code), and shall in all respects be administered in accordance with section 409A of the Code. Any payment made under the Grant Letter and these Grant Conditions shall only be made in a manner and upon an event permitted under Section 409A of the Code, including the application of the six-month delay if required.
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 with, the applicable laws of the State of Delaware, 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 Cash Award under the Grant Letter and these Grant Conditions, the Grantee acknowledges the following:
- (a) the Grant Letter and these Grant Conditions are established voluntarily by the Company and the grant of the Cash Award is made at the discretion of the Committee;
 - (b) the grant of the Cash Award under the Grant Letter and these Grant Conditions is voluntary and occasional and does not create any contractual or other right to receive future grants of Cash Awards, or benefits in lieu of them, even if Cash Awards have been granted repeatedly in the past;
 - (c) all decisions with respect to future grants of Cash Awards, if any, will be at the sole discretion of the Committee;
 - (d) the Grantee is voluntarily accepting the Cash Award;
 - (e) the Cash Award 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 of the scope of the Grantee's employment contract, if any;
 - (f) the Cash Award and any payment 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 Cash Award and any payments thereunder are not intended to replace any pension rights or compensation;
 - (h) the grant of the Cash Award and the Grantee's acceptance of the Cash Award will not be interpreted to form an employment contract or relationship with the Employer; and

(i) 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 loss or diminution in value of the Cash Award 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 Cash Award.

(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 Cash Award, 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 awards in the Grantee's favor, for the purpose of implementing, administering and managing the Cash Award (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 Cash Award, 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 Cash Award, 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 Cash Award. 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 receive the Cash Award. 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.

* * *

Attachment 1

Definitions

For purposes of the Grant Letter and Grant Conditions, the following terms have the meanings ascribed to them on this Attachment 1:

(a) “Affiliate” shall mean with respect to any Person, any other Person that, at any time that a determination is made hereunder, directly or indirectly, controls, is controlled by, or is under common control with such first Person. For the purpose of this definition, “control” shall mean, as to any Person, the possession, directly or indirectly, of the power to elect or appoint a majority of directors (or other persons acting in similar capacities) of such Person or otherwise to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) “Beneficial Owner” and “Beneficially Own” shall have the meaning set forth in Rules 13d-3 and 13d-5 promulgated under the Exchange Act or any successor provision.

(c) “Change in Control” of the Company shall be deemed to have occurred if the event set forth in any one of the following sections shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 35% or more of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (I) of subsection (iii) below;

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board of Directors or nomination for election by the Company’s shareholders was approved or recommended by a vote of at least two-thirds of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended;

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (I) a merger or consolidation immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger is then a subsidiary, the ultimate parent thereof, or (II) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 35% or more of the combined voting power of the Company’s then outstanding securities; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets, other than a sale or disposition by the Company of all or substantially all of the Company’s assets immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed or any parent thereof.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred (i) by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions or (ii) by virtue of the consummation of a spin-off of any business line or business unit of the Company or a sale of (or similar transaction with respect to) all or substantially all of the assets that comprise a business line or business unit of the Company.

The Committee may provide in a grant agreement for another definition of Change in Control, including as necessary to comply with Section 409A of the Code.

(d) “Code” shall mean Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(e) “Company Trade Secrets” shall mean information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons or entities who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Company Trade Secrets include, but are not limited to, the following: unique pricing methodologies and formulas for products and services of the Company or its subsidiaries or affiliates; unique marketing arrangements and strategies which the Company or its subsidiaries or affiliates use with their vendors and suppliers; and unique advertising arrangements and strategies that the Company or its subsidiaries or affiliates use to advertise their products and services. For avoidance of doubt, Company Trade Secrets do not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(f) “Confidential Information” shall mean information belonging to the Company or its subsidiaries or affiliates, whether reduced to writing or in a form from which such information can be obtained, translated or derived into reasonably usable form, that has been provided to the Grantee during his employment or service with the Employer and/or the Grantee has gained access to during the Grantee’s employment or service with the Employer and/or was developed by the Grantee in the course of the Grantee’s employment or service with the Employer, that is proprietary and confidential in nature. Confidential Information includes, but is not limited to, the following: information believed by the Company or any of its subsidiaries or affiliates to be a Company Trade Secret that ultimately does not qualify as such under applicable law but nonetheless was maintained by the Company or its subsidiaries or affiliates as confidential; information concerning the nature of the business and manner of operation of the Company and its subsidiaries and affiliates; the methods and systems used by the Company or its subsidiaries or affiliates in soliciting, selling and providing their services and/or products to their customers; financial and accounting information, such as cost, pricing and billing information, customer profiles, financial policies and procedures, and revenues and profit margins; sales and marketing information, such as sales strategies and programs; information concerning customers and prospective customers of the Company and its subsidiaries and affiliates; information concerning vendors and suppliers of the Company and its subsidiaries and affiliates; customer lists; prospective customer lists; customer buying habits and special needs; policies and procedures; personnel records; compensation paid to employees or other service providers of the Company or any of its subsidiaries or affiliates. For avoidance of doubt, Confidential Information does not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(g) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(h) “Injurious Conduct” shall mean the activities described in subsections (i), (ii), (iii) and (iv) below.

(i) The Grantee’s employment or service with the Employer is terminated for willful, deliberate, or gross misconduct, as determined by the Committee, in its sole discretion;

(ii) During the Grantee’s employment or service with the Employer and for a period of 24 months thereafter, the Grantee breaches any of the following:

1) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly

in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates, and in which the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment or service with the Employer, or in which the Grantee learned Company Trade Secrets or Confidential Information during the Grantee's employment or service with the Employer; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive;

2) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) (x) solicit business from any person who was a customer of the Company or any of its subsidiaries or affiliates during the period of the Grantee's employment or service hereunder or who was within the six-month period prior to such solicitation, or (y) solicit potential customers who are or were identified through leads developed during the course of the Grantee's employment or service with the Employer, in each case, with whom the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment or service with the Employer, or regarding whom the Grantee learned Company Trade Secrets and/or Confidential Information during the Grantee's employment or service with the Employer, or (II) otherwise divert or attempt to divert any existing business of the Company or any of its subsidiaries or affiliates; and

3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment, or (II) hire or retain any person who is, or within the six-month period prior to such hiring or retention was, an employee of the Company or any of its subsidiaries or affiliates;

(iii) During the Grantee's employment or service with the Employer or thereafter, the Grantee uses, publishes or discloses any Company Trade Secrets and/or Confidential Information in any manner whatsoever, except as required in the conduct of business of the Company or any of its subsidiaries or affiliates or as authorized in writing by the Company or any of its subsidiaries or affiliates, as applicable. By accepting the Cash Award, the Grantee acknowledges and agrees that (A) during the Grantee's employment or service with the Employer, the Grantee has been or will be exposed to and/or provided with Company Trade Secrets and Confidential Information and (B) Company Trade Secrets are not generally known to the public or to competitors of the Company or its subsidiaries or affiliates, were developed or compiled at significant expense by the Company or its subsidiaries or affiliates over an extended period of time, are the subject of the reasonable efforts of the Company or its subsidiaries or affiliates to maintain their secrecy, and that the Company or its subsidiaries or affiliates derive significant independent economic value by keeping Company Trade Secrets a secret; or

(iv) During the Grantee's employment or service with the Employer or thereafter, the Grantee breaches any other written confidentiality, non-solicitation or non-competition covenant with the Employer.

(i) "Person" shall mean any individual, entity or group, including any "person" or "group" within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision.

Exhibit 10.2

2020 Long-Term Time-Based Cash Award

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

[Grantee Name]

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

Date of Grant: March 24, 2020
Time-Based Cash Award: [Cash Amount]

This grant is subject to the terms of this award agreement. The award agreement consists of this grant letter and the Terms and Conditions attached as Exhibit A.

Vesting - The Cash Award will vest on March 24, 2022, if you remain employed by the Employer through such vesting date, except as described below. The Cash Award is payable in a single lump sum cash payment (subject to applicable withholding for 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.

Event	Provisions
▪ Voluntary Resignation	Forfeit the unvested Cash Award
▪ Termination for Cause	Forfeit the unpaid (vested or unvested) Cash Award
▪ Involuntary Termination	If termination occurs after 10 months following the Date of Grant, the Cash Award vests pro-rata based on the period of employment; otherwise unvested portion of Cash Award is forfeited
▪ Death ▪ Long-Term Disability	Cash Award vests pro-rata based on the period of employment
▪ Involuntary Termination upon or within two years following a Change of Control	Cash Award vests in full upon termination of employment

In the event of any inconsistency between the foregoing summary and the Terms and Conditions, the Terms and Conditions will govern. Capitalized terms used but not defined in this grant letter will have the meanings set forth in the Terms and Conditions. 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 note that the Terms and Conditions contain restrictive covenant language pertaining to confidentiality, non-competition and non-solicitation. You should read these sections carefully before deciding whether to accept the Cash Award. If you decide not to accept the Cash Award, you will not be subject to the restrictive covenants set forth in the Terms and Conditions, but you will forfeit the Cash Award. You will continue to be subject to any restrictive covenants set forth in the 2016 Long-Term Incentive Plan with respect to any equity grants made to you under such plan and any restrictive covenants set forth in any other agreements between you and the Company. There will be no other consequences as a result of your decision not to accept the Cash Award.

Please contact Cynthia Carlson-Auchey (717-672-7094) if you have questions.

Sincerely,

Michel Vermette
President and Chief Executive Officer

EXHIBIT A

ARMSTRONG FLOORING, INC.

**TIME-BASED CASH AWARD
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") a time-based cash award (the "Cash Award") as specified in the 2020 Long-Term Time-Based Cash Award Grant Letter to which these Grant Conditions relate (the "Grant Letter"). The "Date of Grant" is March 24, 2020. The Cash Award entitles the Grantee to receive a cash bonus payment from the Grantee's employer subject to the terms set forth below.

(b) The Cash Award 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.

2. Vesting. Except as provided in Sections 3 and 4 below, the Cash Award shall vest on March 24, 2022, if the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively, the "Employer") on such date (the "Vesting Date");

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 Vesting Date, the unvested Cash Award shall be forfeited as of the termination date and shall cease to be outstanding.

(b) Subject to Section 4 below, if, prior to the 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 Involuntary Termination (as defined below), the Grantee shall vest in a pro-rated portion of the granted Cash Award 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 amount of the Cash Award 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 Involuntary Termination date occurs, with such final calendar month counting as a full month, and the denominator of which is 24. The pro-rated Cash Award shall be paid within 60 days after the Grantee's termination date, as described in Section 7. The unvested Cash Award, 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), the unpaid Cash Award (vested or unvested) shall be forfeited as of the termination date and shall cease to be outstanding.

4. Change in Control Involuntary Termination. Notwithstanding Section 3 above, if the Grantee has an Involuntary Termination upon or within two years after a Change in Control (as defined below), and prior to the Vesting Date, the Grantee's outstanding Cash Award shall become fully vested and shall be paid within 60 days after such Involuntary Termination, as described in Section 7. 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 cash**

awards 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 Letter:

- (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 non-solicitation 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) “Change in Control” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.
- (c) “Company Trade Secrets” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.
- (d) “Confidential Information” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.
- (e) “Injurious Conduct” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.
- (f) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.
- (g) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

6. Restrictive Covenants: Forfeiture.

- (a) The Management Development and Compensation Committee (the “Committee”) may determine that the Cash Award shall be forfeited if the Grantee engages in Injurious Conduct.
- (b) If the Committee determines that the Grantee has engaged in Injurious Conduct, the Committee may in its discretion require the Grantee to return to the Company the cash received in payment of the Cash Award.
- (c) The Committee shall exercise the right of forfeiture and recoupment provided to the Company in this Section 6 within 180 days after the Company’s discovery of the Injurious Conduct activities giving rise to the Company’s right of forfeiture or recoupment.
- (d) The Grantee may make a request to the Committee in writing for a determination regarding whether any proposed business or activity would constitute Injurious Conduct. Such request shall fully describe the proposed business or activity. The Committee shall respond to the Grantee in writing and the Committee’s determination shall be limited to the specific business or activity so described.
- (e) By accepting the Cash Award, the Grantee acknowledges and agrees that all Company Trade Secrets and Confidential Information developed, created or maintained by the Grantee, alone or with others, during the Grantee’s employment or service with the Employer, shall remain at all times the sole property of the Company and its subsidiaries and affiliates.
- (f) This Agreement consists of a series of separate restrictive covenants, all of which shall survive and be enforceable in law and/or equity after the Grantee’s termination or cessation of the Grantee’s employment or service with the Employer. The Grantee understands that in the event of a violation of any provision of this Section 6, the Company shall have the right to seek injunctive relief, in addition to any other existing rights provided in this Agreement or by operation of law, without the requirement of posting bond. The remedies provided in this Section 6 shall be in addition to any legal or equitable remedies existing at law or provided for in any other agreement between the Grantee and the Company or any of its subsidiaries or affiliates, and shall not be construed as a limitation upon, or as an alternative or in lieu of, any such remedies. If any provisions of this Section 6 and Attachment 1 shall be determined by a court of competent jurisdiction to be unenforceable in part by reason of it

being too great a period of time or covering too great a geographical area, it shall be in full force and effect as to that period of time or geographical area determined to be reasonable by the court.

(g) By accepting the Cash Award, the Grantee acknowledges that the Grantee has carefully read and considered the provisions of this Section 6 and Attachment 1 and agrees that the restrictions set forth herein are fair and reasonable, are supported by valid consideration, and are reasonably required to protect the legitimate business interests of the Company and its subsidiaries and affiliates.

(h) In the event of a breach by the Grantee of any restrictive covenant set forth on Attachment 1, the running of the period of restriction shall automatically be tolled and suspended for the amount of time the breach continues, and shall automatically commence when the breach is remedied so that the Company and its subsidiaries and affiliates shall receive the benefit of the Grantee's compliance with the terms and conditions of this Section 6.

7. Payment. When the Cash Award (or portion thereof) vests, the Company shall cause the Grantee's employer to make a single lump sum cash payment to the Grantee, payable in local currency, equal to the amount of the vested Cash Award, subject to applicable withholding for Taxes (as defined below). Payment shall be made within 60 days after the applicable vesting date.

8. No Right to Continued Employment. The grant of the Cash Award 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. Administration by the Committee. The Cash Award, the Grant Letter and these Grant Conditions will be administered and interpreted by the Committee. The Committee may delegate authority to one or more subcommittees or individuals, as it deems appropriate. The Board of Directors of the Company (the "Board") may take all actions of the Committee under the Grant Letter and these Grant Conditions. To the extent that the Board, Committee, subcommittee or individual administers the Grant Letter and these Grant Conditions, references in the Grant Letter and these Grant Conditions to the "Committee" shall be deemed to refer to the Board, Committee, subcommittee or other individual. The Committee is authorized to establish such rules and regulations as it deems necessary for the proper administration of the Cash Award, the Grant Letter and these Grant Conditions and the Committee has sole discretionary authority to make such determinations and interpretations and to take such action in connection with the Grant Letter and these Grant Conditions and the Cash Award granted hereunder as it deems necessary or advisable. The Grantee's receipt of this Cash Award constitutes the Grantee's acknowledgement that all determinations and interpretations made by the Committee shall be binding and conclusive on the Grantee and any other person claiming an interest in the Cash Award.

10. Amendment and Waiver. No provisions of the Grant Letter and these Grant Conditions may be amended, modified, waived or discharged unless the amendment, waiver, modification, or discharge is authorized by the Committee; provided that the Grantee consents to such amendment, modification, waiver or discharge if it materially impairs the rights of the Grantee.

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 Cash Award (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 Cash Award, including the grant, vesting or payment of the Cash Award; and (ii) does not commit to structure the terms of the grant or any aspect of the Cash Award 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 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 Cash Award, except to a successor grantee in the event of the Grantee's death.
14. Unfunded Agreement. The Grant Letter and these Grant Conditions shall be unfunded, and the Grantee's rights under the Grant Letter and these Grant Conditions are those of a general creditor of the Company. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of the Cash Award under the Grant Letter and these Grant Conditions.
15. Section 409A. The Grant Letter and these Grant Conditions are intended to comply with the requirements of section 409A of the Code or an exemption (specifically, the short term deferral exemption of section 409A of the Code), and shall in all respects be administered in accordance with section 409A of the Code. Any payment made under the Grant Letter and these Grant Conditions shall only be made in a manner and upon an event permitted under Section 409A of the Code, including the application of the six-month delay if required.
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 with, the applicable laws of the State of Delaware, 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 Cash Award under the Grant Letter and these Grant Conditions, the Grantee acknowledges the following:
- (a) the Grant Letter and these Grant Conditions are established voluntarily by the Company and the grant of the Cash Award is made at the discretion of the Committee;
 - (b) the grant of the Cash Award under the Grant Letter and these Grant Conditions is voluntary and occasional and does not create any contractual or other right to receive future grants of Cash Awards, or benefits in lieu of them, even if Cash Awards have been granted repeatedly in the past;
 - (c) all decisions with respect to future grants of Cash Awards, if any, will be at the sole discretion of the Committee;
 - (d) the Grantee is voluntarily accepting the Cash Award;
 - (e) the Cash Award 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 of the scope of the Grantee's employment contract, if any;
 - (f) the Cash Award and any payment 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 Cash Award and any payments thereunder are not intended to replace any pension rights or compensation;
 - (h) the grant of the Cash Award and the Grantee's acceptance of the Cash Award will not be interpreted to form an employment contract or relationship with the Employer; and

(i) 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 loss or diminution in value of the Cash Award 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 Cash Award.

(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 Cash Award, 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 awards in the Grantee's favor, for the purpose of implementing, administering and managing the Cash Award (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 Cash Award, 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 Cash Award, 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 Cash Award. 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 receive the Cash Award. 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.

* * *

Attachment 1

Definitions

For purposes of the Grant Letter and Grant Conditions, the following terms have the meanings ascribed to them on this Attachment 1:

(a) “Affiliate” shall mean with respect to any Person, any other Person that, at any time that a determination is made hereunder, directly or indirectly, controls, is controlled by, or is under common control with such first Person. For the purpose of this definition, “control” shall mean, as to any Person, the possession, directly or indirectly, of the power to elect or appoint a majority of directors (or other persons acting in similar capacities) of such Person or otherwise to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) “Beneficial Owner” and “Beneficially Own” shall have the meaning set forth in Rules 13d-3 and 13d-5 promulgated under the Exchange Act or any successor provision.

(c) “Change in Control” of the Company shall be deemed to have occurred if the event set forth in any one of the following sections shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 35% or more of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (I) of subsection (iii) below;

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board of Directors or nomination for election by the Company’s shareholders was approved or recommended by a vote of at least two-thirds of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended;

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (I) a merger or consolidation immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger is then a subsidiary, the ultimate parent thereof, or (II) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 35% or more of the combined voting power of the Company’s then outstanding securities; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets, other than a sale or disposition by the Company of all or substantially all of the Company’s assets immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed or any parent thereof.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred (i) by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions or (ii) by virtue of the consummation of a spin-off of any business line or business unit of the Company or a sale of (or similar transaction with respect to) all or substantially all of the assets that comprise a business line or business unit of the Company.

The Committee may provide in a grant agreement for another definition of Change in Control, including as necessary to comply with Section 409A of the Code.

(d) “Code” shall mean Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(e) “Company Trade Secrets” shall mean information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons or entities who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Company Trade Secrets include, but are not limited to, the following: unique pricing methodologies and formulas for products and services of the Company or its subsidiaries or affiliates; unique marketing arrangements and strategies which the Company or its subsidiaries or affiliates use with their vendors and suppliers; and unique advertising arrangements and strategies that the Company or its subsidiaries or affiliates use to advertise their products and services. For avoidance of doubt, Company Trade Secrets do not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(f) “Confidential Information” shall mean information belonging to the Company or its subsidiaries or affiliates, whether reduced to writing or in a form from which such information can be obtained, translated or derived into reasonably usable form, that has been provided to the Grantee during his employment or service with the Employer and/or the Grantee has gained access to during the Grantee’s employment or service with the Employer and/or was developed by the Grantee in the course of the Grantee’s employment or service with the Employer, that is proprietary and confidential in nature. Confidential Information includes, but is not limited to, the following: information believed by the Company or any of its subsidiaries or affiliates to be a Company Trade Secret that ultimately does not qualify as such under applicable law but nonetheless was maintained by the Company or its subsidiaries or affiliates as confidential; information concerning the nature of the business and manner of operation of the Company and its subsidiaries and affiliates; the methods and systems used by the Company or its subsidiaries or affiliates in soliciting, selling and providing their services and/or products to their customers; financial and accounting information, such as cost, pricing and billing information, customer profiles, financial policies and procedures, and revenues and profit margins; sales and marketing information, such as sales strategies and programs; information concerning customers and prospective customers of the Company and its subsidiaries and affiliates; information concerning vendors and suppliers of the Company and its subsidiaries and affiliates; customer lists; prospective customer lists; customer buying habits and special needs; policies and procedures; personnel records; compensation paid to employees or other service providers of the Company or any of its subsidiaries or affiliates. For avoidance of doubt, Confidential Information does not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(g) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(h) “Injurious Conduct” shall mean the activities described in subsections (i), (ii) (including any modifications of subsection (ii) for residents of California and other applicable jurisdictions as set forth below), (iii) and (iv) below.

(i) The Grantee’s employment or service with the Employer is terminated for willful, deliberate, or gross misconduct, as determined by the Committee, in its sole discretion;

(ii) During the Grantee’s employment or service with the Employer and for a period of 18 months thereafter, the Grantee breaches any of the following:

1) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates, and in which the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment or service with the Employer, or in which the Grantee learned Company Trade Secrets or Confidential Information during the Grantee's employment or service with the Employer; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive;

2) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) (x) solicit business from any person who was a customer of the Company or any of its subsidiaries or affiliates during the period of the Grantee's employment or service hereunder or who was within the six-month period prior to such solicitation, or (y) solicit potential customers who are or were identified through leads developed during the course of the Grantee's employment or service with the Employer, in each case, with whom the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment or service with the Employer, or regarding whom the Grantee learned Company Trade Secrets and/or Confidential Information during the Grantee's employment or service with the Employer, or (II) otherwise divert or attempt to divert any existing business of the Company or any of its subsidiaries or affiliates; and

3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment, or (II) hire or retain any person who is, or within the six-month period prior to such hiring or retention was, an employee of the Company or any of its subsidiaries or affiliates;

(iii) During the Grantee's employment or service with the Employer or thereafter, the Grantee uses, publishes or discloses any Company Trade Secrets and/or Confidential Information in any manner whatsoever, except as required in the conduct of business of the Company or any of its subsidiaries or affiliates or as authorized in writing by the Company or any of its subsidiaries or affiliates, as applicable. By accepting the Cash Award, the Grantee acknowledges and agrees that (A) during the Grantee's employment or service with the Employer, the Grantee has been or will be exposed to and/or provided with Company Trade Secrets and Confidential Information and (B) Company Trade Secrets are not generally known to the public or to competitors of the Company or its subsidiaries or affiliates, were developed or compiled at significant expense by the Company or its subsidiaries or affiliates over an extended period of time, are the subject of the reasonable efforts of the Company or its subsidiaries or affiliates to maintain their secrecy, and that the Company or its subsidiaries or affiliates derive significant independent economic value by keeping Company Trade Secrets a secret; or

(iv) During the Grantee's employment or service with the Employer or thereafter, the Grantee breaches any other written confidentiality, non-solicitation or non-competition covenant with the Employer.

Notwithstanding the foregoing, if the Grantee is employed or provides services in California, or in another jurisdiction where the provisions of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above, are otherwise prohibited by law, the following provisions shall apply instead of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above:

1) During the Grantee's employment or service with the Employer, the Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive.

2) During the Grantee's employment or service with the Employer and for a period of 18 months thereafter, the Grantee shall not, directly or indirectly, solicit or attempt to solicit any business from any of customers of the Company or any of its subsidiaries or affiliates for the purposes of providing products or services that are competitive with those provided by the Company or any of its subsidiaries or affiliates where such solicitation and/or attempt at solicitation is done by the Grantee through the use of Company Trade Secrets and/or Confidential Information.

3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or any of its subsidiaries or affiliates, solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment.

(i) "Person" shall mean any individual, entity or group, including any "person" or "group" within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision.

Exhibit 10.3

2020 Long-Term Time-Based Cash Award

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

[Grantee Name]

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

Date of Grant: March 24, 2020
Time-Based Cash Award: [Cash Amount]

This grant is subject to the terms of this award agreement. The award agreement consists of this grant letter and the Terms and Conditions attached as Exhibit A.

Vesting - The Cash Award will vest on March 24, 2022, if you remain employed by the Employer through such vesting date, except as described below. The Cash Award is payable in a single lump sum cash payment (subject to applicable withholding for 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.

Event	Provisions
▪ Voluntary Resignation	Forfeit the unvested Cash Award
▪ Termination for Cause	Forfeit the unpaid (vested or unvested) Cash Award
▪ Involuntary Termination	If termination occurs after 10 months following the Date of Grant, the Cash Award vests pro-rata based on the period of employment; otherwise unvested portion of Cash Award is forfeited
▪ Death ▪ Long-Term Disability	Cash Award vests pro-rata based on the period of employment
▪ Involuntary Termination upon or within two years following a Change of Control	Cash Award vests in full upon termination of employment

In the event of any inconsistency between the foregoing summary and the Terms and Conditions, the Terms and Conditions will govern. Capitalized terms used but not defined in this grant letter will have the meanings set forth in the Terms and Conditions. **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 note that the Terms and Conditions contain restrictive covenant language pertaining to confidentiality, non-competition and non-solicitation. You should read these sections carefully before deciding whether to accept the Cash Award. If you decide not to accept the Cash Award, you will not be subject to the restrictive covenants set forth in the Terms and Conditions, but you will forfeit the Cash Award. You will continue to be subject to any restrictive covenants set forth in the 2016 Long-Term Incentive Plan with respect to any equity grants made to you under such plan and any restrictive covenants set forth in any other agreements between

you and the Company. There will be no other consequences as a result of your decision not to accept the Cash Award.

Please contact Cynthia Carlson-Auchey (717-672-7094) if you have questions.

Sincerely,

Michel Vermette
President and Chief Executive Officer

EXHIBIT A

ARMSTRONG FLOORING, INC.

**TIME-BASED CASH AWARD
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") a time-based cash award (the "Cash Award") as specified in the 2020 Long-Term Time-Based Cash Award Grant Letter to which these Grant Conditions relate (the "Grant Letter"). The "Date of Grant" is March 24, 2020. The Cash Award entitles the Grantee to receive a cash bonus payment from the Grantee's employer subject to the terms set forth below.

(b) The Cash Award 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.

2. Vesting. Except as provided in Sections 3 and 4 below, the Cash Award shall vest on March 24, 2022, if the Grantee continues to be employed by the Company or its subsidiaries or affiliates (collectively, the "Employer") on such date (the "Vesting Date");

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 Vesting Date, the unvested Cash Award shall be forfeited as of the termination date and shall cease to be outstanding.

(b) Subject to Section 4 below, if, prior to the 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 Involuntary Termination (as defined below), the Grantee shall vest in a pro-rated portion of the granted Cash Award 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 amount of the Cash Award 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 Involuntary Termination date occurs, with such final calendar month counting as a full month, and the denominator of which is 24. The pro-rated Cash Award shall be paid within 60 days after the Grantee's termination date, as described in Section 7. The unvested Cash Award, 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), the unpaid Cash Award (vested or unvested) shall be forfeited as of the termination date and shall cease to be outstanding.

4. Change in Control Involuntary Termination. Notwithstanding Section 3 above, if the Grantee has an Involuntary Termination upon or within two years after a Change in Control (as defined below), and prior to the Vesting Date, the Grantee's outstanding Cash Award shall become fully vested and shall be paid within 60 days after such Involuntary Termination, as described in Section 7. 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 cash**

awards 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 Letter:

(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 non-solicitation 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) “Change in Control” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(c) “Company Trade Secrets” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(d) “Confidential Information” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(e) “Injurious Conduct” shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

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

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

6. Restrictive Covenants: Forfeiture.

(a) The Management Development and Compensation Committee (the “Committee”) may determine that the Cash Award shall be forfeited if the Grantee engages in Injurious Conduct.

(b) If the Committee determines that the Grantee has engaged in Injurious Conduct, the Committee may in its discretion require the Grantee to return to the Company the cash received in payment of the Cash Award.

(c) The Committee shall exercise the right of forfeiture and recoupment provided to the Company in this Section 6 within 180 days after the Company’s discovery of the Injurious Conduct activities giving rise to the Company’s right of forfeiture or recoupment.

(d) The Grantee may make a request to the Committee in writing for a determination regarding whether any proposed business or activity would constitute Injurious Conduct. Such request shall fully describe the proposed business or activity. The Committee shall respond to the Grantee in writing and the Committee’s determination shall be limited to the specific business or activity so described.

(e) By accepting the Cash Award, the Grantee acknowledges and agrees that all Company Trade Secrets and Confidential Information developed, created or maintained by the Grantee, alone or with others, during the Grantee’s employment or service with the Employer, shall remain at all times the sole property of the Company and its subsidiaries and affiliates.

(f) This Agreement consists of a series of separate restrictive covenants, all of which shall survive and be enforceable in law and/or equity after the Grantee’s termination or cessation of the Grantee’s employment or service with the Employer. The Grantee understands that in the event of a violation of any provision of this Section 6, the Company shall have the right to seek injunctive relief, in addition to any other existing rights provided in this Agreement or by operation of law, without the requirement of posting bond. The remedies provided in this Section 6 shall be in addition to any legal or equitable remedies existing at law or provided for in any other agreement between the Grantee and the Company or any of its subsidiaries or affiliates, and shall not be construed as a limitation upon, or as an alternative or in lieu of, any such remedies. If any provisions of this Section 6 and Attachment 1 shall be determined by a court of competent jurisdiction to be unenforceable in part by reason of it

being too great a period of time or covering too great a geographical area, it shall be in full force and effect as to that period of time or geographical area determined to be reasonable by the court.

(g) By accepting the Cash Award, the Grantee acknowledges that the Grantee has carefully read and considered the provisions of this Section 6 and Attachment 1 and agrees that the restrictions set forth herein are fair and reasonable, are supported by valid consideration, and are reasonably required to protect the legitimate business interests of the Company and its subsidiaries and affiliates.

(h) In the event of a breach by the Grantee of any restrictive covenant set forth on Attachment 1, the running of the period of restriction shall automatically be tolled and suspended for the amount of time the breach continues, and shall automatically commence when the breach is remedied so that the Company and its subsidiaries and affiliates shall receive the benefit of the Grantee's compliance with the terms and conditions of this Section 6.

7. Payment. When the Cash Award (or portion thereof) vests, the Company shall cause the Grantee's employer to make a single lump sum cash payment to the Grantee, payable in local currency, equal to the amount of the vested Cash Award, subject to applicable withholding for Taxes (as defined below). Payment shall be made within 60 days after the applicable vesting date.

8. No Right to Continued Employment. The grant of the Cash Award 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. Administration by the Committee. The Cash Award, the Grant Letter and these Grant Conditions will be administered and interpreted by the Committee. The Committee may delegate authority to one or more subcommittees or individuals, as it deems appropriate. The Board of Directors of the Company (the "Board") may take all actions of the Committee under the Grant Letter and these Grant Conditions. To the extent that the Board, Committee, subcommittee or individual administers the Grant Letter and these Grant Conditions, references in the Grant Letter and these Grant Conditions to the "Committee" shall be deemed to refer to the Board, Committee, subcommittee or other individual. The Committee is authorized to establish such rules and regulations as it deems necessary for the proper administration of the Cash Award, the Grant Letter and these Grant Conditions and the Committee has sole discretionary authority to make such determinations and interpretations and to take such action in connection with the Grant Letter and these Grant Conditions and the Cash Award granted hereunder as it deems necessary or advisable. The Grantee's receipt of this Cash Award constitutes the Grantee's acknowledgement that all determinations and interpretations made by the Committee shall be binding and conclusive on the Grantee and any other person claiming an interest in the Cash Award.

10. Amendment and Waiver. No provisions of the Grant Letter and these Grant Conditions may be amended, modified, waived or discharged unless the amendment, waiver, modification, or discharge is authorized by the Committee; provided that the Grantee consents to such amendment, modification, waiver or discharge if it materially impairs the rights of the Grantee.

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 Cash Award (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 Cash Award, including the grant, vesting or payment of the Cash Award; and (ii) does not commit to structure the terms of the grant or any aspect of the Cash Award 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 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 Cash Award, except to a successor grantee in the event of the Grantee's death.
14. Unfunded Agreement. The Grant Letter and these Grant Conditions shall be unfunded, and the Grantee's rights under the Grant Letter and these Grant Conditions are those of a general creditor of the Company. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of the Cash Award under the Grant Letter and these Grant Conditions.
15. Section 409A. The Grant Letter and these Grant Conditions are intended to comply with the requirements of section 409A of the Code or an exemption (specifically, the short term deferral exemption of section 409A of the Code), and shall in all respects be administered in accordance with section 409A of the Code. Any payment made under the Grant Letter and these Grant Conditions shall only be made in a manner and upon an event permitted under Section 409A of the Code, including the application of the six-month delay if required.
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 with, the applicable laws of the State of Delaware, 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 Cash Award under the Grant Letter and these Grant Conditions, the Grantee acknowledges the following:
- (a) the Grant Letter and these Grant Conditions are established voluntarily by the Company and the grant of the Cash Award is made at the discretion of the Committee;
 - (b) the grant of the Cash Award under the Grant Letter and these Grant Conditions is voluntary and occasional and does not create any contractual or other right to receive future grants of Cash Awards, or benefits in lieu of them, even if Cash Awards have been granted repeatedly in the past;
 - (c) all decisions with respect to future grants of Cash Awards, if any, will be at the sole discretion of the Committee;
 - (d) the Grantee is voluntarily accepting the Cash Award;
 - (e) the Cash Award 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 of the scope of the Grantee's employment contract, if any;
 - (f) the Cash Award and any payment 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 Cash Award and any payments thereunder are not intended to replace any pension rights or compensation;
 - (h) the grant of the Cash Award and the Grantee's acceptance of the Cash Award will not be interpreted to form an employment contract or relationship with the Employer; and

(i) 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 loss or diminution in value of the Cash Award 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 Cash Award.

(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 Cash Award, 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 awards in the Grantee's favor, for the purpose of implementing, administering and managing the Cash Award (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 Cash Award, 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 Cash Award, 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 Cash Award. 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 receive the Cash Award. 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.

* * *

Attachment 1

Definitions

For purposes of the Grant Letter and Grant Conditions, the following terms have the meanings ascribed to them on this Attachment 1:

(a) “Affiliate” shall mean with respect to any Person, any other Person that, at any time that a determination is made hereunder, directly or indirectly, controls, is controlled by, or is under common control with such first Person. For the purpose of this definition, “control” shall mean, as to any Person, the possession, directly or indirectly, of the power to elect or appoint a majority of directors (or other persons acting in similar capacities) of such Person or otherwise to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) “Beneficial Owner” and “Beneficially Own” shall have the meaning set forth in Rules 13d-3 and 13d-5 promulgated under the Exchange Act or any successor provision.

(c) “Change in Control” of the Company shall be deemed to have occurred if the event set forth in any one of the following sections shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 35% or more of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (I) of subsection (iii) below;

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board of Directors or nomination for election by the Company’s shareholders was approved or recommended by a vote of at least two-thirds of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended;

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (I) a merger or consolidation immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger is then a subsidiary, the ultimate parent thereof, or (II) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 35% or more of the combined voting power of the Company’s then outstanding securities; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed or any parent thereof.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred (i) by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions or (ii) by virtue of the consummation of a spin-off of any business line or business unit of the Company or a sale of (or similar transaction with respect to) all or substantially all of the assets that comprise a business line or business unit of the Company. The Committee may provide in a grant agreement for another definition of Change in Control, including as necessary to comply with Section 409A of the Code.

(d) "Code" shall mean Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(e) "Company Trade Secrets" shall mean information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons or entities who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Company Trade Secrets include, but are not limited to, the following: unique pricing methodologies and formulas for products and services of the Company or its subsidiaries or affiliates; unique marketing arrangements and strategies which the Company or its subsidiaries or affiliates use with their vendors and suppliers; and unique advertising arrangements and strategies that the Company or its subsidiaries or affiliates use to advertise their products and services. For avoidance of doubt, Company Trade Secrets do not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee's possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee's own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(f) "Confidential Information" shall mean information belonging to the Company or its subsidiaries or affiliates, whether reduced to writing or in a form from which such information can be obtained, translated or derived into reasonably usable form, that has been provided to the Grantee during his employment or service with the Employer and/or the Grantee has gained access to during the Grantee's employment or service with the Employer and/or was developed by the Grantee in the course of the Grantee's employment or service with the Employer, that is proprietary and confidential in nature. Confidential Information includes, but is not limited to, the following: information believed by the Company or any of its subsidiaries or affiliates to be a Company Trade Secret that ultimately does not qualify as such under applicable law but nonetheless was maintained by the Company or its subsidiaries or affiliates as confidential; information concerning the nature of the business and manner of operation of the Company and its subsidiaries and affiliates; the methods and systems used by the Company or its subsidiaries or affiliates in soliciting, selling and providing their services and/or products to their customers; financial and accounting information, such as cost, pricing and billing information, customer profiles, financial policies and procedures, and revenues and profit margins; sales and marketing information, such as sales strategies and programs; information concerning customers and prospective customers of the Company and its subsidiaries and affiliates; information concerning vendors and suppliers of the Company and its subsidiaries and affiliates; customer lists; prospective customer lists; customer buying habits and special needs; policies and procedures; personnel records; compensation paid to employees or other service providers of the Company or any of its subsidiaries or affiliates. For avoidance of doubt, Confidential Information does not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee's possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee's own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the

time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(g) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(h) “Injurious Conduct” shall mean the activities described in subsections (i), (ii) (including any modifications of subsection (ii) for residents of California and other applicable jurisdictions as set forth below), (iii) and (iv) below.

(i) The Grantee’s employment or service with the Employer is terminated for willful, deliberate, or gross misconduct, as determined by the Committee, in its sole discretion;

(ii) During the Grantee’s employment or service with the Employer and for a period of 12 months thereafter, the Grantee breaches any of the following:

1) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates, and in which the Grantee was involved as part of the Grantee’s job responsibilities during the Grantee’s employment or service with the Employer, or in which the Grantee learned Company Trade Secrets or Confidential Information during the Grantee’s employment or service with the Employer; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee’s aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive;

2) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) (x) solicit business from any person who was a customer of the Company or any of its subsidiaries or affiliates during the period of the Grantee’s employment or service hereunder or who was within the six-month period prior to such solicitation, or (y) solicit potential customers who are or were identified through leads developed during the course of the Grantee’s employment or service with the Employer, in each case, with whom the Grantee was involved as part of the Grantee’s job responsibilities during the Grantee’s employment or service with the Employer, or regarding whom the Grantee learned Company Trade Secrets and/or Confidential Information during the Grantee’s employment or service with the Employer, or (II) otherwise divert or attempt to divert any existing business of the Company or any of its subsidiaries or affiliates; and

3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee’s employment, or (II) hire or retain any person who is, or within the six-month period prior to such hiring or retention was, an employee of the Company or any of its subsidiaries or affiliates;

(iii) During the Grantee’s employment or service with the Employer or thereafter, the Grantee uses, publishes or discloses any Company Trade Secrets and/or Confidential Information in any manner whatsoever, except as required in the conduct of business of the Company or any of its subsidiaries or affiliates or as authorized in writing by the Company or any of its subsidiaries or affiliates, as applicable. By accepting the Cash Award, the Grantee acknowledges and agrees that (A) during the Grantee’s employment or service with the Employer, the Grantee has been or will be exposed to and/or provided with Company Trade Secrets and Confidential Information and (B) Company Trade Secrets are not generally known to the public or to competitors of the Company or its subsidiaries or affiliates, were developed or compiled at significant expense by the Company or its subsidiaries or affiliates over an extended period of time, are the subject of the reasonable efforts of the Company or its subsidiaries or affiliates to maintain their secrecy, and that the Company or its subsidiaries or affiliates derive significant independent economic value by keeping Company Trade Secrets a secret; or

(iv) During the Grantee’s employment or service with the Employer or thereafter, the Grantee breaches any other written confidentiality, non-solicitation or non-competition covenant with the Employer.

Notwithstanding the foregoing, if the Grantee is employed or provides services in California, or in another jurisdiction where the provisions of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above, are otherwise prohibited by law, the following provisions shall apply instead of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above:

1) During the Grantee's employment or service with the Employer, the Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive.

2) During the Grantee's employment or service with the Employer and for a period of 12 months thereafter, the Grantee shall not, directly or indirectly, solicit or attempt to solicit any business from any of customers of the Company or any of its subsidiaries or affiliates for the purposes of providing products or services that are competitive with those provided by the Company or any of its subsidiaries or affiliates where such solicitation and/or attempt at solicitation is done by the Grantee through the use of Company Trade Secrets and/or Confidential Information.

3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or any of its subsidiaries or affiliates, solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment.

(i) "Person" shall mean any individual, entity or group, including any "person" or "group" within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision.

**2020 Long-Term Performance-Based Restricted Stock Unit Grant
Performance Goal Based on Stock Price Hurdles**

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

Company Confidential

[Participant Name]

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

Date of Grant:

March 24, 2020

Performance Units ("Target Award"):

[_____]

Maximum Performance Units ("Maximum Award"):

125% of Target Award

Performance Period

("Performance Period"):

January 1, 2020 through December 31, 2022

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 Goal attached as Exhibit A and incorporated herein and the Terms and Conditions attached as Exhibit B.

The Performance Units will be earned by achieving a Performance Goal based on Stock Price Hurdles, subject to your continued employment, as described in the Terms and Conditions. The Committee has established the Performance Goal set forth on Exhibit A, which allows you to earn up to the Maximum Award, subject to your continued employment as described in the Terms and Conditions.

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, subject to the holding requirements 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. 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 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 Termination for Cause All Performance Units and accrued dividend equivalents are forfeited.
Involuntary Termination Without Cause 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.
Death Long-Term Disability 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.

After a Change in Control:

- Involuntary Termination Without Cause
- Death
- Long-Term Disability

Performance Units calculated upon the Change in Control and accrued dividend equivalents are earned as described on [Exhibit A](#).

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 note that the Terms and Conditions contain restrictive covenant language pertaining to confidentiality, non-competition and non-solicitation. You should read these sections carefully before deciding whether to accept the Performance Units. If you decide not to accept the Performance Units, you will not be subject to the restrictive covenants set forth in the Terms and Conditions, but you will forfeit the Performance Units. You will continue to be subject to any restrictive covenants set forth in the 2016 Long-Term Incentive Plan with respect to prior equity grants and any other agreements between you and the Company. There will be no other consequences as a result of your decision not to accept the Performance Units.

Please contact Cynthia Carlson-Auchey (717-672-7094) if you have questions.

Sincerely,

John C. Bassett
SVP & CHRO

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

Exhibit A
Performance Goal

Stock Price Hurdles: Stock Price Hurdle is defined as the average of the closing sale stock prices of one share of Company Stock over the 20 trading days following the date of the March 2023 earnings release date (currently expected to occur on March 20, 2023), as determined by the Committee.

Stock Price Hurdles Performance Scale		
Stock Price Hurdle		Payout
Below \$XX		0%
\$XX		50%
\$XX		75%
\$XX		100%
\$XX		125%

Threshold level performance must be achieved in order to earn any Performance Units for the Performance Goal. If actual performance is between performance levels and at least \$XX, 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 the Maximum Award.

Change in Control:

If a Change in Control occurs after the Date of Grant and prior to the end of the Performance Period, the number of Performance Units earned with respect to the Stock Price Hurdles Performance Goal will be the Target Award.

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") an award of performance-based restricted stock units (the "Performance Units"), as specified in the 2020 Long-Term Performance-Based Restricted Stock Unit Grant Letter (including Exhibit A attached thereto) to which these Grant Conditions (as defined below) relate (the "Grant Letter"). The Grant Letter specifies a Target Award and a Maximum Award granted as of the Date of Grant, subject to restrictions as set forth herein. The "Date of Grant" is March 24, 2020. 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 Stock Price Hurdles performance goal set forth in the Grant Letter (the "Performance Goal"), employment conditions and other terms of these Grant Conditions are met. The "Performance Period" for which the attainment of the Performance Goal will be measured is the period beginning January 1, 2020 and ending December 31, 2022.

(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. Performance Goal; Vesting.

(a) The Grantee shall earn and vest in a number of Performance Units based on the attainment of the Performance Goal 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, 2022 (the "Vesting Date"). The Performance Units shall be earned based on attainment of the Performance Goal 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 Goal has been met and the amount, if any, earned with respect to the Performance Units. The Grantee can earn up to the Maximum Award based on attainment of the Performance Goal, as set forth in the Grant Letter. Earned and vested Performance Units shall be payable as described in Section 6.

(c) If a Change in Control occurs prior to the end of the Performance Period, 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 Letter. 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 6. 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 upon or within 10 days after 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 6.

(d) Except as described below, no Performance Units shall be earned prior to the Committee's determination of achievement of the Performance Goal, and to the extent that the Performance Goal is 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 for any reason prior to the Vesting Date, the Performance Units shall be forfeited as of the termination date and shall cease to be outstanding.

(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 Units based on the extent to which the Performance Goal is achieved for the Performance Period. In the event of a subsequent Change in Control prior to 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 Letter. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goal by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2020 through the Grantee's termination date, and the denominator of which is 36. The month in which the Grantee's termination date occurs shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 6.

(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 Units based on the extent to which the Performance Goal is achieved for the Performance Period. In the event of a subsequent Change in Control prior to 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 Letter. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goal by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2020 through the Grantee's termination date and the denominator of which is 36. The month in which the Grantee's termination date occurs shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 6.

(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 Units earned as of the Change in Control date as described in the Grant Letter. 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.**

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

(a) "409A CIC" shall mean a Change in Control that meets the requirements of a "change in control event" as described under section 409A of the Code.

(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 non-solicitation 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) "Company Trade Secrets" shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(d) "Confidential Information" shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(e) "Injurious Conduct" shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

- (f) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.
- (g) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

5. Restrictive Covenants; Forfeiture.

- (a) The Committee may determine that the Performance Units shall be forfeited if the Grantee engages in Injurious Conduct.
- (b) If the Committee determines that the Grantee has engaged in Injurious Conduct, the Committee may in its discretion require the Grantee to return to the Company any Company Stock or cash received in settlement of Performance Units. If the Company Stock acquired in settlement of the Performance Units has been disposed of by the Grantee, then the Company may require the Grantee to pay to the Company the economic value of the Company Stock as of the date of disposition.
- (c) The Committee shall exercise the right of forfeiture and recoupment provided to the Company in this Section 5 within 180 days after the Company’s discovery of the Injurious Conduct activities giving rise to the Company’s right of forfeiture or recoupment.
- (d) The Grantee may make a request to the Committee in writing for a determination regarding whether any proposed business or activity would constitute Injurious Conduct. Such request shall fully describe the proposed business or activity. The Committee shall respond to the Grantee in writing and the Committee’s determination shall be limited to the specific business or activity so described.
- (e) By accepting the Performance Units, the Grantee acknowledges and agrees that all Company Trade Secrets and Confidential Information developed, created or maintained by the Grantee, alone or with others, during the Grantee’s employment or service with the Employer, shall remain at all times the sole property of the Company and its subsidiaries and affiliates.
- (f) This Agreement consists of a series of separate restrictive covenants, all of which shall survive and be enforceable in law and/or equity after the Grantee’s termination or cessation of the Grantee’s employment or service with the Employer. The Grantee understands that in the event of a violation of any provision of this Section 5, the Company shall have the right to seek injunctive relief, in addition to any other existing rights provided in this Agreement or by operation of law, without the requirement of posting bond. The remedies provided in this Section 5 shall be in addition to any legal or equitable remedies existing at law or provided for in any other agreement between the Grantee and the Company or any of its subsidiaries or affiliates, and shall not be construed as a limitation upon, or as an alternative or in lieu of, any such remedies. If any provisions of this Section 5 and Attachment 1 shall be determined by a court of competent jurisdiction to be unenforceable in part by reason of it being too great a period of time or covering too great a geographical area, it shall be in full force and effect as to that period of time or geographical area determined to be reasonable by the court.
- (g) By accepting the Performance Units, the Grantee acknowledges that the Grantee has carefully read and considered the provisions of this Section 5 and Attachment 1 and agrees that the restrictions set forth herein are fair and reasonable, are supported by valid consideration, and are reasonably required to protect the legitimate business interests of the Company and its subsidiaries and affiliates.
- (h) In the event of a breach by the Grantee of any restrictive covenant set forth on Attachment 1, the running of the period of restriction shall automatically be tolled and suspended for the amount of time the breach continues, and shall automatically commence when the breach is remedied so that the Company and its subsidiaries and affiliates shall receive the benefit of the Grantee’s compliance with the terms and conditions of this Section 5.

6. Payment.

- (a) Except as provided below, after the end of the Performance Period, if the Committee certifies that the Performance Goal 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 tax withholding 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 in 2023 as soon as practicable after the Committee certifies the extent to which the Performance Goal and other conditions to payment of the Performance Units have been met, but not later than April 30, 2023, 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 tax withholding. 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 the Maximum Award.

7. **Dividend Equivalents.** Dividend Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goal, 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.
8. **Holding Requirement.** Any shares issued pursuant to Performance Units 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 Section 8 shall lapse as of the date of the Grantee's termination of employment or the Change in Control, as applicable.
9. **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.
10. **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.
11. **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.
12. **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 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 Letter, 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.
13. **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 Units. The Employer will withhold shares of Company Stock payable hereunder to satisfy the tax withholding obligation 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 tax withholding amount.
14. **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.
15. **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 Performance Units, except to a successor grantee in the event of the Grantee's death.
16. **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, 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.

17. 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.

18. 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 State of Delaware, excluding any conflicts or choice of law rule or principle.

* * *

Attachment 1

Definitions

For purposes of the Grant Letter and Grant Conditions, the following terms have the meanings ascribed to them on this Attachment 1:

(a) “Company Trade Secrets” shall mean information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons or entities who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Company Trade Secrets include, but are not limited to, the following: unique pricing methodologies and formulas for products and services of the Company or its subsidiaries or affiliates; unique marketing arrangements and strategies which the Company or its subsidiaries or affiliates use with their vendors and suppliers; and unique advertising arrangements and strategies that the Company or its subsidiaries or affiliates use to advertise their products and services. For avoidance of doubt, Company Trade Secrets do not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(b) “Confidential Information” shall mean information belonging to the Company or its subsidiaries or affiliates, whether reduced to writing or in a form from which such information can be obtained, translated or derived into reasonably usable form, that has been provided to the Grantee during his employment or service with the Employer and/or the Grantee has gained access to during the Grantee’s employment or service with the Employer and/or was developed by the Grantee in the course of the Grantee’s employment or service with the Employer, that is proprietary and confidential in nature. Confidential Information includes, but is not limited to, the following: information believed by the Company or any of its subsidiaries or affiliates to be a Company Trade Secret that ultimately does not qualify as such under applicable law but nonetheless was maintained by the Company or its subsidiaries or affiliates as confidential; information concerning the nature of the business and manner of operation of the Company and its subsidiaries and affiliates; the methods and systems used by the Company or its subsidiaries or affiliates in soliciting, selling and providing their services and/or products to their customers; financial and accounting information, such as cost, pricing and billing information, customer profiles, financial policies and procedures, and revenues and profit margins; sales and marketing information, such as sales strategies and programs; information concerning customers and prospective customers of the Company and its subsidiaries and affiliates; information concerning vendors and suppliers of the Company and its subsidiaries and affiliates; customer lists; prospective customer lists; customer buying habits and special needs; policies and procedures; personnel records; compensation paid to employees or other service providers of the Company or any of its subsidiaries or affiliates. For avoidance of doubt, Confidential Information does not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the

time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(c) “Injurious Conduct” shall mean the activities described in subsections (i), (ii), (iii) and (iv) below and, for purposes of the Performance Units, shall replace the definition of “Injurious Conduct” set forth in Section 13 of the Plan.

(i) The Grantee’s employment or service with the Employer is terminated for willful, deliberate, or gross misconduct, as determined by the Committee, in its sole discretion;

(ii) During the Grantee’s employment or service with the Employer and for a period of 24 months thereafter, the Grantee breaches any of the following:

(1) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates, and in which the Grantee was involved as part of the Grantee’s job responsibilities during the Grantee’s employment or service with the Employer, or in which the Grantee learned Company Trade Secrets or Confidential Information during the Grantee’s employment or service with the Employer; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee’s aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive;

(2) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit business from any person who was a customer of the Company or any of its subsidiaries or affiliates during the period of the Grantee’s employment or service hereunder or who was within the six-month period prior to such solicitation, or (y) solicit potential customers who are or were identified through leads developed during the course of the Grantee’s employment or service with the Employer, in each case, with whom the Grantee was involved as part of the Grantee’s job responsibilities during the Grantee’s employment or service with the Employer, or regarding whom the Grantee learned Company Trade Secrets and/or Confidential Information during the Grantee’s employment or service with the Employer, or (II) otherwise divert or attempt to divert any existing business of the Company or any of its subsidiaries or affiliates; and

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee’s employment, or (II) hire or retain any person who is, or within the six-month period prior to such hiring or retention was, an employee of the Company or any of its subsidiaries or affiliates;

(iii) During the Grantee’s employment or service with the Employer or thereafter, the Grantee uses, publishes or discloses any Company Trade Secrets and/or Confidential Information in any manner whatsoever, except as required in the conduct of business of the Company or any of its subsidiaries or affiliates or as authorized in writing by the Company or any of its subsidiaries or affiliates, as applicable. By accepting the Performance Units, the Grantee acknowledges and agrees that (A) during the Grantee’s employment or service with the Employer, the Grantee has been or will be exposed to and/or provided with Company Trade Secrets and Confidential Information and (B) Company Trade Secrets are not generally known to the public or to competitors of the Company or its subsidiaries or affiliates, were developed or compiled at significant expense by the Company or its subsidiaries or affiliates over an extended period of time, are the subject of the reasonable efforts of the Company or its subsidiaries or affiliates to maintain their secrecy, and that the Company or its subsidiaries or affiliates derive significant independent economic value by keeping Company Trade Secrets a secret; or

(iv) During the Grantee’s employment or service with the Employer or thereafter, the Grantee breaches any other written confidentiality, non-solicitation or non-competition covenant with the Employer.

Attachment 1

Definitions

For purposes of the Grant Letter and Grant Conditions, the following terms have the meanings ascribed to them on this Attachment 1:

(a) “**Company Trade Secrets**” shall mean information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons or entities who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Company Trade Secrets include, but are not limited to, the following: unique pricing methodologies and formulas for products and services of the Company or its subsidiaries or affiliates; unique marketing arrangements and strategies which the Company or its subsidiaries or affiliates use with their vendors and suppliers; and unique advertising arrangements and strategies that the Company or its subsidiaries or affiliates use to advertise their products and services. For avoidance of doubt, Company Trade Secrets do not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(b) “**Confidential Information**” shall mean information belonging to the Company or its subsidiaries or affiliates, whether reduced to writing or in a form from which such information can be obtained, translated or derived into reasonably usable form, that has been provided to the Grantee during his employment or service with the Employer and/or the Grantee has gained access to during the Grantee’s employment or service with the Employer and/or was developed by the Grantee in the course of the Grantee’s employment or service with the Employer, that is proprietary and confidential in nature. Confidential Information includes, but is not limited to, the following: information believed by the Company or any of its subsidiaries or affiliates to be a Company Trade Secret that ultimately does not qualify as such under applicable law but nonetheless was maintained by the Company or its subsidiaries or affiliates as confidential; information concerning the nature of the business and manner of operation of the Company and its subsidiaries and affiliates; the methods and systems used by the Company or its subsidiaries or affiliates in soliciting, selling and providing their services and/or products to their customers; financial and accounting information, such as cost, pricing and billing information, customer profiles, financial policies and procedures, and revenues and profit margins; sales and marketing information, such as sales strategies and programs; information concerning customers and prospective customers of the Company and its

subsidiaries and affiliates; information concerning vendors and suppliers of the Company and its subsidiaries and affiliates; customer lists; prospective customer lists; customer buying habits and special needs; policies and procedures; personnel records; compensation paid to employees or other service providers of the Company or any of its subsidiaries or affiliates. For avoidance of doubt, Confidential Information does not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee's possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee's own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(c) "Injurious Conduct" shall mean the activities described in subsections (i), (ii), (iii) and (iv) below and, for purposes of the Performance Units, shall replace the definition of "Injurious Conduct" set forth in Section 13 of the Plan.

(i) The Grantee's employment or service with the Employer is terminated for willful, deliberate, or gross misconduct, as determined by the Committee, in its sole discretion;

(ii) During the Grantee's employment or service with the Employer and for a period of 24 months thereafter, the Grantee breaches any of the following:

(1) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates, and in which the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment or service with the Employer, or in which the Grantee learned Company Trade Secrets or Confidential Information during the Grantee's employment or service with the Employer; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive;

(2) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) (x) solicit business from any person who was a customer of the Company or any of its subsidiaries or affiliates during the period of the Grantee's employment or service hereunder or who was within the six-month period prior to such solicitation, or (y) solicit potential customers who are or were identified through leads developed during the course of the Grantee's employment or service with the Employer, in each case, with whom the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment

or service with the Employer, or regarding whom the Grantee learned Company Trade Secrets and/or Confidential Information during the Grantee's employment or service with the Employer, or (II) otherwise divert or attempt to divert any existing business of the Company or any of its subsidiaries or affiliates; and

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment, or (II) hire or retain any person who is, or within the six-month period prior to such hiring or retention was, an employee of the Company or any of its subsidiaries or affiliates;

(iii) During the Grantee's employment or service with the Employer or thereafter, the Grantee uses, publishes or discloses any Company Trade Secrets and/or Confidential Information in any manner whatsoever, except as required in the conduct of business of the Company or any of its subsidiaries or affiliates or as authorized in writing by the Company or any of its subsidiaries or affiliates, as applicable. By accepting the Performance Units, the Grantee acknowledges and agrees that (A) during the Grantee's employment or service with the Employer, the Grantee has been or will be exposed to and/or provided with Company Trade Secrets and Confidential Information and (B) Company Trade Secrets are not generally known to the public or to competitors of the Company or its subsidiaries or affiliates, were developed or compiled at significant expense by the Company or its subsidiaries or affiliates over an extended period of time, are the subject of the reasonable efforts of the Company or its subsidiaries or affiliates to maintain their secrecy, and that the Company or its subsidiaries or affiliates derive significant independent economic value by keeping Company Trade Secrets a secret; or

(iv) During the Grantee's employment or service with the Employer or thereafter, the Grantee breaches any other written confidentiality, non-solicitation or non-competition covenant with the Employer.

Exhibit 10.5

**2020 Long-Term Performance-Based Restricted Stock Unit Grant
Performance Goal Based on Stock Price Hurdles**

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

Company Confidential

[Participant Name]

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

Date of Grant:

March 24, 2020

Performance Units ("Target Award"):

[]

Maximum Performance Units ("Maximum Award"):

125% of Target Award

Performance Period

(""Performance Period"):

January 1, 2020 through December 31, 2022

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 Goal attached as Exhibit A and incorporated herein and the Terms and Conditions attached as Exhibit B.

The Performance Units will be earned by achieving a Performance Goal based on Stock Price Hurdles, subject to your continued employment, as described in the Terms and Conditions. The Committee has established the Performance Goal set forth on Exhibit A, which allows you to earn up to the Maximum Award, subject to your continued employment as described in the Terms and Conditions.

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, subject to the holding requirements 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. 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 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 Termination for Cause All Performance Units and accrued dividend equivalents are forfeited.
Involuntary Termination Without Cause 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.
Death Long-Term Disability 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.

After a Change in Control:

- Involuntary Termination Without Cause
- Death
- Long-Term Disability

Performance Units calculated upon the Change in Control and accrued dividend equivalents are earned as described on [Exhibit A](#).

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 note that the Terms and Conditions contain restrictive covenant language pertaining to confidentiality, non-competition and non-solicitation. You should read these sections carefully before deciding whether to accept the Performance Units. If you decide not to accept the Performance Units, you will not be subject to the restrictive covenants set forth in the Terms and Conditions, but you will forfeit the Performance Units. You will continue to be subject to any restrictive covenants set forth in the 2016 Long-Term Incentive Plan with respect to prior equity grants and any other agreements between you and the Company. There will be no other consequences as a result of your decision not to accept the Performance Units.

Please contact Cynthia Carlson-Auchey (717-672-7094) if you have questions.

Sincerely,

Michel Vermette
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

Stock Price Hurdles: Stock Price Hurdle is defined as the average of the closing sale stock prices of one share of Company Stock over the 20 trading days following the date of the March 2023 earnings release date (currently expected to occur on March 20, 2023), as determined by the Committee.

Stock Price Hurdles Performance Scale		
Stock Price Hurdle		Payout
Below \$XX		0%
\$XX		50%
\$XX		75%
\$XX		100%
\$XX		125%

Threshold level performance must be achieved in order to earn any Performance Units for the Performance Goal. If actual performance is between performance levels and at least \$XX, 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 the Maximum Award.

Change in Control:

If a Change in Control occurs after the Date of Grant and prior to the end of the Performance Period, the number of Performance Units earned with respect to the Stock Price Hurdles Performance Goal will be the Target Award.

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") an award of performance-based restricted stock units (the "Performance Units"), as specified in the 2020 Long-Term Performance-Based Restricted Stock Unit Grant Letter (including Exhibit A attached thereto) to which these Grant Conditions (as defined below) relate (the "Grant Letter"). The Grant Letter specifies a Target Award and a Maximum Award granted as of the Date of Grant, subject to restrictions as set forth herein. The "Date of Grant" is March 24, 2020. 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 Stock Price Hurdles performance goal set forth in the Grant Letter (the "Performance Goal"), employment conditions and other terms of these Grant Conditions are met. The "Performance Period" for which the attainment of the Performance Goal will be measured is the period beginning January 1, 2020 and ending December 31, 2022.
 - (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. Performance Goal: Vesting.
 - (a) The Grantee shall earn and vest in a number of Performance Units based on the attainment of the Performance Goal 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, 2022 (the "Vesting Date"). The Performance Units shall be earned based on attainment of the Performance Goal 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 Goal has been met and the amount, if any, earned with respect to the Performance Units. The Grantee can earn up to the Maximum Award based on attainment of the Performance Goal, as set forth in the Grant Letter. Earned and vested Performance Units shall be payable as described in Section 6.
 - (c) If a Change in Control occurs prior to the end of the Performance Period, 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 Letter. 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 6. 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 upon or within 10 days after 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 6.
 - (d) Except as described below, no Performance Units shall be earned prior to the Committee's determination of achievement of the Performance Goal, and to the extent that the Performance Goal is 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 for any reason prior to the Vesting Date, the Performance Units shall be forfeited as of the termination date and shall cease to be outstanding.

(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 Units based on the extent to which the Performance Goal is achieved for the Performance Period. In the event of a subsequent Change in Control prior to 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 Letter. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goal by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2020 through the Grantee's termination date, and the denominator of which is 36. The month in which the Grantee's termination date occurs shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 6.

(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 Units based on the extent to which the Performance Goal is achieved for the Performance Period. In the event of a subsequent Change in Control prior to 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 Letter. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goal by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2020 through the Grantee's termination date and the denominator of which is 36. The month in which the Grantee's termination date occurs shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 6.

(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 Units earned as of the Change in Control date as described in the Grant Letter. 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.**

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

(a) "409A CIC" shall mean a Change in Control that meets the requirements of a "change in control event" as described under section 409A of the Code.

(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 non-solicitation 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) "Company Trade Secrets" shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(d) "Confidential Information" shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(e) "Injurious Conduct" shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

- (f) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.
- (g) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

5. Restrictive Covenants; Forfeiture.

- (a) The Committee may determine that the Performance Units shall be forfeited if the Grantee engages in Injurious Conduct.
- (b) If the Committee determines that the Grantee has engaged in Injurious Conduct, the Committee may in its discretion require the Grantee to return to the Company any Company Stock or cash received in settlement of Performance Units. If the Company Stock acquired in settlement of the Performance Units has been disposed of by the Grantee, then the Company may require the Grantee to pay to the Company the economic value of the Company Stock as of the date of disposition.
- (c) The Committee shall exercise the right of forfeiture and recoupment provided to the Company in this Section 5 within 180 days after the Company’s discovery of the Injurious Conduct activities giving rise to the Company’s right of forfeiture or recoupment.
- (d) The Grantee may make a request to the Committee in writing for a determination regarding whether any proposed business or activity would constitute Injurious Conduct. Such request shall fully describe the proposed business or activity. The Committee shall respond to the Grantee in writing and the Committee’s determination shall be limited to the specific business or activity so described.
- (e) By accepting the Performance Units, the Grantee acknowledges and agrees that all Company Trade Secrets and Confidential Information developed, created or maintained by the Grantee, alone or with others, during the Grantee’s employment or service with the Employer, shall remain at all times the sole property of the Company and its subsidiaries and affiliates.
- (f) This Agreement consists of a series of separate restrictive covenants, all of which shall survive and be enforceable in law and/or equity after the Grantee’s termination or cessation of the Grantee’s employment or service with the Employer. The Grantee understands that in the event of a violation of any provision of this Section 5, the Company shall have the right to seek injunctive relief, in addition to any other existing rights provided in this Agreement or by operation of law, without the requirement of posting bond. The remedies provided in this Section 5 shall be in addition to any legal or equitable remedies existing at law or provided for in any other agreement between the Grantee and the Company or any of its subsidiaries or affiliates, and shall not be construed as a limitation upon, or as an alternative or in lieu of, any such remedies. If any provisions of this Section 5 and Attachment 1 shall be determined by a court of competent jurisdiction to be unenforceable in part by reason of it being too great a period of time or covering too great a geographical area, it shall be in full force and effect as to that period of time or geographical area determined to be reasonable by the court.
- (g) By accepting the Performance Units, the Grantee acknowledges that the Grantee has carefully read and considered the provisions of this Section 5 and Attachment 1 and agrees that the restrictions set forth herein are fair and reasonable, are supported by valid consideration, and are reasonably required to protect the legitimate business interests of the Company and its subsidiaries and affiliates.
- (h) In the event of a breach by the Grantee of any restrictive covenant set forth on Attachment 1, the running of the period of restriction shall automatically be tolled and suspended for the amount of time the breach continues, and shall automatically commence when the breach is remedied so that the Company and its subsidiaries and affiliates shall receive the benefit of the Grantee’s compliance with the terms and conditions of this Section 5.

6. Payment.

- (a) Except as provided below, after the end of the Performance Period, if the Committee certifies that the Performance Goal 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 tax withholding 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 in 2023 as soon as practicable after the Committee certifies the extent to which the Performance Goal and other conditions to payment of the Performance Units have been met, but not later than April 30, 2023, 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 tax withholding. 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 the Maximum Award.

7. Dividend Equivalents. Dividend Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goal, 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.

8. Holding Requirement. Any shares issued pursuant to Performance Units 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 Section 8 shall lapse as of the date of the Grantee's termination of employment or the Change in Control, as applicable.

9. 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.

10. 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.

11. 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.

12. 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 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 Letter, 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.

13. 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 Units. The Employer will withhold shares of Company Stock payable hereunder to satisfy the tax withholding obligation 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 tax withholding amount.

14. 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.

15. 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 Performance Units, except to a successor grantee in the event of the Grantee's death.

16. 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, 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.

17. 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.

18. 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 State of Delaware, excluding any conflicts or choice of law rule or principle.

* * *

Attachment 1

Definitions

For purposes of the Grant Letter and Grant Conditions, the following terms have the meanings ascribed to them on this Attachment 1:

(a) “**Company Trade Secrets**” shall mean information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons or entities who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Company Trade Secrets include, but are not limited to, the following: unique pricing methodologies and formulas for products and services of the Company or its subsidiaries or affiliates; unique marketing arrangements and strategies which the Company or its subsidiaries or affiliates use with their vendors and suppliers; and unique advertising arrangements and strategies that the Company or its subsidiaries or affiliates use to advertise their products and services. For avoidance of doubt, Company Trade Secrets do not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(b) “**Confidential Information**” shall mean information belonging to the Company or its subsidiaries or affiliates, whether reduced to writing or in a form from which such information can be obtained, translated or derived into reasonably usable form, that has been provided to the Grantee during his employment or service with the Employer and/or the Grantee has gained access to during the Grantee’s employment or service with the Employer and/or was developed by the Grantee in the course of the Grantee’s employment or service with the Employer, that is proprietary and confidential in nature. Confidential Information includes, but is not limited to, the following: information believed by the Company or any of its subsidiaries or affiliates to be a Company Trade Secret that ultimately does not qualify as such under applicable law but nonetheless was maintained by the Company or its subsidiaries or affiliates as confidential; information concerning the nature of the business and manner of operation of the Company and its subsidiaries and affiliates; the methods and systems used by the Company or its subsidiaries or affiliates in soliciting, selling and providing their services and/or products to their customers; financial and accounting information, such as cost, pricing and billing information, customer profiles, financial policies and procedures, and revenues and profit margins; sales and marketing information, such as sales strategies and programs; information concerning customers and prospective customers of the Company and its subsidiaries and affiliates; information concerning vendors and suppliers of the Company and its subsidiaries and affiliates; customer lists; prospective customer lists; customer buying habits and special needs; policies and procedures; personnel records; compensation paid to employees or other service providers of the Company or any of its subsidiaries or affiliates. For avoidance of doubt, Confidential Information does not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(c) “**Injurious Conduct**” shall mean the activities described in subsections (i), (ii) (including any modifications of subsection (ii) for residents of California and other applicable jurisdictions as set forth below), (iii)

and (iv) below and, for purposes of the Performance Units, shall replace the definition of “Injurious Conduct” set forth in Section 13 of the Plan.

(i) The Grantee’s employment or service with the Employer is terminated for willful, deliberate, or gross misconduct, as determined by the Committee, in its sole discretion;

(ii) During the Grantee’s employment or service with the Employer and for a period of 18 months thereafter, the Grantee breaches any of the following:

(1) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates, and in which the Grantee was involved as part of the Grantee’s job responsibilities during the Grantee’s employment or service with the Employer, or in which the Grantee learned Company Trade Secrets or Confidential Information during the Grantee’s employment or service with the Employer; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee’s aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive;

(2) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit business from any person who was a customer of the Company or any of its subsidiaries or affiliates during the period of the Grantee’s employment or service hereunder or who was within the six-month period prior to such solicitation, or (y) solicit potential customers who are or were identified through leads developed during the course of the Grantee’s employment or service with the Employer, in each case, with whom the Grantee was involved as part of the Grantee’s job responsibilities during the Grantee’s employment or service with the Employer, or regarding whom the Grantee learned Company Trade Secrets and/or Confidential Information during the Grantee’s employment or service with the Employer, or (II) otherwise divert or attempt to divert any existing business of the Company or any of its subsidiaries or affiliates; and

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee’s employment, or (II) hire or retain any person who is, or within the six-month period prior to such hiring or retention was, an employee of the Company or any of its subsidiaries or affiliates;

(iii) During the Grantee’s employment or service with the Employer or thereafter, the Grantee uses, publishes or discloses any Company Trade Secrets and/or Confidential Information in any manner whatsoever, except as required in the conduct of business of the Company or any of its subsidiaries or affiliates or as authorized in writing by the Company or any of its subsidiaries or affiliates, as applicable. By accepting the Performance Units, the Grantee acknowledges and agrees that (A) during the Grantee’s employment or service with the Employer, the Grantee has been or will be exposed to and/or provided with Company Trade Secrets and Confidential Information and (B) Company Trade Secrets are not generally known to the public or to competitors of the Company or its subsidiaries or affiliates, were developed or compiled at significant expense by the Company or its subsidiaries or affiliates over an extended period of time, are the subject of the reasonable efforts of the Company or its subsidiaries or affiliates to maintain their secrecy, and that the Company or its subsidiaries or affiliates derive significant independent economic value by keeping Company Trade Secrets a secret; or

(iv) During the Grantee’s employment or service with the Employer or thereafter, the Grantee breaches any other written confidentiality, non-solicitation or non-competition covenant with the Employer.

Notwithstanding the foregoing, if the Grantee is employed or provides services in California, or in another jurisdiction where the provisions of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above, are otherwise prohibited by law, the following provisions shall apply instead of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above:

(1) During the Grantee’s employment or service with the Employer, the Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee’s aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive.

(2) During the Grantee's employment or service with the Employer and for a period of 18 months thereafter, the Grantee shall not, directly or indirectly, solicit or attempt to solicit any business from any of customers of the Company or any of its subsidiaries or affiliates for the purposes of providing products or services that are competitive with those provided by the Company or any of its subsidiaries or affiliates where such solicitation and/or attempt at solicitation is done by the Grantee through the use of Company Trade Secrets and/or Confidential Information.

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or any of its subsidiaries or affiliates, solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment.

Attachment 1

Definitions

For purposes of the Grant Letter and Grant Conditions, the following terms have the meanings ascribed to them on this Attachment 1:

(a) “**Company Trade Secrets**” shall mean information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons or entities who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Company Trade Secrets include, but are not limited to, the following: unique pricing methodologies and formulas for products and services of the Company or its subsidiaries or affiliates; unique marketing arrangements and strategies which the Company or its subsidiaries or affiliates use with their vendors and suppliers; and unique advertising arrangements and strategies that the Company or its subsidiaries or affiliates use to advertise their products and services. For avoidance of doubt, Company Trade Secrets do not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(b) “**Confidential Information**” shall mean information belonging to the Company or its subsidiaries or affiliates, whether reduced to writing or in a form from which such information can be obtained, translated or derived into reasonably usable form, that has been provided to the Grantee during his employment or service with the Employer and/or the Grantee has gained access to during the Grantee’s employment or service with the Employer and/or was developed by the Grantee in the course of the Grantee’s employment or service with the Employer, that is proprietary and confidential in nature. Confidential Information includes, but is not limited to, the following: information believed by the Company or any of its subsidiaries or affiliates to be a Company Trade Secret that ultimately does not qualify as such under applicable law but nonetheless was maintained by the Company or its subsidiaries or affiliates as confidential; information concerning the nature of the business and manner of operation of the Company and its subsidiaries and affiliates; the methods and systems used by the Company or its subsidiaries or affiliates in soliciting, selling and providing their services and/or products to their customers; financial and accounting information, such as cost, pricing and billing information, customer profiles, financial policies and procedures, and revenues and profit margins; sales and marketing information, such as sales strategies and programs; information concerning customers and prospective customers of the Company and its

subsidiaries and affiliates; information concerning vendors and suppliers of the Company and its subsidiaries and affiliates; customer lists; prospective customer lists; customer buying habits and special needs; policies and procedures; personnel records; compensation paid to employees or other service providers of the Company or any of its subsidiaries or affiliates. For avoidance of doubt, Confidential Information does not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee's possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee's own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(c) "Injurious Conduct" shall mean the activities described in subsections (i), (ii) (including any modifications of subsection (ii) for residents of California and other applicable jurisdictions as set forth below), (iii) and (iv) below and, for purposes of the Performance Units, shall replace the definition of "Injurious Conduct" set forth in Section 13 of the Plan.

(i) The Grantee's employment or service with the Employer is terminated for willful, deliberate, or gross misconduct, as determined by the Committee, in its sole discretion;

(ii) During the Grantee's employment or service with the Employer and for a period of 18 months thereafter, the Grantee breaches any of the following:

(1) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates, and in which the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment or service with the Employer, or in which the Grantee learned Company Trade Secrets or Confidential Information during the Grantee's employment or service with the Employer; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive;

(2) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) (x) solicit business from any person who was a customer of the Company or any of its subsidiaries or affiliates during the period of the Grantee's employment or service hereunder or who was within the six-month period prior to such solicitation, or (y) solicit potential customers who are or were identified through leads developed during the course of the

Grantee's employment or service with the Employer, in each case, with whom the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment or service with the Employer, or regarding whom the Grantee learned Company Trade Secrets and/or Confidential Information during the Grantee's employment or service with the Employer, or (II) otherwise divert or attempt to divert any existing business of the Company or any of its subsidiaries or affiliates; and

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment, or (II) hire or retain any person who is, or within the six-month period prior to such hiring or retention was, an employee of the Company or any of its subsidiaries or affiliates;

(iii) During the Grantee's employment or service with the Employer or thereafter, the Grantee uses, publishes or discloses any Company Trade Secrets and/or Confidential Information in any manner whatsoever, except as required in the conduct of business of the Company or any of its subsidiaries or affiliates or as authorized in writing by the Company or any of its subsidiaries or affiliates, as applicable. By accepting the Performance Units, the Grantee acknowledges and agrees that (A) during the Grantee's employment or service with the Employer, the Grantee has been or will be exposed to and/or provided with Company Trade Secrets and Confidential Information and (B) Company Trade Secrets are not generally known to the public or to competitors of the Company or its subsidiaries or affiliates, were developed or compiled at significant expense by the Company or its subsidiaries or affiliates over an extended period of time, are the subject of the reasonable efforts of the Company or its subsidiaries or affiliates to maintain their secrecy, and that the Company or its subsidiaries or affiliates derive significant independent economic value by keeping Company Trade Secrets a secret; or

(iv) During the Grantee's employment or service with the Employer or thereafter, the Grantee breaches any other written confidentiality, non-solicitation or non-competition covenant with the Employer.

Notwithstanding the foregoing, if the Grantee is employed or provides services in California, or in another jurisdiction where the provisions of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above, are otherwise prohibited by law, the following provisions shall apply instead of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above:

(1) During the Grantee's employment or service with the Employer, the Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such

company do not exceed 2% of the outstanding equity of such company and such investment is passive.

(2) During the Grantee's employment or service with the Employer and for a period of 18 months thereafter, the Grantee shall not, directly or indirectly, solicit or attempt to solicit any business from any of customers of the Company or any of its subsidiaries or affiliates for the purposes of providing products or services that are competitive with those provided by the Company or any of its subsidiaries or affiliates where such solicitation and/or attempt at solicitation is done by the Grantee through the use of Company Trade Secrets and/or Confidential Information.

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or any of its subsidiaries or affiliates, solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment.

Exhibit 10.6

**2020 Long-Term Performance-Based Restricted Stock Unit Grant
Performance Goal Based on Stock Price Hurdles**

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

Company Confidential

[Participant Name]

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

Date of Grant:

March 24, 2020

Performance Units ("Target Award"):

[]

Maximum Performance Units ("Maximum Award"):

125% of Target Award

Performance Period

("Performance Period"):

January 1, 2020 through December 31, 2022

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 Goal attached as Exhibit A and incorporated herein and the Terms and Conditions attached as Exhibit B.

The Performance Units will be earned by achieving a Performance Goal based on Stock Price Hurdles, subject to your continued employment, as described in the Terms and Conditions. The Committee has established the Performance Goal set forth on Exhibit A, which allows you to earn up to the Maximum Award, subject to your continued employment as described in the Terms and Conditions.

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 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 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**

<p>Voluntary Resignation Termination for Cause</p> <p>All Performance Units and accrued dividend equivalents are forfeited.</p>
<p>Involuntary Termination Without Cause</p> <p>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.</p>
<p>Death Long-Term Disability</p> <p>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.</p>

After a Change in Control:

- Involuntary Termination Without Cause
- Death
- Long-Term Disability

Performance Units calculated upon the Change in Control and accrued dividend equivalents are earned as described on Exhibit A.

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 note that the Terms and Conditions contain restrictive covenant language pertaining to confidentiality, non-competition and non-solicitation. You should read these sections carefully before deciding whether to accept the Performance Units. If you decide not to accept the Performance Units, you will not be subject to the restrictive covenants set forth in the Terms and Conditions, but you will forfeit the Performance Units. You will continue to be subject to any restrictive covenants set forth in the 2016 Long-Term Incentive Plan with respect to prior equity grants and any other agreements between you and the Company. There will be no other consequences as a result of your decision not to accept the Performance Units.

Please contact Cynthia Carlson-Auchey (717-672-7094) if you have questions.

Sincerely,

Michel Vermette
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

Stock Price Hurdles: Stock Price Hurdle is defined as the average of the closing sale stock prices of one share of Company Stock over the 20 trading days following the date of the March 2023 earnings release date (currently expected to occur on March 20, 2023), as determined by the Committee.

Stock Price Hurdles Performance Scale		
Stock Price Hurdle		Payout
Below \$XX		0%
\$XX		50%
\$XX		75%
\$XX		100%
\$XX		125%

Threshold level performance must be achieved in order to earn any Performance Units for the Performance Goal. If actual performance is between performance levels and at least \$XX, 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 the Maximum Award.

Change in Control:

If a Change in Control occurs after the Date of Grant and prior to the end of the Performance Period, the number of Performance Units earned with respect to the Stock Price Hurdles Performance Goal will be the Target Award.

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") an award of performance-based restricted stock units (the "Performance Units"), as specified in the 2020 Long-Term Performance-Based Restricted Stock Unit Grant Letter (including Exhibit A attached thereto) to which these Grant Conditions (as defined below) relate (the "Grant Letter"). The Grant Letter specifies a Target Award and a Maximum Award granted as of the Date of Grant, subject to restrictions as set forth herein. The "Date of Grant" is March 24, 2020. 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 Stock Price Hurdles performance goal set forth in the Grant Letter (the "Performance Goal"), employment conditions and other terms of these Grant Conditions are met. The "Performance Period" for which the attainment of the Performance Goal will be measured is the period beginning January 1, 2020 and ending December 31, 2022.
 - (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. Performance Goal; Vesting.
 - (a) The Grantee shall earn and vest in a number of Performance Units based on the attainment of the Performance Goal 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, 2022 (the "Vesting Date"). The Performance Units shall be earned based on attainment of the Performance Goal 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 Goal has been met and the amount, if any, earned with respect to the Performance Units. The Grantee can earn up to the Maximum Award based on attainment of the Performance Goal, as set forth in the Grant Letter. Earned and vested Performance Units shall be payable as described in Section 6.
 - (c) If a Change in Control occurs prior to the end of the Performance Period, 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 Letter. 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 6. 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 upon or within 10 days after 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 6.
 - (d) Except as described below, no Performance Units shall be earned prior to the Committee's determination of achievement of the Performance Goal, and to the extent that the Performance Goal is 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.
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(a) *General Rule.* Except as described below, if the Grantee ceases to be employed by the Employer for any reason prior to the Vesting Date, the Performance Units shall be forfeited as of the termination date and shall cease to be outstanding.

(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 Units based on the extent to which the Performance Goal is achieved for the Performance Period. In the event of a subsequent Change in Control prior to 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 Letter. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goal by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2020 through the Grantee's termination date, and the denominator of which is 36. The month in which the Grantee's termination date occurs shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 6.

(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 Units based on the extent to which the Performance Goal is achieved for the Performance Period. In the event of a subsequent Change in Control prior to 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 Letter. The pro-rated portion shall be determined by multiplying the number of Performance Units earned based on attainment of the Performance Goal by a fraction, the numerator of which is the number of months that elapsed during the period beginning on January 1, 2020 through the Grantee's termination date and the denominator of which is 36. The month in which the Grantee's termination date occurs shall count as a full month for purposes of this calculation. The pro-rated earned Performance Units shall be paid as described in Section 6.

(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 Units earned as of the Change in Control date as described in the Grant Letter. 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.**

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

(a) "409A CIC" shall mean a Change in Control that meets the requirements of a "change in control event" as described under section 409A of the Code.

(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 non-solicitation 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) "Company Trade Secrets" shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(d) "Confidential Information" shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

(e) "Injurious Conduct" shall have the meaning ascribed to the term on Attachment 1, the terms of which are incorporated herein.

- (f) “Involuntary Termination” shall mean the Employer’s termination of the Grantee’s employment other than for Cause.
- (g) “Long-Term Disability” shall mean the Grantee is receiving long-term disability benefits under the Employer’s long-term disability plan.

5. Restrictive Covenants; Forfeiture.

- (a) The Committee may determine that the Performance Units shall be forfeited if the Grantee engages in Injurious Conduct.
- (b) If the Committee determines that the Grantee has engaged in Injurious Conduct, the Committee may in its discretion require the Grantee to return to the Company any Company Stock or cash received in settlement of Performance Units. If the Company Stock acquired in settlement of the Performance Units has been disposed of by the Grantee, then the Company may require the Grantee to pay to the Company the economic value of the Company Stock as of the date of disposition.
- (c) The Committee shall exercise the right of forfeiture and recoupment provided to the Company in this Section 5 within 180 days after the Company’s discovery of the Injurious Conduct activities giving rise to the Company’s right of forfeiture or recoupment.
- (d) The Grantee may make a request to the Committee in writing for a determination regarding whether any proposed business or activity would constitute Injurious Conduct. Such request shall fully describe the proposed business or activity. The Committee shall respond to the Grantee in writing and the Committee’s determination shall be limited to the specific business or activity so described.
- (e) By accepting the Performance Units, the Grantee acknowledges and agrees that all Company Trade Secrets and Confidential Information developed, created or maintained by the Grantee, alone or with others, during the Grantee’s employment or service with the Employer, shall remain at all times the sole property of the Company and its subsidiaries and affiliates.
- (f) This Agreement consists of a series of separate restrictive covenants, all of which shall survive and be enforceable in law and/or equity after the Grantee’s termination or cessation of the Grantee’s employment or service with the Employer. The Grantee understands that in the event of a violation of any provision of this Section 5, the Company shall have the right to seek injunctive relief, in addition to any other existing rights provided in this Agreement or by operation of law, without the requirement of posting bond. The remedies provided in this Section 5 shall be in addition to any legal or equitable remedies existing at law or provided for in any other agreement between the Grantee and the Company or any of its subsidiaries or affiliates, and shall not be construed as a limitation upon, or as an alternative or in lieu of, any such remedies. If any provisions of this Section 5 and Attachment 1 shall be determined by a court of competent jurisdiction to be unenforceable in part by reason of it being too great a period of time or covering too great a geographical area, it shall be in full force and effect as to that period of time or geographical area determined to be reasonable by the court.
- (g) By accepting the Performance Units, the Grantee acknowledges that the Grantee has carefully read and considered the provisions of this Section 5 and Attachment 1 and agrees that the restrictions set forth herein are fair and reasonable, are supported by valid consideration, and are reasonably required to protect the legitimate business interests of the Company and its subsidiaries and affiliates.
- (h) In the event of a breach by the Grantee of any restrictive covenant set forth on Attachment 1, the running of the period of restriction shall automatically be tolled and suspended for the amount of time the breach continues, and shall automatically commence when the breach is remedied so that the Company and its subsidiaries and affiliates shall receive the benefit of the Grantee’s compliance with the terms and conditions of this Section 5.

6. Payment.

- (a) Except as provided below, after the end of the Performance Period, if the Committee certifies that the Performance Goal 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 tax withholding 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 in 2023 as soon as practicable after the Committee certifies the extent to which the Performance Goal and other conditions to payment of the Performance Units have been met, but not later than April 30, 2023, 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 tax withholding. 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 the Maximum Award.

7. Dividend Equivalents. Dividend Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goal, 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.

8. 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.

9. 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.

10. 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.

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 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 Letter, 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.

12. 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 Units. The Employer will withhold shares of Company Stock payable hereunder to satisfy the tax withholding obligation 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 tax withholding amount.

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 Performance 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, 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.

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 with, the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle.

* * *

Attachment 1

Definitions

For purposes of the Grant Letter and Grant Conditions, the following terms have the meanings ascribed to them on this Attachment 1:

- (a) “Company Trade Secrets” shall mean information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons or entities who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Company Trade Secrets include, but are not limited to, the following: unique pricing methodologies and formulas for products and services of the Company or its subsidiaries or affiliates; unique marketing arrangements and strategies which the Company or its subsidiaries or affiliates use with their vendors and suppliers; and unique advertising arrangements and strategies that the Company or its subsidiaries or affiliates use to advertise their products and services. For avoidance of doubt, Company Trade Secrets do not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.
- (b) “Confidential Information” shall mean information belonging to the Company or its subsidiaries or affiliates, whether reduced to writing or in a form from which such information can be obtained, translated or derived into reasonably usable form, that has been provided to the Grantee during his employment or service with the Employer and/or the Grantee has gained access to during the Grantee’s employment or service with the Employer and/or was developed by the Grantee in the course of the Grantee’s employment or service with the Employer, that is proprietary and confidential in nature. Confidential Information includes, but is not limited to, the following: information believed by the Company or any of its subsidiaries or affiliates to be a Company Trade Secret that ultimately does not qualify as such under applicable law but nonetheless was maintained by the Company or its subsidiaries or affiliates as confidential; information concerning the nature of the business and manner of operation of the Company and its subsidiaries and affiliates; the methods and systems used by the Company or its subsidiaries or affiliates in soliciting, selling and providing their services and/or products to their customers; financial and accounting information, such as cost, pricing and billing information, customer profiles, financial policies and procedures, and revenues and profit margins; sales and marketing information, such as sales strategies and programs; information concerning customers and prospective customers of the Company and its subsidiaries and affiliates; information concerning vendors and suppliers of the Company and its subsidiaries and affiliates; customer lists; prospective customer lists; customer buying habits and special needs; policies and procedures; personnel records; compensation paid to employees or other service providers of the Company or any of its subsidiaries or affiliates. For avoidance of doubt, Confidential Information does not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the

time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(c) “Injurious Conduct” shall mean the activities described in subsections (i), (ii) (including any modifications of subsection (ii) for residents of California and other applicable jurisdictions as set forth below), (iii) and (iv) below and, for purposes of the Performance Units, shall replace the definition of “Injurious Conduct” set forth in Section 13 of the Plan.

(i) The Grantee’s employment or service with the Employer is terminated for willful, deliberate, or gross misconduct, as determined by the Committee, in its sole discretion;

(ii) During the Grantee’s employment or service with the Employer and for a period of 12 months thereafter, the Grantee breaches any of the following:

(1) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates, and in which the Grantee was involved as part of the Grantee’s job responsibilities during the Grantee’s employment or service with the Employer, or in which the Grantee learned Company Trade Secrets or Confidential Information during the Grantee’s employment or service with the Employer; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee’s aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive;

(2) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit business from any person who was a customer of the Company or any of its subsidiaries or affiliates during the period of the Grantee’s employment or service hereunder or who was within the six-month period prior to such solicitation, or (y) solicit potential customers who are or were identified through leads developed during the course of the Grantee’s employment or service with the Employer, in each case, with whom the Grantee was involved as part of the Grantee’s job responsibilities during the Grantee’s employment or service with the Employer, or regarding whom the Grantee learned Company Trade Secrets and/or Confidential Information during the Grantee’s employment or service with the Employer, or (II) otherwise divert or attempt to divert any existing business of the Company or any of its subsidiaries or affiliates; and

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee’s employment, or (II) hire or retain any person who is, or within the six-month period prior to such hiring or retention was, an employee of the Company or any of its subsidiaries or affiliates;

(iii) During the Grantee’s employment or service with the Employer or thereafter, the Grantee uses, publishes or discloses any Company Trade Secrets and/or Confidential Information in any manner whatsoever, except as required in the conduct of business of the Company or any of its subsidiaries or affiliates or as authorized in writing by the Company or any of its subsidiaries or affiliates, as applicable. By accepting the Performance Units, the Grantee acknowledges and agrees that (A) during the Grantee’s employment or service with the Employer, the Grantee has been or will be exposed to and/or provided with Company Trade Secrets and Confidential Information and (B) Company Trade Secrets are not generally known to the public or to competitors of the Company or its subsidiaries or affiliates, were developed or compiled at significant expense by the Company or its subsidiaries or affiliates over an extended period of time, are the subject of the reasonable efforts of the Company or its subsidiaries or affiliates to maintain their secrecy, and that the Company or its subsidiaries or affiliates derive significant independent economic value by keeping Company Trade Secrets a secret; or

(iv) During the Grantee’s employment or service with the Employer or thereafter, the Grantee breaches any other written confidentiality, non-solicitation or non-competition covenant with the Employer.

Notwithstanding the foregoing, if the Grantee is employed or provides services in California, or in another jurisdiction where the provisions of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above, are otherwise prohibited by law, the following provisions shall apply instead of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above:

(1) During the Grantee’s employment or service with the Employer, the Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with

any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive.

(2) During the Grantee's employment or service with the Employer and for a period of 12 months thereafter, the Grantee shall not, directly or indirectly, solicit or attempt to solicit any business from any of customers of the Company or any of its subsidiaries or affiliates for the purposes of providing products or services that are competitive with those provided by the Company or any of its subsidiaries or affiliates where such solicitation and/or attempt at solicitation is done by the Grantee through the use of Company Trade Secrets and/or Confidential Information.

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or any of its subsidiaries or affiliates, solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment.

Attachment 1

Definitions

For purposes of the Grant Letter and Grant Conditions, the following terms have the meanings ascribed to them on this Attachment 1:

(a) “**Company Trade Secrets**” shall mean information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons or entities who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Company Trade Secrets include, but are not limited to, the following: unique pricing methodologies and formulas for products and services of the Company or its subsidiaries or affiliates; unique marketing arrangements and strategies which the Company or its subsidiaries or affiliates use with their vendors and suppliers; and unique advertising arrangements and strategies that the Company or its subsidiaries or affiliates use to advertise their products and services. For avoidance of doubt, Company Trade Secrets do not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee’s possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee’s own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(b) “**Confidential Information**” shall mean information belonging to the Company or its subsidiaries or affiliates, whether reduced to writing or in a form from which such information can be obtained, translated or derived into reasonably usable form, that has been provided to the Grantee during his employment or service with the Employer and/or the Grantee has gained access to during the Grantee’s employment or service with the Employer and/or was developed by the Grantee in the course of the Grantee’s employment or service with the Employer, that is proprietary and confidential in nature. Confidential Information includes, but is not limited to, the following: information believed by the Company or any of its subsidiaries or affiliates to be a Company Trade Secret that ultimately does not qualify as such under applicable law but nonetheless was maintained by the Company or its subsidiaries or affiliates as confidential; information concerning the nature of the business and manner of operation of the Company and its subsidiaries and affiliates; the methods and systems used by the Company or its subsidiaries or affiliates in soliciting, selling and providing their services and/or products to their customers; financial and accounting information, such as cost, pricing and billing information, customer profiles, financial policies and procedures, and revenues and profit margins; sales and marketing information, such as sales strategies and programs; information concerning customers and prospective customers of the Company and its

subsidiaries and affiliates; information concerning vendors and suppliers of the Company and its subsidiaries and affiliates; customer lists; prospective customer lists; customer buying habits and special needs; policies and procedures; personnel records; compensation paid to employees or other service providers of the Company or any of its subsidiaries or affiliates. For avoidance of doubt, Confidential Information does not include any information that: (A) is already in the public domain or becomes available to the public through no breach by the Grantee of this Agreement; (B) was lawfully in the Grantee's possession prior to disclosure to the Company or any of its subsidiaries or affiliates; (C) is lawfully disclosed to the Grantee by a third party without any obligations of confidentiality attaching to such disclosure; or (D) is developed by the Grantee entirely on the Grantee's own time without equipment, supplies or facilities of the Company or its subsidiaries or affiliates and does not relate at the time of conception to business or actual or demonstrably anticipated research or development of the Company or its subsidiaries or affiliates.

(c) "Injurious Conduct" shall mean the activities described in subsections (i), (ii) (including any modifications of subsection (ii) for residents of California and other applicable jurisdictions as set forth below), (iii) and (iv) below and, for purposes of the Performance Units, shall replace the definition of "Injurious Conduct" set forth in Section 13 of the Plan.

(i) The Grantee's employment or service with the Employer is terminated for willful, deliberate, or gross misconduct, as determined by the Committee, in its sole discretion;

(ii) During the Grantee's employment or service with the Employer and for a period of 12 months thereafter, the Grantee breaches any of the following:

(1) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates, and in which the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment or service with the Employer, or in which the Grantee learned Company Trade Secrets or Confidential Information during the Grantee's employment or service with the Employer; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such company do not exceed 2% of the outstanding equity of such company and such investment is passive;

(2) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) (x) solicit business from any person who was a customer of the Company or any of its subsidiaries or affiliates during the period of the Grantee's employment or service hereunder or who was within the six-month period prior to such solicitation, or (y) solicit potential customers who are or were identified through leads developed during the course of the

Grantee's employment or service with the Employer, in each case, with whom the Grantee was involved as part of the Grantee's job responsibilities during the Grantee's employment or service with the Employer, or regarding whom the Grantee learned Company Trade Secrets and/or Confidential Information during the Grantee's employment or service with the Employer, or (II) otherwise divert or attempt to divert any existing business of the Company or any of its subsidiaries or affiliates; and

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, (I) solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment, or (II) hire or retain any person who is, or within the six-month period prior to such hiring or retention was, an employee of the Company or any of its subsidiaries or affiliates;

(iii) During the Grantee's employment or service with the Employer or thereafter, the Grantee uses, publishes or discloses any Company Trade Secrets and/or Confidential Information in any manner whatsoever, except as required in the conduct of business of the Company or any of its subsidiaries or affiliates or as authorized in writing by the Company or any of its subsidiaries or affiliates, as applicable. By accepting the Performance Units, the Grantee acknowledges and agrees that (A) during the Grantee's employment or service with the Employer, the Grantee has been or will be exposed to and/or provided with Company Trade Secrets and Confidential Information and (B) Company Trade Secrets are not generally known to the public or to competitors of the Company or its subsidiaries or affiliates, were developed or compiled at significant expense by the Company or its subsidiaries or affiliates over an extended period of time, are the subject of the reasonable efforts of the Company or its subsidiaries or affiliates to maintain their secrecy, and that the Company or its subsidiaries or affiliates derive significant independent economic value by keeping Company Trade Secrets a secret; or

(iv) During the Grantee's employment or service with the Employer or thereafter, the Grantee breaches any other written confidentiality, non-solicitation or non-competition covenant with the Employer.

Notwithstanding the foregoing, if the Grantee is employed or provides services in California, or in another jurisdiction where the provisions of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above, are otherwise prohibited by law, the following provisions shall apply instead of subsection (ii), including (ii)(1), (ii)(2) and (ii)(3) above:

(1) During the Grantee's employment or service with the Employer, the Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or its subsidiaries or affiliates, become engaged in any business or activity which is directly in competition with any services or products sold by, or any business or activity engaged in by, the Company or any of its subsidiaries or affiliates; provided, however, that this provision shall not restrict the Grantee from owning or investing in publicly traded securities, so long as the Grantee's aggregate holdings in such

company do not exceed 2% of the outstanding equity of such company and such investment is passive.

(2) During the Grantee's employment or service with the Employer and for a period of 12 months thereafter, the Grantee shall not, directly or indirectly, solicit or attempt to solicit any business from any of customers of the Company or any of its subsidiaries or affiliates for the purposes of providing products or services that are competitive with those provided by the Company or any of its subsidiaries or affiliates where such solicitation and/or attempt at solicitation is done by the Grantee through the use of Company Trade Secrets and/or Confidential Information.

(3) The Grantee shall not, directly for the Grantee or any third party, except on behalf of the Company or any of its subsidiaries or affiliates, solicit, induce, recruit or cause another person in the employment of the Company or any of its subsidiaries or affiliates to terminate such employee's employment.

Exhibit 10.7

**AMENDMENT TO THE ARMSTRONG FLOORING, INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN**

WHEREAS, Armstrong Flooring, Inc. (the "Company") maintains the Armstrong Flooring, Inc. Nonqualified Deferred Compensation Plan (the "Plan") for the benefit of its eligible employees; and

WHEREAS, the Plan is administered by the Retirement Committee of the Company (the "Administrator"); and

WHEREAS, Pursuant to Plan Section 8.1, the Administrator may amend the Plan at any time (but no amendment may divest a Participant of amounts or earnings previously credited to the Participant's Account); and

WHEREAS, the Administrator has determined to amend the Plan to indefinitely suspend Matching Credits under Plan Section 4.1.

NOW, THEREFORE, Plan Section 4.1, Matching Credits, is hereby amended, effective May 1, 2020, as follows (insertions bold-underline):

Matching Credits: For each pay period that the employee Participant makes Salary Deferrals and/or Bonus Deferrals, the Company shall make Matching Credits on behalf of each Participant eligible for Matching Credits in an amount equal to 100% of the first 4% and 50% of the next 4% of the Participant's Salary Deferrals and Bonus Deferrals for such pay period. Such Matching Credits shall be fully vested at the same time as the Participant's matching contributions under the Qualified Plan. **Effective for pay periods beginning on or after May 1, 2020, the Company shall no longer make Matching Credits for any Participant Salary Deferral and /or Bonus Deferrals.**

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

I, Michel S. Vermette, 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: June 24, 2020

By: /s/ Michel S. Vermette

Michel S. Vermette
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, Douglas B. Bingham, 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: June 24, 2020

By: /s/ Douglas B. Bingham

Douglas B. Bingham
Senior Vice President, Chief Financial Officer and Treasurer
(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, 2020 of Armstrong Flooring, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michel S. Vermette, President and 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/ Michel S. Vermette

Michel S. Vermette
President and Chief Executive Officer
(Principal Executive Officer)
June 24, 2020

**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, 2020 of Armstrong Flooring, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Douglas B. Bingham, 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/ Douglas B. Bingham

Douglas B. Bingham
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)
June 24, 2020