

**THE WAGNER FIRM**

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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

MICHAEL CHUPA, Individually and  
on behalf of all others similarly situated,

Plaintiff,

v.

ARMSTRONG FLOORING, INC., et  
al.,

Defendants.

Case No. 2:19-cv-09840-CAS-MRW

Judge: Hon. Christina A. Snyder  
Courtroom 8D – 8<sup>th</sup> Floor

**CLASS ACTION**

**STIPULATION AND AGREEMENT OF SETTLEMENT**

This Stipulation and Agreement of Settlement, dated January 15, 2021 (the “Stipulation”) is entered into between (a) Lead Plaintiff Randy Marker (“Lead Plaintiff”), on behalf of himself and the Settlement Class (defined below); and (b) defendant Armstrong Flooring, Inc. (“Armstrong Flooring”), by and through their counsel of record, and embodies the terms and conditions of the settlement of the above-captioned action

1 (the “Action”).<sup>1</sup> Subject to the approval of the Court and the terms and conditions  
2 expressly provided herein, this Stipulation is intended to fully, finally and forever  
3 compromise, settle, release, resolve, discharge and dismiss with prejudice the Action, in  
4 its entirety as against all Defendants, and all Released Plaintiffs’ Claims.  
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6 WHEREAS:

7  
8 A. On November 15, 2019, Plaintiff Michael Chupa filed a class action  
9 complaint in the United States District Court for the Central District of California (the  
10 “Court”) styled *Chupa v. Armstrong Flooring, Inc.*  
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12 B. On January 14, 2020, Randy Marker and two other purported Armstrong  
13 Flooring shareholders moved for appointment as Lead Plaintiff for the proposed class. On  
14 March 2, 2020, after full briefing on the motions and hearing oral argument, the Court  
15 appointed Randy Marker as Lead Plaintiff and approved Lead Plaintiff’s selection of  
16 Bernstein Liebhard LLP as Lead Counsel for the proposed class.  
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19 C. On July 2, 2020 Lead Plaintiff filed and served the Complaint, alleging  
20 violations of the Securities Exchange Act of 1934 against Defendants.  
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22 D. On August 17, 2020, Armstrong Flooring, and Individual Defendants  
23 McWilliams, Rice, and Vermette filed a joint motion to dismiss the Complaint. On the  
24 same date, the other three Individual Defendants each filed separate motions to dismiss  
25 the Complaint.  
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<sup>1</sup> All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶ 1.

1 E. On October 1, 2020, Lead Plaintiff filed an omnibus memorandum in  
2 opposition to the four motions to dismiss the Complaint.

3 F. While the motion to dismiss briefing was ongoing, the Parties agreed to  
4 engage in a confidential mediation with mediator Robert Meyer of JAMS in an attempt to  
5 resolve the Action.  
6

7 G. The Parties exchanged confidential mediation statements and expert  
8 damages analyses. The mediation session was held on October 19, 2020. After a full day  
9 of arm's-length negotiations, the Parties did not reach an agreement.  
10

11 H. On November 2, 2020, Armstrong Flooring and Individual Defendants  
12 Vermette, Rice, and Williams filed a reply brief in support of their motion to dismiss. On  
13 that same date, the other three Individual Defendants each filed reply briefs in support of  
14 their respective motions to dismiss.  
15

16 I. During the weeks that followed, the Parties continued to engage in  
17 settlement negotiations through Mr. Meyer. On November 30, 2020, the Parties agreed to  
18 a settlement in principle to settle the Action and release all claims against Defendants in  
19 return for a cash payment of three million, seven hundred fifty thousand dollars  
20 (\$3,750,000) for the benefit of the Settlement Class.  
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22 J. This Stipulation (together with the exhibits hereto) reflects the final and  
23 binding agreements between the Parties.  
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1 K. Based upon their investigation, prosecution, and mediation of the case, Lead  
2 Plaintiff and Lead Counsel have concluded that the terms and conditions of this  
3 Stipulation are fair, reasonable, and adequate to Lead Plaintiff and the other members of  
4 the Settlement Class, and in their best interests. Accordingly, Lead Plaintiff has agreed to  
5 settle and release the Released Plaintiffs' Claims pursuant to the terms and provisions of  
6 this Stipulation, after considering, among other things: (a) the financial benefit that Lead  
7 Plaintiff and the other members of the Settlement Class will receive under the proposed  
8 Settlement; and (b) the significant risks and costs of continued litigation and trial.

12 L. Armstrong Flooring is entering into this Stipulation solely to eliminate the  
13 uncertainty, burden, and expense of further protracted litigation. As set forth in ¶ 38  
14 below, each of the Defendants denies any wrongdoing, and this Stipulation shall in no  
15 event be construed or deemed to be evidence of or an admission or concession on the part  
16 of any of the Defendants with respect to any claim or allegation of any fault or liability or  
17 wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendants  
18 have, or could have, asserted. Defendants expressly deny that Lead Plaintiff has asserted  
19 any valid claims as to any of them, and expressly deny any and all allegations of fault,  
20 liability, wrongdoing, or damages whatsoever. Defendants have determined that it is  
21 desirable and beneficial to them that the Action be settled in the manner and upon the  
22 terms and conditions set forth in this Stipulation. Further, this Stipulation shall in no  
23 event be construed or deemed to be evidence of or an admission or concession on the part  
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1 of Lead Plaintiff of any infirmity in any of the claims asserted in the Action, or an  
2 admission or concession that any of the Defendants’ defenses to liability had any merit.

3 M. This Stipulation constitutes a compromise of all matters that are in dispute  
4 between the Parties.  
5

6 NOW THEREFORE, it is hereby STIPULATED AND AGREED, by and among  
7 Lead Plaintiff (on behalf of himself and all other members of the Settlement Class) and  
8 Armstrong Flooring, by and through their respective undersigned attorneys and subject to  
9 the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure,  
10 that, in consideration of the benefits flowing to the Parties from the Settlement, all  
11 Released Plaintiffs’ Claims as against the Defendants’ Releasees shall be settled and  
12 released, and the Action shall be dismissed with prejudice upon and subject to the terms  
13 and conditions set forth below.  
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18 **DEFINITIONS**

19 1. As used in this Stipulation and any exhibits attached hereto and made a part  
20 hereof, the following capitalized terms shall have the following meanings:  
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22 a. “Action” means the securities class action lawsuit in the matter styled  
23 *Chupa v. Armstrong Flooring, Inc.*, No. 2:19-cv-09840-CAS-MRW, filed in the U.S.  
24 District Court for the Central District of California.  
25

26 b. “Armstrong Flooring” or the “Company” means Armstrong Flooring, Inc.  
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1 c. “Authorized Claimant” means a Settlement Class Member who submits a  
2 Claim to the Claims Administrator that is approved by the Court for payment from the  
3 Net Settlement Fund.  
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5 d. “Claim” means a Claim Form or Proof of Claim Form on paper or in an  
6 electronic format that is submitted to the Claims Administrator.  
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8 e. “Claim Form” or “Proof of Claim Form” means the Proof of Claim to be  
9 submitted by Claimants, substantially in the form attached hereto as Exhibit A-2, that a  
10 Claimant must complete and submit should that Claimant seek to share in a distribution  
11 of the Net Settlement Fund.  
12

13 f. “Claimant” means a person or entity that submits a Claim to the Claims  
14 Administrator seeking to be eligible to share in the proceeds of the Net Settlement Fund.  
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16 g. “Claims Administrator” means Strategic Claims Services, which shall  
17 administer the Settlement.  
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19 h. “Class Distribution Order” means an order entered by the Court  
20 authorizing and directing that the Net Settlement Fund be distributed, in whole or in part,  
21 to Authorized Claimants.  
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23 i. “Class Period” means the period from March 6, 2018 through March 3,  
24 2020.  
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26 j. “Complaint” means the Amended Complaint for Violations of the Federal  
27 Securities Laws, filed on July 2, 2020, in the Action.  
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1 k. "Court" means the United States District court for the Central District of  
2 California.

3 l. "Defendants" means Armstrong Flooring and the Individual Defendants.  
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5 m. "Defendant's Counsel" means Skadden, Arps, Slate, Meagher & Flom  
6 LLP.  
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8 n. "Defendants' Releasees" means Defendants and their current and former  
9 parents, affiliates, subsidiaries, controlling person, associates, related or affiliated entities,  
10 and each and all of their respective past or present officers, directors, employees,  
11 partners, members, principals, agents, representatives, attorneys, financial or investment  
12 advisors, consultants, underwriters, investment bankers, commercial bankers, advisors,  
13 insurers, reinsurers, heirs, spouses, executors, trustees, general or limited partners or  
14 partnerships, limited liability companies, members, joint ventures, personal or legal  
15 representatives, estates, administrators, predecessors, successors or assigns, or any  
16 member of the Immediate Family, marital communities, or any trusts for which any of  
17 them are trustees, settlors or beneficiaries or anyone acting or purporting to act for or on  
18 behalf of them or their successors or collectively.  
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23 o. "Effective Date" with respect to the Settlement means the date on which  
24 all of the events and conditions specified in ¶ 32 of this Stipulation have been met and  
25 have occurred or have been waived.  
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1 p. “ERISA” means the Employee Retirement Income Security Act of 1974,  
2 as amended.

3 q. “Escrow Account” means an account maintained at Signature Bank  
4 wherein the Settlement Amount shall be deposited and held in escrow under the control  
5 of Lead Counsel.  
6

7 r. “Escrow Agent” means Lead Counsel.  
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9 s. “Escrow Agreement” means the agreement between Lead Counsel and  
10 Signature Bank setting forth the terms under which the Escrow Agent shall maintain the  
11 Escrow Account.  
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13 t. “Final” with respect to the Judgment, means: (i) if no appeal is filed, the  
14 expiration date of the time provided for filing or noticing any appeal under any applicable  
15 rule, including the Federal Rules of Appellate Procedure; or (ii) if there is an appeal from  
16 the judgment of an order, (a) the date of final dismissal of all such appeals, or the final  
17 dismissal of any proceeding on certiorari or otherwise, or (b) the date the judgment or  
18 order is finally affirmed on an appeal, the expiration of the time to file a motion for a writ  
19 of certiorari or other form of review, or the denial of a writ of certiorari or other form of  
20 review, and, if certiorari or other form of review is granted, the date of final affirmance  
21 following review pursuant to that grant. However, any appeal or proceeding seeking  
22 subsequent judicial review pertaining solely to an order issued with respect to (i)  
23 attorneys’ fees, costs or expenses, (ii) the plan of allocation of Settlement proceeds (as  
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1 submitted or subsequently modified), or (iii) the procedure for determining Authorized  
2 Claimants Claims, shall not in any way delay or preclude a judgment from becoming  
3 Final.  
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5 u. “Immediate Family” means heirs, children, stepchildren, parents,  
6 stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-  
7 law, brothers-in-law, and sisters-in-law. As used in this paragraph, “spouse” shall mean a  
8 husband, a wife, or partner in a state-recognized domestic relationship or civil union.  
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10 v. “Individual Defendants” means Donald Maier, Ronald Ford, Douglas  
11 Bingham, Dominic Rice, Michel Vermette, and Larry McWilliams.  
12

13 w. “Internet Notice” means the “Internet Notice of Pendency and Proposed  
14 Settlement of Class Action,” to be published substantially in the form attached hereto as  
15 Exhibit A-1.  
16

17 x. “Judgment” means the judgment and order of dismissal, substantially in  
18 the forma attached hereto as Exhibit B, to be entered by the Court approving the  
19 Settlement.  
20

21 y. “Lead Counsel” means the law firm of Bernstein Liebhard LLP.  
22

23 z. “Lead Plaintiff” means Randy Marker.  
24

25 aa. “Litigation Expenses” means costs and expenses incurred in connection  
26 with commencing, prosecuting and settling the Action (which may include the costs and  
27 expenses of Lead Plaintiff directly related to his representation of the Settlement Class),  
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1 for which Lead Counsel intends to apply to the Court for payment or reimbursement from  
2 the Settlement Fund.

3 bb. “Net Settlement Fund” means the Settlement Fund less: (i) any Taxes;  
4 (ii) any Notice and Administration costs; (iii) any Litigation Expenses awarded by the  
5 Court; (iv) any attorneys’ fees awarded by the Court; and (v) any other costs or fees  
6 approved by the Court.  
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8 cc. “Notice” means the publication of the Internet Notice, the publication of  
9 the Summary Notice, and the mailing of the Postcard Notice.  
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11 dd. “Notice and Administration Costs” means the costs, fees, and expenses  
12 that are incurred by the Claims Administrator and/or Lead Counsel in connection with: (i)  
13 providing Notice to the Settlement Class; and (ii) administering the Settlement, including  
14 but not limited to the Claims process, as well as the costs, fees, and expenses incurred in  
15 connection with the Escrow Account.  
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18 ee. “Officer” means any officer as that term is defined in the Securities and  
19 Exchange Act Rule 16a-1(f).  
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21 ff. “Parties” means Armstrong Flooring and Lead Plaintiff, on behalf of  
22 itself and the Settlement Class.  
23

24 gg. “Plaintiffs’ Counsel” means (i) Lead Counsel, and (ii) liaison counsel  
25 The Wagner Law Firm.  
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1 hh. "Plaintiffs' Releasees" means Lead Plaintiff, all other plaintiffs in the  
2 Action, and all other Settlement Class Members, and their respective current and former  
3 parents, affiliates, subsidiaries, controlling persons, associates, related or affiliated  
4 entities, and each and all of their respective past or present officers, directors, employees,  
5 partners, members, principals, agents, representatives, attorneys, financial or investment  
6 advisors, consultants, underwriters, investment bankers, commercial bankers, advisors,  
7 insurers, reinsurers, heirs, spouses, executors, trustees, general or limited partners or  
8 partnerships, limited liability companies, members, joint ventures, personal or legal  
9 representatives, estates, administrators, predecessors, successors or assigns, or any  
10 member of their Immediate Family, marital communities, or any trusts for which any of  
11 them are trustees, settlors or beneficiaries or anyone acting or purporting to act for or on  
12 behalf of them or their successors or collectively.  
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18 ii. "Plan of Allocation" means the proposed plan of allocation of the Net  
19 Settlement Fund set forth in the Internet Notice.  
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21 jj. "Postcard Notice" means the "Postcard Notice of Proposed Settlement of  
22 Class Action and Settlement Fairness Hearing, and Motion for Attorneys' Fees and  
23 Reimbursement of Expenses," to be mailed substantially in the form attached hereto as  
24 Exhibit A-4.  
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1 kk. "Preliminary Approval Order" means the order, substantially in the  
2 form attached hereto as Exhibit A, to be entered by the Court preliminarily approving the  
3 Settlement and directing that notice of the Settlement be provided to the Settlement Class.  
4

5 ll. "PSLRA" means the Private Securities Litigation Reform Act of 1995,  
6 15 U.S.C. § 78u-4, as amended.  
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8 mm. "Released Claims" means all Released Defendants' Claims and all  
9 Released Plaintiffs' Claims.  
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11 nn. "Released Defendants' Claims" means, to the fullest extent that the law  
12 permits their release, all claims and causes of action against Lead Plaintiff and Plaintiffs'  
13 Releasees of every nature and description, whether known or unknown, whether arising  
14 under federal, state, common or foreign law, that arise out of or relate in any way to the  
15 institution, prosecution, or settlement of the claims against the Defendants, except for (i)  
16 claims relating to the enforcement of the Settlement or this Stipulation, or (ii) any claims  
17 against any person or entity who or which submits a request for exclusion from the  
18 Settlement Class that is accepted by the Court. "Released Defendants' Claims" include  
19 "Unknown Claims," as defined herein.  
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23 oo. "Released Plaintiffs' Claims" means, to the fullest extent that the law  
24 permits their release, all claims, suits, actions, appeals, causes of action, damages  
25 (including, without limitation, compensatory, punitive, exemplary, rescissory, direct,  
26 consequential, or special damages, and restitution and disgorgement), demands, rights,  
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1 debts, penalties, costs, expenses, fees, injunctive relief, attorneys’ fees, expert or  
2 consulting fees, prejudgment interest, indemnities, duties, liabilities, losses, or obligations  
3 of every nature and description whatsoever, whether known or unknown, whether or not  
4 concealed or hidden, fixed or contingent, direct or indirect, anticipated or unanticipated,  
5 whether legal, contractual, rescissory, statutory, or equitable in nature, whether arising  
6 under federal, state, common, or foreign law, that Lead Plaintiff or any member of the  
7 Settlement Class asserted or could have asserted in any forum that are based upon, arise  
8 from, or relate to: (i) the allegations, transactions, facts, matters, events, disclosures,  
9 public filings, acts, occurrences, representations, statements, omissions or failures to act  
10 that were alleged in the Complaint or any other filing in this Action; and (ii) the purchase  
11 of Armstrong Flooring common stock during the Class Period. This release does not  
12 release or impair any claims relating to the enforcement of the Settlement. “Released  
13 Plaintiffs’ Claims” include “Unknown Claims,” as defined herein.  
14

15 pp. “Releasee(s)” means each and any of the Defendants’ Releasees and  
16 each and any of the Plaintiffs’ Releasees.  
17

18 qq. “Releases” means the releases set forth in ¶¶ 5-6 of this Stipulation.

19 rr. “Settlement” means the settlement between Lead Plaintiff and Armstrong  
20 Flooring on the terms and conditions set forth in this Stipulation.  
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22 ss. “Settlement Amount” means three million, seven hundred fifty thousand  
23 dollars (\$3,750,000) in cash.  
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1 tt. "Settlement Class" means all persons and entities who purchased the  
2 common stock of Armstrong Flooring on the open market during the Class Period and  
3 who were damaged thereby. Excluded from the Settlement Class are: (i) Defendants; (ii)  
4 members of the Immediate Family of each Individual Defendant; (iii) any person who  
5 was an Officer or director of Armstrong Flooring; (iv) any firm or entity in which any  
6 Defendant has or had a controlling interest; (v) any person who participated in the  
7 wrongdoing alleged; (vi) Defendants' liability insurance carriers; (vii) any affiliates,  
8 parents, or subsidiaries of Armstrong Flooring; (viii) all Armstrong Flooring plans that  
9 are covered by ERISA; and (ix) the legal representatives, agents, affiliates, heirs,  
10 beneficiaries, successors-in-interests, or assigns of any excluded person or entity in their  
11 respective capacity as such. Also excluded from the Settlement Class are any persons or  
12 entities who or which exclude themselves by submitting a request exclusion that is  
13 accepted by the Court.  
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19 uu. "Settlement Class Member" means each person or entity that is a  
20 member of the Settlement Class.  
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22 vv. "Settlement Fund" means the Settlement Amount plus any and all  
23 interest earned thereon.  
24

25 ww. "Settlement Hearing" means the hearing set by the Court under Rule  
26 23(e)(2) of the Federal Rules of Civil Procedure to consider the final approval of the  
27 Settlement.  
28

1 xx. "Summary Notice" means the "Summary Notice of Pendency of Class  
2 Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses," which shall  
3 be published in Investors' Business Daily substantially in the form attached hereto as  
4 Exhibit A-3.  
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6 yy. "Taxes" means: (i) all federal, state and/or local taxes of any kind  
7 (including any interest or penalties thereon) on any income earned by the Settlement  
8 Fund; and (ii) the expenses and costs incurred by Lead Counsel in connection with  
9 determining the amount of, and paying, any taxes owed by the Settlement Fund  
10 (including, without limitation, expenses of tax attorneys and accountants).  
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13 zz. "Unknown Claims" means any Released Plaintiffs' Claims which Lead  
14 Plaintiff or any other Settlement Class Member does not know or suspect to exist in his,  
15 her or its favor at the time of the release of such claims, and any Released Defendants'  
16 Claims which any Defendant does not know or suspect to exist in his or its favor at the  
17 time of the release of such claims which if known by him, her, or it might have affected  
18 his, her, or its decision(s) with respect to this Settlement. With respect to any and all  
19 Released Claims, the Parties stipulate and agree that, upon the Effective Date of the  
20 Settlement, Lead Plaintiff and Armstrong Flooring shall expressly waive, and each of the  
21 other Settlement Class Members shall be deemed to have waived, and by operation of the  
22 Judgment, shall have expressly waived, any and all provisions, rights and benefits  
23 conferred by any law of any state or territory of the United States, or principle of  
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1 common law or foreign law, which is similar comparable or equivalent to California Civil  
2 Code §1542, which provides: **“A general release does not extend to claims that the**  
3 **creditor or releasing party does not know or suspect to exist in his or her favor at**  
4 **the time of executing the release and that, if known by him or her, would have**  
5 **materially affected his or her settlement with the debtor or released party.”** Lead  
6 Plaintiff, any Settlement Class Member, or any Defendant may hereafter discover facts,  
7 legal theories, or authorities in addition to or different from those which any of them now  
8 knows or believes to be true with respect to the subject matter of the Released Plaintiffs’  
9 Claims and the Released Defendants’ Claims, but the Parties shall expressly, fully,  
10 finally, and forever waive, compromise, settle, discharge, extinguish, and release, and  
11 each Settlement Class Member shall be deemed to have waived, compromised, settled,  
12 discharged, extinguished, and released, and upon the Effective Date and by operation of  
13 the Judgment shall have waived, compromised, settled, discharged, extinguished, and  
14 released, fully, finally, and forever, any and all Released Plaintiffs’ Claims and Released  
15 Defendants’ Claims, as applicable, known or unknown, suspected or unsuspected,  
16 contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist,  
17 or heretofore existed, or may hereafter exist, without regard to the subsequent discovery  
18 or existence of such different or additional facts, legal theories, or authorities. The Parties  
19 acknowledge, and each of the other Settlement Class Members shall be deemed by  
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1 operation of law to have acknowledged, that the foregoing waiver was separately  
2 bargained for and a key element of the Settlement.

3  
4 **CLASS CERTIFICATION**

5 2. Solely for the purposes of the Settlement and for no other purpose, the  
6 Parties stipulate and agree to: (a) certification of the Action as a class action pursuant to  
7 Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the  
8 Settlement Class; (b) certification of Lead Plaintiff as Class Representative for the  
9 Settlement Class; and (c) appointment of Lead Counsel as Class counsel for the  
10 Settlement Class pursuant to Rule 23(g) of the Federal Rules of Civil Procedure. In the  
11 event the Settlement is terminated, the Settlement is not approved, or the Effective Date  
12 of the Settlement otherwise fails to occur, as provided in ¶ 34 below, Defendants reserve  
13 all rights and defenses concerning class certification and the appointment of Class  
14 Representative and Class Counsel.  
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19 **PRELIMINARY APPROVAL OF SETTLEMENT**

20 3. On January 15, 2021, Lead Plaintiff will move for preliminary approval of  
21 the Settlement, authorization to provide notice of the Settlement to the Settlement Class,  
22 and the scheduling of a hearing for consideration of final approval of the Settlement,  
23 which motion shall be unopposed by Defendants. Concurrently with the motion for  
24 preliminary approval, Lead Plaintiff shall apply to the Court for, and Defendants shall  
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1 agree to, entry of the Preliminary Approval Order, substantially in the form attached  
2 hereto as Exhibit A.

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4 **RELEASE OF CLAIMS**

5 4. The obligations incurred pursuant to this Stipulation are in consideration of:  
6 (a) the full and final disposition of the Action as against Defendants; and (b) the releases  
7 provided for herein.  
8

9 5. Pursuant to the Judgment, without further action by anyone, upon the  
10 Effective Date of the Settlement, Lead Plaintiff and each of the other Settlement Class  
11 Members, on behalf of themselves, and their respective heirs, executors, administrators,  
12 predecessors, successors, and assigns, in their capacities as such, shall be deemed to have,  
13 and by operation of law and of the Judgment shall have, fully, finally, and forever  
14 compromised, settled, released, resolved, relinquished, waived, and discharged each and  
15 every Released Plaintiffs' Claim against Defendants and all of the Defendants' Releasees,  
16 and shall forever be barred and enjoined from bringing, asserting, or prosecuting any or  
17 all of the Released Plaintiffs' Claims against any of the Defendants' Releasees. The  
18 Judgment shall include the dismissal with prejudice of the Action in its entirety as against  
19 all Defendants.  
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25 6. Pursuant to the Judgment, without further action by anyone, upon the  
26 Effective Date of the Settlement, Armstrong Flooring, on behalf of itself, and its  
27 respective directors, officers, heirs, executors, administrators, predecessors, successors,  
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1 and assigns, in their capacities as such, shall be deemed to have, and by operation of law  
2 and of the Judgment shall have, fully, finally, and forever compromised, settled, released,  
3 resolved, relinquished, waived, and discharged each and every Released Defendants'  
4 Claim against Lead Plaintiff and all of the Plaintiffs' Releasees, and shall forever be  
5 barred and enjoined from bringing, asserting, or prosecuting any or all of the Released  
6 Defendants' Claims against any of the Plaintiffs' Releasees. This release shall not apply  
7 to any person or entity who or which submits a request for exclusion from the Settlement  
8 Class that is accepted by the Court.

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12 7. Notwithstanding ¶¶ 5-6 above, nothing in the Judgment shall bar any action  
13 by any of the Parties, Defendants' Releasees or Plaintiffs' Releasees to enforce or  
14 effectuate the terms of this Stipulation or the Judgment.  
15

16 **THE SETTLEMENT CONSIDERATION**

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18 8. In consideration of the settlement of the Released Plaintiffs' Claims against  
19 Defendants and the other Defendants' Releasees, Armstrong Flooring shall pay or cause  
20 to be paid the Settlement Amount into the Escrow Account, by wire or electronic fund  
21 transfer, no later than twenty (20) calendar days after the later of: (a) the date of entry by  
22 the Court of the Preliminary Approval Order; or (b) Defendant's Counsel's receipt from  
23 Lead Counsel of the information necessary to effectuate a transfer of funds to the Escrow  
24 Account, including wiring instructions that include the bank name and ABA routing  
25 number, account name and number, a signed W-9 reflecting a valid taxpayer  
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1 identification number for the qualified settlement fund in which the Settlement Amount is  
2 to be deposited, and any additional bank information required to effectuate the transfer.  
3  
4 With the sole exception of Armstrong Flooring's obligation to secure payment of the  
5 Settlement Amount into the Escrow Account as provided for in this ¶ 8, the Defendants'  
6 Releasees shall have no responsibility for, interest in, or liability whatsoever with respect  
7  
8 to: (i) any act, omission, or determination by Lead Counsel or the Claims Administrator,  
9 or any of their respective designees, in connection with the administration of the  
10 Settlement or otherwise; (ii) the management, investment, supervision, or distribution of  
11 the Settlement Fund; (iii) the Plan of Allocation; (iv) the determination, administration,  
12 calculation, or payment of any claims asserted against the Settlement Fund; (v) any loss  
13 suffered by, or fluctuation in value of, the Settlement Fund; or (vi) the payment or  
14 withholding of any Taxes and/or costs incurred in connection with the taxation of the  
15 Settlement Fund, distributions or other payments from the Escrow Account, or the filing  
16 of any federal, state, or local returns.  
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21 **USE OF SETTLEMENT FUND**

22 9. The Settlement Fund shall be used to pay: (a) any Taxes; (b) any Notice and  
23 Administration Costs; (c) any Litigation Expenses awarded by the Court; (d) any  
24 attorneys' fees awarded by the Court; and (e) any other costs and fees approved by the  
25 Court. The balance remaining in the Settlement Fund, that is, the Net Settlement Fund,  
26 shall be distributed to Authorized Claimants as provided in ¶¶ 18-30 below.  
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1           10. Except as provided herein or pursuant to orders of the Court, the Net  
2 Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All  
3 funds held by the Escrow Agent shall be deemed to be in the custody of the Court and  
4 shall remain subject to the jurisdiction of the Court until such time as the funds shall be  
5 distributed or returned pursuant to the terms of this Stipulation and/or further order of the  
6 Court. The Escrow Agent shall invest funds in the Escrow Account in instruments backed  
7 by the full faith and credit of the United States Government (or a mutual fund invested  
8 solely in such instruments), or deposit some or all of the funds in non-interest-bearing  
9 transaction account(s) that are fully insured by the Federal Deposit Insurance Corporation  
10 (“FDIC”) in amounts that are up to the limit of FDIC insurance. The Defendants’  
11 Releasees shall have no responsibility for, interest in, or liability whatsoever with respect  
12 to investment decisions or actions of the Escrow Agent. All risks related to the  
13 investment of the Settlement Fund shall be borne solely by the Settlement Fund.  
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15           11. The Parties agree that the Settlement Fund is intended to be a Qualified  
16 Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that the  
17 Escrow Agent, as administrator of the Settlement Fund within the meaning of Treasury  
18 Regulation § 1.468B-2(k)(3), shall be solely responsible for filing or causing to be filed  
19 all informational and other tax returns as may be necessary or appropriate (including,  
20 without limitation, the returns described in Treasury Regulation § 1.468B-2(k)) for the  
21 Settlement Fund. The Escrow Agent shall also be responsible for causing payment to be  
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1 made from the Settlement Fund of any Taxes owed with respect to the Settlement Fund.  
2 The Defendants' Releasees shall not have any liability or responsibility for any such  
3 Taxes. Upon written request, Armstrong Flooring will provide to the Escrow Agent the  
4 statement described in Treasury Regulation § 1.468B-3(e). The Escrow Agent, as  
5 administrator of the Settlement Fund within the meaning of Treasury Regulation §  
6 1.468B-2(k)(3), shall timely make such elections as are necessary or advisable to carry  
7 out this paragraph, including, as necessary, making a "relation back election," as  
8 described in Treasury Regulation § 1.468B-1(j), to cause the Qualified Settlement Fund  
9 to come into existence at the earliest allowable date, and shall take or cause to be taken  
10 all actions as may be necessary or appropriate in connection therewith.  
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15 12. All Taxes shall be paid out of the Settlement Fund, and shall be timely paid,  
16 or caused to be paid, by the Escrow Agent and without further order of the Court. Any  
17 tax returns prepared for the Settlement Fund (as well as the election set forth therein)  
18 shall be consistent with the previous paragraph and in all events shall reflect that all  
19 Taxes on the income earned by the Settlement Fund shall be paid out of the Settlement  
20 Fund as provided herein. Defendants' Releasees shall have no responsibility or liability  
21 for the acts or omissions of the Escrow Agent or its agents with respect to the payment of  
22 Taxes, as described herein.  
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26 13. The Settlement is not a claims-made settlement. Upon the occurrence of the  
27 Effective Date, no Defendant, Defendants' Releasee, or any other person or entity who or  
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1 which paid any portion of the Settlement Amount shall have any right to the return of the  
2 Settlement Fund or any portion thereof for any reason whatsoever, including, without  
3 limitation, the number of Claims submitted, the collective amount of the Recognized  
4 Claims of Authorized Claimants, the percentage of recovery of losses, or the amounts to  
5 be paid to Authorized Claimants from the Net Settlement Fund.  
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8 14. Notwithstanding the fact that the Effective Date of the Settlement has not yet  
9 occurred, Lead Counsel may pay from the Settlement Fund, without further approval  
10 from Armstrong Flooring or further order of the Court, all Notice and Administration  
11 Costs actually incurred and paid or payable. Such costs and expenses shall include,  
12 without limitation, the actual costs of printing and mailing the Postcard Notice,  
13 publishing and hosting the Internet Notice, publishing the Summary Notice,  
14 reimbursements to nominee owners for forwarding the Postcard Notice, Internet Notice,  
15 and/or Claim Form to their beneficial owners, the administrative expenses incurred and  
16 fees charged by the Claims Administrator in connection with Notice and administering  
17 the Settlement (including processing the submitted Claims), and the fees, if any, of the  
18 Escrow Agent. In the event that the Settlement is terminated pursuant to the terms of this  
19 Stipulation, all Notice and Administration Costs paid or incurred, including ant related  
20 fees, shall not be returned or repaid to Armstrong Flooring, any of the other Defendants'  
21 Releasees, or any other person or entity who or which paid any portion of the Settlement  
22 Amount. All Notice and Administration Costs shall be paid exclusively from the  
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1 Settlement Fund. Except for Defendants' obligation to send CAFA notice as provided for  
2 in ¶ 20, Defendants' Releasees shall have no responsibility for or liability whatsoever  
3 with respect to Notice and Administration Costs nor shall they have any responsibility or  
4 liability whatsoever for any claims with respect thereto.  
5

6 **ATTORNEYS' FEES AND LITIGATION EXPENSES**  
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8 15. Lead Counsel, on behalf of all Plaintiffs' Counsel, will apply to the Court for  
9 an award to be paid solely from the Settlement Fund of attorneys' fees and payment of  
10 Litigation Expenses incurred in prosecuting the Action, plus earnings on such amounts at  
11 the same rate and for the same periods as earned by the Settlement Fund. Lead Counsel's  
12 application for an award of attorneys' fees and/or Litigation Expenses is not the subject  
13 of any agreement between Defendants and Lead Plaintiff other than what is set forth in  
14 this Stipulation.  
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18 16. Any attorneys' fees and Litigation Expenses that are awarded by the Court  
19 shall be paid to Lead Counsel immediately upon award, notwithstanding the existence of  
20 any timely filed objections thereto, or potential for appeal therefrom, or collateral attack  
21 on the Settlement or any part thereof, subject to Plaintiffs' Counsel's obligation to make  
22 appropriate refunds or repayments to the Settlement Fund, plus accrued interest at the  
23 same net rate as is earned by the Settlement Fund, if (i) the Effective Date does not occur;  
24 (ii) the Settlement is terminated pursuant to the terms of this Stipulation; or (iii) if, as a  
25 result of any appeal or further proceedings on remand, or successful collateral attack, the  
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1 award of attorneys' fees and/or Litigation Expenses is reduced or reversed and such order  
2 reducing or reversing the award has become Final. Plaintiffs' Counsel shall make the  
3 appropriate refund or repayment in full no later than twenty (20) business days after: (a)  
4 receiving from Defendant's Counsel notice of the termination of the Settlement; or (b)  
5 any order reducing or reversing the award of attorneys' fees and/or Litigation Expenses  
6 has become final. Each such Plaintiffs' Counsel's law firm or Lead Plaintiff, as a  
7 condition of receiving such fees, costs, and expenses, on behalf of itself or himself, and  
8 each partner and/or shareholder of it or him, agrees that the law firm and its partners  
9 and/or shareholders are subject to the jurisdiction of the Court for the purpose of  
10 enforcing the provisions of this paragraph. Any refunds required pursuant to this  
11 paragraph ¶ 16 shall be the several obligation of Lead Counsel, other Plaintiffs' Counsel,  
12 and Lead Plaintiff that received fees or expenses to make appropriate refunds or  
13 repayments to the Settlement Fund. An award of attorneys' fees and/or Litigation  
14 Expenses is not a necessary term of this Stipulation and is not a condition of the  
15 Settlement embodied herein. Neither Lead Plaintiff nor Lead Counsel may cancel or  
16 terminate the Settlement based on this Court's or any appellate court's ruling with respect  
17 to attorneys' fees and/or Litigation Expenses.

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25 17. Lead Counsel shall allocate the attorneys' fees awarded amongst Plaintiffs'  
26 Counsel in a manner which it, in good faith, believes reflects the contributions of such  
27 counsel to the institution, prosecution and settlement of the Action. Defendants'  
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1 Releasees shall have no responsibility for or liability whatsoever with respect to the  
2 allocation or award of attorneys' fees or Litigation Expenses. The allocation or award of  
3 attorneys' fees is not a necessary term of the Settlement or of this Stipulation and it is not  
4 a condition of the Settlement or of this Stipulation that any particular allocation or award  
5 of attorneys' fees be approved by the Court. Lead Plaintiff and Lead Counsel may not  
6 cancel or terminate the Settlement (or this Stipulation) based on the Court's or any  
7 appellate court's ruling with respect to the allocation or award of attorneys' fees. The  
8 attorneys' fees and Litigation Expenses that are awarded to Plaintiffs' Counsel shall be  
9 payable solely from the Escrow Account.  
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13 **NOTICE AND SETTLEMENT ADMINISTRATION**  
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15 18. As part of the Preliminary Approval Order, Lead Counsel shall seek  
16 appointment of a Claims Administrator. The Claims Administrator shall administer the  
17 Settlement, including but not limited to the process of receiving, reviewing, and  
18 approving or denying Claims, under Lead Counsel's supervision and subject to the  
19 jurisdiction of the Court. Other than Armstrong Flooring's obligation to provide its  
20 shareholders records as provided in ¶ 19 below, none of the Defendants, nor any other  
21 Defendants' Releasees, shall have any involvement in or any responsibility, authority, or  
22 liability whatsoever for the selection of the Claims Administrator, the Plan of Allocation,  
23 the administration of the Settlement, the Claims process, or disbursement of the Net  
24 Settlement Fund, and shall have no liability whatsoever to any person or entity, including,  
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1 but not limited to, Lead Plaintiff, any other Settlement Class Members, or Lead Counsel  
2 in connection with the foregoing. Defendant's Counsel shall provide reasonable  
3 cooperation in the administration of the Settlement to the extent reasonably necessary to  
4 effectuate its terms.  
5

6 19. In accordance with the terms of the Preliminary Approval Order to be  
7 entered by the Court, Lead Counsel shall cause the Claims Administrator to issue Notice  
8 and make Proof of Claim Forms available to those members of the Settlement Class as  
9 may be identified through reasonable effort. Lead Counsel shall also cause the Claims  
10 Administrator to have the Summary Notice published in accordance with the terms of the  
11 Preliminary Approval Order to be entered by the Court. For the purposes of identifying  
12 and providing notice to the Settlement Class, within ten (10) business days of the date of  
13 entry of the Preliminary Approval Order, Armstrong Flooring shall provide or cause to be  
14 provided to the Claims Administrator in electronic format (at no cost to the Settlement  
15 Fund, Lead Counsel or the Claims Administrator) a list consisting of names and mailing  
16 addresses and email addresses, if available, of those who purchased or held Armstrong  
17 Flooring common stock during the Class Period.  
18

19 20. No later than ten (10) calendar days following the filing of this Stipulation  
20 with the Court, Armstrong Flooring shall serve the notice required under the Class Action  
21 Fairness Act, 28 U.S.C. § 1715 et seq. ("CAFA"). Armstrong Flooring is solely  
22 responsible for the costs of the CAFA notice and administering the CAFA notice. At least  
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1 seven (7) calendar days before the Settlement Hearing, Armstrong Flooring shall cause to  
2 be served on Lead Counsel and filed with the Court proof, by affidavit or declaration,  
3 regarding compliance with the notice requirements of CAFA. The Parties agree that any  
4 delay by Armstrong Flooring in timely serving the CAFA notice will not provide grounds  
5 for delay of the Settlement Hearing or entry of the Judgment.  
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8 21. The Claims Administrator shall receive Claims and determine first, whether  
9 the Claim is a valid Claim, in whole or part, and second, each Authorized Claimant's pro  
10 rata share of the Net Settlement Fund based upon each Authorized Claimant's  
11 Recognized Claim compared to the total Recognized Claims of all Authorized Claimants  
12 (as set forth in the Plan of Allocation set forth in the Internet Notice attached hereto as  
13 Exhibit A-1 or in such other plan of allocation as the Court approves).  
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16 22. The Plan of Allocation proposed in the Internet Notice is not a necessary  
17 term of the Settlement or of this Stipulation, and it is not a condition of the Settlement or  
18 of this Stipulation that any particular plan of allocation be approved by the Court. Lead  
19 Plaintiff and Lead Counsel may not cancel or terminate the Settlement (or this  
20 Stipulation) based on the Court's or any appellate court's ruling with respect to the Plan  
21 of Allocation or any other plan of allocation in this Action. Armstrong Flooring and the  
22 other Defendants' Releasees shall not object in any way to the Plan of Allocation or any  
23 other plan of allocation in this Action. No Defendant or any other Defendants' Releasee  
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1 shall have any involvement with or liability, obligation, or responsibility whatsoever for  
2 the application of the Court-approved plan of allocation.

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4 23. Any Settlement Class Member that does not submit a valid Claim will not be  
5 entitled to receive any distribution from the Net Settlement Fund, but will otherwise be  
6 bound by all of the terms of this Stipulation and the Settlement, including the terms of the  
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8 Judgment, to be entered in the Action and the Releases provided for herein and therein,  
9 and will be permanently barred and enjoined from bringing any action, claim, or other  
10 proceeding of any kind against the Defendants' Releasees with respect to the Released  
11 Plaintiffs' Claims in the event that the Effective Date occurs with respect to the  
12 Settlement.  
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15 24. Lead Counsel shall be responsible for supervising the administration of the  
16 Settlement and the disbursement of the Net Settlement Fund subject to Court approval.  
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18 No Defendant or any other Defendants' Releasee shall be permitted to review, contest, or  
19 object to any Claim, or any decision of the Claims Administrator or Lead Counsel with  
20 respect to accepting or rejecting any Claim for payment. Lead Counsel shall have the  
21 right, but not the obligation, to waive what it deems to be formal or technical defects in  
22 any Claims submitted in the interests of achieving substantial justice.  
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25 25. For purposes of determining the extent, if any, to which a Settlement Class  
26 Member shall be entitled to be treated as an Authorized Claimant, the following  
27 conditions shall apply:  
28

1 a. Each Claimant shall be required to submit a paper or electronic Claim,  
2 substantially in the form attached hereto as Exhibit A-2 in accordance with the  
3 instructions for the submission of such Claims, and supported by such documents as are  
4 designated therein, including proof of the Claimant's loss, or such other documents or  
5 proof as the Claims Administrator or Lead Counsel, in their discretion may deem  
6 acceptable;  
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9 b. All Claims must be submitted by the date set by the Court in the  
10 Preliminary Approval Order and specified in the Postcard Notice, Internet Notice, and  
11 Summary Notice. Any Settlement Class Member who fails to submit a Claim by such  
12 date shall be forever barred from receiving any distribution from the Net Settlement Fund  
13 or payment pursuant to this Stipulation (unless by Order of the Court such Settlement  
14 Class Member's Claim is accepted), but shall in all other respects be bound by all of the  
15 terms of this Stipulation and the Settlement, including the terms of the Judgment, and the  
16 Releases provided for herein and therein, and will be permanently barred and enjoined  
17 from bringing any action, claim or other proceeding of any kind against any Defendants'  
18 Releasees with respect to any Released Plaintiffs' Claim. Provided that it is mailed by the  
19 claim-submission deadline, a Claim Form shall be deemed to be submitted when  
20 postmarked, if received with a postmark indicated on the envelope and if mailed by first-  
21 class mail and addressed in accordance with the instructions thereon. In all other cases,  
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1 the Claim Form shall be deemed to have been submitted on the date when actually  
2 received by the Claims Administrator;

3 c. Each Claim shall be submitted to and reviewed by the Claims  
4 Administrator who shall determine in accordance with this Stipulation and the Plan of  
5 Allocation the extent, if any, to which each Claim shall be allowed, subject to review by  
6 the Court pursuant to subparagraph (e) below as necessary;  
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8 d. Claims that do not meet the submission requirements may be rejected.  
9 Prior to rejecting a Claim in whole or in part, the Claims Administrator shall  
10 communicate with the Claimant in writing, to give the Claimant the chance to remedy  
11 any curable deficiencies in the Claim submitted. The Claims Administrator shall notify,  
12 in a timely fashion and in writing, all Claimants whose Claim the Claims Administrator  
13 proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate  
14 in such notice that the Claimant whose Claim is to be rejected has the right to a review by  
15 the Court if the Claimant so desires and complies with the requirements of subparagraph  
16 (e) below; and  
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22 e. If any Claimant whose Claim has been rejected in whole or in part desires  
23 to contest such rejection, the Claimant must, within twenty (20) calendar days after the  
24 date of mailing of the notice required in subparagraph (d) above or a lesser time period if  
25 the Claim was untimely, serve upon the Claims Administrator a notice and statement of  
26 reasons indicating the Claimant's grounds for contesting the rejection along with any  
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1 supporting documentation, and requesting a review thereof by the Court. If a dispute  
2 concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present  
3 the request for review to the Court.  
4

5 26. Each Claimant shall be deemed to have submitted to the jurisdiction of the  
6 Court with respect to the Claimant's Claim, including but not limited to all Releases  
7 provided herein and in the Judgment, and the Claim will be subject to investigation and  
8 discovery under the Federal Rules of Civil Procedure, provided, however, that such  
9 investigation and discovery shall be limited to that Claimant's status as a Settlement  
10 Class Member and the validity and amount of the Claimant's Claim. No discovery shall  
11 be allowed on the merits of this Action or of the Settlement in connection with the  
12 processing of Claims.  
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16 27. Lead Counsel will apply to the Court, on notice to Defendant's Counsel, for  
17 a Class Distribution Order: (a) approving the Claims Administrator's administrative  
18 determinations concerning the acceptance and rejection of the Claims submitted; (b)  
19 approving payment of any administration fees and expenses associated with the  
20 administration of the Settlement from the Escrow Account; and (c) if the Effective Date  
21 has occurred, directing payment of the Net Settlement Fund to Authorized Claimants  
22 from the Escrow Account.  
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26 28. Payment pursuant to the Class Distribution Order shall be final and  
27 conclusive against all Claimants. All Settlement Class Members whose Claims are not  
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1 approved by the Court for payment shall be barred from participating in distributions  
2 from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this  
3 Stipulation and the Settlement, including the terms of the Judgment, to be entered in this  
4 Action and the Releases provided for herein and therein, and will be permanently barred  
5 and enjoined from bringing any action against any and all Defendants' Releasees with  
6 respect to any and all of the Released Plaintiffs' Claims.  
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9         29. No person or entity shall have any claim against Lead Plaintiff, Lead  
10 Counsel, the Claims Administrator, or any other agent designated by Lead Counsel, or  
11 Defendants' Releasees and/or their respective counsel, arising from distributions made  
12 substantially in accordance with the Stipulation, the Plan of Allocation approved by the  
13 Court, or any order of the Court. Lead Plaintiff and Defendants, and their respective  
14 counsel, and all other Releasees shall have no liability whatsoever for the investment or  
15 distribution of the Settlement Fund or the Net Settlement Fund, the Plan of Allocation, or  
16 the determination, administration, calculation, or payment of any claim or  
17 nonperformance of the Claims Administrator, the payment or withholding of Taxes  
18 (including interest and penalties) owed by the Settlement Fund, or any losses incurred in  
19 connection therewith.  
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25         30. All proceedings with respect to the administration, processing and  
26 determination of Claims and the determination of all controversies relating thereto,  
27 including disputed questions of law and fact with respect to the validity of Claims, shall  
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1 be subject to the jurisdiction of the Court. All Settlement Class Members, other  
2 Claimants, and Parties to this Settlement expressly waive trial by jury (to the extent any  
3 such right may exist) and any right of appeal or review with respect to such  
4 determinations. If any funds remain in the Net Settlement Fund by reason of uncashed  
5 checks or otherwise, then, after the Claims Administrator has made reasonable and  
6 diligent efforts to have Settlement Class Members who are entitled to participate in the  
7 distribution of the Net Settlement Fund cash their distribution checks, any balance  
8 remaining in the Net Settlement Fund six (6) months after the initial distribution of such  
9 funds shall be re-distributed, after payment of any unpaid costs or fees incurred in  
10 administering the Net Settlement Fund for such redistribution, to Settlement Class  
11 Members who have cashed their checks and who would receive at least \$10.00 from such  
12 re-distribution. If any funds shall remain in the Net Settlement Fund six months after  
13 such re-distribution, then such balance shall be contributed to the Legal Aid Foundation  
14 of Los Angeles or any not-for-profit successor of it.  
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21 **TERMS OF THE JUDGMENT**

22 31. If the Settlement contemplated by this Stipulation is approved by the Court,  
23 Lead Counsel and Defendant's Counsel shall request that the Court enter a Judgment,  
24 substantially in the form attached hereto as Exhibit B.  
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1                   **CONDITIONS OF SETTLEMENT AND EFFECT OF DISAPPROVAL,**  
2   **CANCELLATION OR TERMINATION**

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4           32.    The Effective Date of the Settlement shall be the date on which all of the  
5 following events have occurred or been waived:

6                   a. The Court has entered the Preliminary Approval Order, substantially in  
7 the form set forth in Exhibit A attached hereto, as required by ¶ 3 above;

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9                   b. The Settlement Amount has been deposited into the Escrow Account in  
10 accordance with the provisions of ¶ 8 above;

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12                   c. Armstrong Flooring has not exercised its option to terminate the  
13 Settlement pursuant to the provisions of this Stipulation;

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15                   d. The Court has approved the Settlement as described herein, following  
16 notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal  
17 Rules of Civil Procedure; and

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19                   e. A Judgment, which shall be in all material respects substantially in the  
20 form set forth in Exhibit B annexed hereto, has been entered by the Court and has  
21 become Final.

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23           33.    Upon the occurrence of all of the events referenced in ¶ 32 above, any and  
24 all remaining interest or right of Armstrong Flooring or any of Defendants' Releasees in  
25 or to the Settlement Fund, if any, shall be absolutely and forever extinguished and the  
26 Releasees herein shall be effective.  
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1           34. If the Effective Date as to the Settlement otherwise fails to occur, then:

2                   a. The Settlement and the relevant portions of this Stipulation shall be  
3 cancelled and terminated.

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5                   b. Lead Plaintiff and Defendants shall revert to their respective positions in  
6 the Action immediately prior to the execution of this Stipulation.

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8                   c. The terms and provisions of this Stipulation, with the exception of this ¶  
9 34 and ¶¶ 14, 16, 38, and 57, shall have no further force and effect with respect to the  
10 Parties and shall not be used in the Action or in any other proceeding for any purpose,  
11 and any Judgment or order entered by the Court in accordance with the terms of this  
12 Stipulation shall be treated as vacated, *nunc pro tunc*.

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15                   d. In the event the Settlement is not approved or the Settlement is terminated  
16 pursuant to this Stipulation, then within ten (10) business days after such termination, the  
17 Settlement Fund (including accrued interest thereon, and change in value as a result of  
18 the investment of the Settlement Fund, and any funds received by Lead Counsel  
19 consistent with ¶ 16 above), less any Notice and Administration Costs actually incurred,  
20 paid or payable and less any Taxes paid, due or owing, shall be refunded to Armstrong  
21 Flooring (or such other persons or entities as Armstrong Flooring may direct). In the  
22 event that the funds received by Lead Counsel consistent with ¶ 16 above have not been  
23 refunded to the Settlement Fund within ten (10) business days specified in this paragraph,  
24 those funds shall be refunded to Armstrong Flooring (or such other entities as Armstrong  
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1 Flooring may direct) immediately upon their deposit into the Escrow Accounting  
2 consistent with ¶ 16 above.

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4 35. It is further stipulated and agreed that Armstrong Flooring and Lead Plaintiff  
5 shall each have the right to terminate the Settlement and this Stipulation, by providing  
6 written notice of their election to do so (“Termination Notice”) to the other Party to this  
7 Stipulation within thirty (30) calendar days of: (a) the Court’s final refusal to enter the  
8 Preliminary Approval Order in any material respect; (b) the Court’s final refusal to  
9 approve the Settlement or any material part thereof; (c) the Court’s final refusal to enter  
10 the Judgment in any material respect as to the Settlement; or (d) the date upon which the  
11 Judgment is modified or reversed in any material respect by the United States Court of  
12 Appeals for the Ninth Circuit or the United States Supreme Court, and the provisions of ¶  
13 34 above shall apply. However, any decision or proceeding, whether in this Court or any  
14 appellate court, with respect to an application for attorneys’ fees or Litigation Expenses  
15 or with respect to any plan of allocation shall not be considered material to the  
16 Settlement, shall not affect the finality of any Judgment and shall not be grounds for  
17 termination of the Settlement.  
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23 36. If prior to the Settlement Hearing, the aggregate number of shares of  
24 Armstrong Flooring common stock purchased during the Class Period by persons or  
25 entities who would otherwise be Settlement Class Members, but who request exclusion  
26 from the Settlement Class, exceeds the sum specified in a separate supplemental  
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1 agreement between Lead Plaintiff and Armstrong Flooring by and through their counsel  
2 (the “Supplemental Agreement”), Armstrong Flooring shall have the discretion to  
3 terminate this Stipulation and render it null and void in accordance with the procedures  
4 set forth in the Supplemental Agreement. The Parties agree to maintain the  
5 confidentiality of the Supplemental Agreement. The Supplemental Agreement shall not  
6 be filed with the Court unless and until (i) the Parties agree in writing to file it; (ii) a  
7 dispute arises between the Parties concerning its interpretation or application; or (iii) as  
8 otherwise ordered by the Court. The Supplemental Agreement shall not otherwise be  
9 disclosed in any manner unless ordered by the Court. If required by the Court, the  
10 Supplemental Agreement and/or any of its terms may be disclosed in camera to the Court  
11 for purposes of approval of the Settlement, but such disclosure shall be carried out to the  
12 fullest extent possible in accordance with the practices of the Court so as to preserve the  
13 confidentiality of the Supplemental Agreement, particularly the threshold aggregate  
14 number of shares.

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21 37. In addition to the grounds set forth in ¶¶ 35 and 36 above, Lead Plaintiff  
22 shall also have the right to terminate the Settlement in the event that the Settlement  
23 Amount has not been paid as provided for in ¶ 8 above, but only if: (i) Lead Counsel has  
24 notified Defendant’s Counsel in writing of Lead Counsel’s intention to terminate the  
25 Settlement; and (ii) the entire Settlement Amount is not transferred to the Escrow  
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1 Account within five (5) business days after Lead Counsel has provided such written  
2 notice.

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4 **NO ADMISSION OF WRONGDOING**

5 38. Neither this Stipulation (whether or not consummated), including the  
6 exhibits attached hereto and the Plan of Allocation contained therein (or any other plan of  
7 allocation that may be approved by the Court), the negotiations leading to the execution  
8 of this Stipulation, not any proceedings taken pursuant to or in connection with this  
9 Stipulation, and/or approval of the Settlement (including any arguments proffered in  
10 connection therewith):  
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13 a. Shall be offered against any of the Defendants' Releasees as evidence of,  
14 or construed as, or deemed to be evidence of any presumption, concession, or admission  
15 by any of the Defendants' Releasees with respect to the truth of any fact alleged by Lead  
16 Plaintiff or the validity of any claim that was or could have been asserted or the  
17 deficiency of any defense that has been or could have been asserted in this Action or in  
18 any other litigation, or of any liability, negligence, fault, or other wrongdoing of any kind  
19 of any of the Defendants' Releasees or in any way referred to for any other reason as  
20 against any of the Defendants' Releasees, in any arbitration proceeding or other civil,  
21 criminal, or administrative action or proceeding, other than such proceedings as may be  
22 necessary to effectuate the provisions of this Stipulation;  
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1 b. Shall be offered against any of the Plaintiffs' Releasees as evidence of, or  
2 construed as, or deemed to be evidence of any presumption, concession, or admission by  
3 any of the Plaintiffs' Releasees that any of their claims are without merit, that any of the  
4 Defendants' Releasees had meritorious defenses, or that damages recoverable under the  
5 Complaint would not have exceeded the Settlement Amount or with respect to any  
6 liability, negligence, fault, or wrongdoing of any kind, or in any way referred to for any  
7 other reason as against any of the Plaintiffs' Releasees, in any arbitration proceeding or  
8 other civil, criminal, or administrative action or proceeding, other than such proceeding  
9 as may be necessary to effectuate the provisions of this Stipulation; or  
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13 c. Shall be construed against any of the Releasees as an admission,  
14 concession, or presumption that the consideration to be given hereunder represents the  
15 amount which could be or would have been recovered after trial; *provided, however*, that  
16 if this Stipulation is approved by the Court, the Parties and the Releasees and their  
17 respective counsel may refer to it to effectuate the protections from liability granted  
18 hereunder or otherwise to enforce the terms of the settlement.  
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22 **MISCELLANEOUS PROVISIONS**

23 39. All of the exhibits attached hereto are hereby incorporated by reference as  
24 though fully set forth herein. Notwithstanding the foregoing, in the event that there exists  
25 a conflict or inconsistency between the terms of this Stipulation and the terms of any  
26 exhibit attached hereto, the terms of this Stipulation shall prevail.  
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1           40. Armstrong Flooring warrants that, as to the payments made or to be made on  
2 its behalf, at the time of entering into this Stipulation and at the time of such payment it,  
3 or to the best of its knowledge any persons or entities contributing to the payment of the  
4 Settlement Amount, were not insolvent, nor will the payment required to be made by or  
5 on behalf of them render them insolvent within the meaning of and/or for the purposes of  
6 the United States Bankruptcy Code, including §§ 101 and 547 thereof. This  
7 representation is made by Armstrong Flooring and not by its counsel.  
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10           41. In the event of the entry of a final order of a court of competent jurisdiction  
11 determining the transfer of money to the Settlement Fund or any portion thereof by or on  
12 behalf of Armstrong Flooring to be a preference, voidable transfer, fraudulent transfer, or  
13 similar transaction and any portion thereof is required to be returned, and such amount is  
14 not promptly deposited into the Settlement Fund by others, then, at the election of Lead  
15 Plaintiff, Lead Plaintiff and Armstrong Flooring shall jointly move the Court to vacate  
16 and set aside the Releases given and the Judgment entered in favor of Defendants and  
17 other Releasees pursuant to this Stipulation, in which event the Releases and Judgment  
18 shall be null and void, the Parties shall be restored to their respective positions in the  
19 litigations as provided in ¶ 34 above, and any cash amounts in the Settlement Fund (less  
20 any Taxes paid, due or owing with respect to the Settlement Fund and less any Notice  
21 and Administration Costs actually incurred, paid or payable) shall be returned as  
22 provided in ¶ 34.  
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1           42. The Parties intend the Settlement to be the full, final, and complete  
2 resolution of all claims asserted or that could have been asserted by the Parties with  
3 respect to the Action, Released Plaintiffs' Claims and Released Defendants' Claims. The  
4 Settlement compromises claims which are contested and shall not be deemed an  
5 admission by any Party or any Releasee as to the merits of any claim or defense.  
6 Pursuant to 15 U.S.C. § 78u-4(c)(1), the Judgment will contain a finding that, during the  
7 course of the Action, the Parties, the Individual Defendants and their respective counsel  
8 at all times complied with the requirements of Federal Rule of Civil Procedure 11 in  
9 connection with the maintenance, prosecution, defense, and settlement of the Action and  
10 shall not make any application for sanctions, pursuant to Rule 11 or other court rule or  
11 statute, with respect to any claim or defense in this Action. The Parties agree that the  
12 Settlement Amount and the other terms of the Settlement were negotiated at arm's length,  
13 including through a mediation process supervised and conducted by Mediator Robert  
14 Meyer of JAMS, and in good faith by the Parties, and reflect a settlement that was  
15 reached voluntarily based upon adequate information and after consultation with  
16 competent legal counsel. The Parties and the Individual Defendants reserve their right to  
17 rebut, in a manner that such Party or Defendant determines to be appropriate, any  
18 contention made in any public forum regarding the Action, including that the Action was  
19 brought or defended in bad faith or without a reasonable basis.  
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1           43. The terms of the Settlement, as reflected in this Stipulation, may not be  
2 modified or amended, nor may any of its provisions be waived, except by a writing  
3 signed on behalf of both Lead Plaintiff and Armstrong Flooring (or their successors-in-  
4 interest).  
5

6           44. The headings herein are used for the purpose of convenience only and are  
7 not meant to have legal effect.  
8

9           45. The administration and consummation of the Settlement as embodied in this  
10 stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction  
11 for the purpose of entering orders providing for awards of attorneys' fees and Litigation  
12 Expenses to Plaintiffs' Counsel and enforcing the terms of this Stipulation, including the  
13 Plan of Allocation (or such other plan of allocation as may be approved by the Court) and  
14 the distribution of the Net Settlement Fund to Settlement Class Members.  
15  
16

17           46. The waiver by one Party of any breach of this Stipulation by any other Party  
18 shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.  
19

20           47. This Stipulation, its exhibits, and the Supplemental Agreement constitute the  
21 entire agreement among Lead Plaintiff and Armstrong Flooring concerning the  
22 Settlement and this Stipulation and its exhibits. All parties acknowledge that no other  
23 agreements, representations, warranties, or inducements have been made by any Party  
24 hereto concerning this stipulation, its exhibits, or the Supplemental Agreement other than  
25 those contained and memorialized in such documents.  
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1           48. This Stipulation may be executed in one or more counterparts, including by  
2 signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via  
3 email. All executed counterparts and each of them shall be deemed to be one and the  
4 same instrument.  
5

6           49. This Stipulation shall be binding upon and inure to the benefit of the  
7 successors and assigns of the Parties, including any and all Releasees and any  
8 corporation, partnership or other entity into or with which any Party hereto may merge,  
9 consolidate, or reorganize.  
10

11           50. The construction, interpretation, operation, effect, and validity of this  
12 Stipulation, the Supplemental Agreement, and all documents necessary to effectuate them  
13 shall be governed by the internal laws of the State of California without regard to  
14 conflicts of laws, except to the extent that federal law requires that federal law govern.  
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17           51. Any action arising under or to enforce this Stipulation, or any portion  
18 thereof, shall be commenced and maintained only in the Court.  
19

20           52. This Stipulation shall not be construed more strictly against one Party than  
21 another merely by virtue of the fact that it, or any part of it, may have been prepared by  
22 counsel for one of the Parties, it being recognized that it is the result of arm's-length  
23 negotiations between the Parties and all Parties have contributed substantially and  
24 materially to the preparation of this Stipulation.  
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1           53. All counsel and any other person executing this Stipulation and any of the  
2 exhibits hereto, or any related Settlement documents, warrant and represent that they  
3 have the full authority to do so and that they have the authority to take appropriate action  
4 required or permitted to be taken pursuant to the Stipulation to effectuate its terms.  
5

6           54. The Parties acknowledge that it is their intent to consummate this agreement,  
7 and Lead Counsel and Defendant’s Counsel agree to cooperate to the extent reasonably  
8 necessary to effectuate and implement all terms and conditions of the Stipulation and to  
9 exercise their best efforts to accomplish the foregoing terms and conditions of the  
10 Stipulation, and to use best efforts to promptly agree upon and execute all such other  
11 documentation as may be reasonably required to obtain final approval by the Court of the  
12 Settlement.  
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16           55. If any disputes arise out of the finalization of the settlement documentation  
17 or the Settlement itself prior to joint submission to the Court of the application for  
18 preliminary approval of the Settlement, the Parties agree to engage in an expedited  
19 telephonic mediation with the Mediator, Robert Meyer. If any Party is required to give  
20 notice to another Party under this Stipulation, such notice shall be in writing and shall be  
21 deemed to have been duly given (i) upon receipt of hand delivery or email transmission,  
22 with confirmation of receipt; (ii) one (1) business day after being sent to the recipient by  
23 reputable overnight courier service; or (iii) seven (7) business days after being mailed to  
24 the recipient by certified or registered mail, return receipt requested, and postage prepaid.  
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1 In addition to the methods of notice permitted in this ¶ 55, all notices shall also be  
2 provided by email to ensure that they are received by the other Party. Such notice shall be  
3 provided at the following addresses and email addresses:  
4

5 If to Lead Plaintiff or Lead Counsel: Bernstein Liebhard LLP  
6 Attn: Michael S. Bigin  
7 10 East 40<sup>th</sup> Street, 28<sup>th</sup> Floor  
8 New York, NY 10016  
9 Tel: (212) 779-1414  
Email: begin@bernlieb.com

10 If to Defendants: Skadden, Arps, Slate, Meagher & Flom  
11 LLP  
12 Attn: Peter B. Morrison  
13 300 South Grand Avenue, Suite 3400  
14 Los Angeles, CA 90071  
15 Tel: (213) 687-5000  
Email: peter.morrison@skadden.com

16 56. Except as otherwise provided herein, each Party shall bear its own costs.

17 57. Whether or not the Stipulation is approved by the Court and whether or not  
18 the Stipulation is consummated, or the Effective Date occurs, the Parties and their  
19 Counsel shall use their best efforts to keep all negotiations, discussions, acts performed,  
20 agreements, drafts, documents signed, and proceedings in connection with the Stipulation  
21 confidential.  
22  
23

24 58. All agreements made during the course of this Action relating to the  
25 confidentiality of information shall survive this Settlement.  
26  
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1 59. No opinion or advice concerning the tax consequences of the proposed  
2 Settlement to individual Settlement Class Members is being given or will be given by the  
3 Parties or their counsel; nor is any representation or warranty in this regard made by  
4 Parties or their counsel; nor is any representation or warranty in this regard made by  
5 virtue of this Stipulation. Each Settlement Class Member's tax obligations, and the  
6 determinations thereof are the sole responsibility of that Settlement Class Member, and it  
7 is understood that the tax consequences may vary depending on the particular  
8 circumstances of each individual settlement class member.  
9

10  
11 Dated: January 15, 2021

12 THE WAGNER FIRM

13  
14 By: /s/Avi Wagner

15 Avi Wagner  
16 (Cal Bar. No. 226688)  
17 1925 Century Park East,  
18 Suite 2100  
19 Los Angeles, CA 90067  
20 Telephone: 310-491-7949  
21 Facsimile: 310-694-3967

22 BERNSTEIN LIEBHARD LLP

23 Michael S. Bigin  
24 (admitted *pro hac vice*)  
25 Laurence J. Hasson  
26 (admitted *pro hac vice*)  
27 10 East 40th Street  
28 New York, NY 10016  
Telephone: (212) 779-1414  
Facsimile: (212) 779-3218  
Email: bigin@bernlieb.com  
lhasson@bernlieb.com

SKADDEN, ARPS, SLATE,  
MEAGHER & FLOM LLP

By: /s/Peter B. Morrison

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Zachary M. Faigen (CA SBN 294716)  
300 South Grand Avenue, Suite 3400  
Los Angeles, California 90071-3144  
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Facsimile: (213) 687-5600  
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Robert A. Fumerton (*pro hac vice*)  
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Facsimile: (212) 735-2000  
Robert.fumerton@skadden.com  
Christopher.fredmonski@skadden.com

*Counsel for Defendant Armstrong  
Flooring, Inc.*

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*Counsel for Lead Plaintiff Randy  
Marker and Lead Counsel for  
Proposed Settlement Class*