

RESOLUTION NO. 11-02

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

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

WHEREAS, the City did authorize and issue \$10,000,000 principal amount of its Variable Rate Demand Industrial Building Revenue Refunding Bonds (Armstrong Hardwood Flooring Company Project), Series 2009 (the "Bonds"); and

WHEREAS, Armstrong Hardwood Flooring Company, a Tennessee corporation (the "Company") is seeking to provide an alternate letter of credit from The Bank of Nova Scotia (the "Nova Scotia Letter of Credit") as credit support for the Bonds; and

WHEREAS, the issuance of the Nova Scotia Letter of Credit requires amendments to the Loan Agreement between the City and the Company, dated as of July 1, 2009 (the "Loan Agreement"), and the Trust Indenture between U.S. Bank National Association (the "Trustee") and the City, dated as of July 1, 2009 (the "Indenture"); and

WHEREAS, the issuance of the Nova Scotia Letter of Credit also requires the remarketing of the Bonds; and

WHEREAS, the remarketing of the Bonds requires the preparation and distribution of a Second Supplemental Offering Memorandum; and

WHEREAS, the City, acting by and through its City Council, has determined that it is necessary and desirable and in the public interest to assist the Company in restructuring its credit facility with the issuance of the Nova Scotia Letter of Credit and the remarketing of the Bonds, by and through the approval, execution and delivery of amendments to the Loan Agreement and the Indenture and any and all other related documents necessary thereto, and the approval of the distribution of a Second Supplemental Offering Memorandum.

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

Section 1. Amendments to the Indenture and Loan Agreement. The amendments to the Indenture and the Loan Agreement as set forth in the Agreement attached hereto as Exhibit A are hereby approved.

Section 2. Approval and Authorization of Execution for Various Documents. The Side Letter from the City and The Bank of Nova Scotia to Trustee, to be dated on or about December 22, 2011 substantially the form attached to this Resolution is hereby approved, subject to such changes, insertions or omissions as may be approved by the Mayor, such approval to be conclusively evidenced by his execution of said document, in order to effectuate the purposes of this Resolution; and the Mayor is hereby authorized to execute and acknowledge the same for and on behalf of the City; and the City Clerk is authorized to attest same. Said document, labeled Exhibit A, is hereby ordered to be filed in the office of the City Clerk with this Resolution.

Section 3. Approval of Distribution of Second Supplement to Offering Memorandum. The distribution of the Second Supplement to Offering Memorandum attached hereto as Exhibit B in connection with the remarketing of the Bonds as secured by the alternate letter of Credit is hereby approved.

Section 4. Further Actions of Issuer Officials Authorized. Pursuant to the Constitution and laws of the Commonwealth of Kentucky, the Mayor, the City Clerk and all other appropriate officials of the Issuer are hereby authorized and directed to take any and all further actions and to execute and deliver all other documents as may be necessary to effect the issuance of the alternate letter of credit securing the Bonds and the remarketing of the Bonds as secured by such alternate letter of credit.

Section 5. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

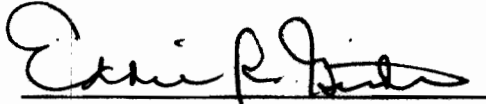
Section 6. Headings of Resolution. The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

Section 7. Repealer. To the extent any resolution, ordinance or part thereof is in conflict with this Resolution, the provisions of this Resolution shall prevail.

Section 8. Effective Date of Resolution. This Resolution shall take effect from and after its adoption, approval and publication of Notice of Adoption hereof, including the title of this Resolution, which publication is hereby approved by the Clerk of the City Council.

[Remainder of this page intentionally left blank.]

This Resolution was introduced, seconded and adopted at a duly convened meeting of the City Council of the City of Somerset, Kentucky, held on December 12, 2011.


Mayor

ATTEST:


City Clerk

CERTIFICATE

I, DAVID GODSEY, do hereby certify that I am the duly qualified and acting City Clerk of the City of Somerset, Kentucky; that the foregoing is a true and complete copy of a certain Resolution duly adopted by the City Council of the City of Somerset, Kentucky, at a duly convened meeting properly held on December 12, 2011; that said Resolution appears as a matter of public record in the official records of the City Council; that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.805 to 61.850; that a quorum was present at said meeting; that said Resolution has not been amended, modified, revoked or repealed; and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 12th day Dec., 2011.


City Clerk

**NOTICE OF ADOPTION
AND SUMMARY OF RESOLUTION**

I. TITLE

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

II. SUMMARY

Notice is hereby given that a Resolution, the title of which is the foregoing, was adopted at a meeting of the City Council of the City of Somerset, Kentucky (the "City"), at City Council Chambers, Somerset City Hall, 400 E. Mt. Vernon Street, Somerset, Kentucky, 42501, on December 12, 2011, at 7:00 p.m. local time.

A summary of said Resolution is as follows:

A. The Resolution authorizes and approves the execution of an agreement containing amendments to the Loan Agreement and Trust Indenture necessary in connection with the issuance of an alternate letter of credit by The Bank of Nova Scotia to secure the \$10,000,000 City of Somerset, Kentucky Variable Rate Demand Industrial Building Revenue Refunding Bonds (Armstrong Hardwood Flooring Company Project), Series 2009 (the "Bonds"), which were issued on July 22, 2009, for the purpose of refinancing the costs of acquiring, constructing and equipping a hardwood flooring manufacturing facility located at 630 Industry Road, Somerset, Pulaski County, Kentucky, 42501.

B. The Resolution further authorizes and approves the distribution of a Second Supplement to Offering Memorandum necessary to remarket the Bonds upon the issuance of the alternate letter of credit securing the Bonds, and any and all other related documents necessary thereto.

C. The Resolution authorizes the Mayor and other City officials to execute any and all documents and to take any other necessary actions to effect the issuance of the alternate letter of credit and the remarketing of the Bonds.

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


/s/
City Clerk
City of Somerset, Kentucky

I, David B. Malone, hereby certify that I am an attorney-at-law in the Commonwealth of Kentucky and that this is a true and accurate summary of the above-described Resolution.

/s/David B. Malone

Bond Counsel

Exhibit A

December __, 2011

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

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

Ladies and Gentlemen:

We refer to:

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

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

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

WHEREAS, pursuant to an Agreement dated April 1, 2011 (the "First Amendment") among the City, the Trustee, Armstrong and Credit Agricole, and the Receivables Purchase Agreement, Credit Agricole issued a Letter of Credit, No. 108237025 (the "Credit Agricole Letter of Credit"), in favor of the Trustee to secure the payment of the then outstanding Bonds under the Indenture (the "Outstanding Bonds"), and

WHEREAS, the Borrower wishes to replace the Credit Agricole Letter of Credit with a letter of credit issued by The Bank of Nova Scotia ("Nova Scotia") pursuant to the Receivables Purchase Agreement as amended by an Amendment to Receivables Purchase Agreement dated December __, 2011 among, inter alia, Armstrong Receivables, Armstrong World and Nova Scotia, and

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

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

PART I MODIFICATIONS TO INDENTURE

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

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

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

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

- (3) the final sentence of Section 3.10.

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

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

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

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

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

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

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

PART II MODIFICATIONS TO LOAN AGREEMENT

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

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

(b) Notwithstanding any provision in the Loan Agreement to the contrary, any other amount or other consideration that would otherwise be payable by the Borrower to Nova Scotia in its role as Bank pursuant to any section of the Loan Agreement, including without limitation any amounts in respect of Loan Proceeds as set forth in Section 2.1, any amount in respect of Loan Payments as set forth in Section 2.4, any amounts collected and applied to payment of principal of and interest and any premium on the Bonds collected pursuant to action taken upon an Event of Default as set forth in Section 9.2, and any amounts remaining in the Bond Fund as set forth in Section 102, shall instead be paid directly to the Trustee for application pursuant to the Indenture.

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

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

(1) the investment of moneys held as part of the Bond Fund or Project Fund at the written direction of the Authorized Borrower Representative as set forth in Section

(2) the release from the lien of any mortgage of portions of land as set forth in Section 5.3;

(3) the approval of a title insurance policy or endorsement as set forth in Section 5.7; and

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

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

PART III EFFECTIVENESS; TERMINATION

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

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

PART IV MISCELLANEOUS PROVISIONS

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

The Bank of Nova Scotia
One Liberty Plaza, 26th Floor
New York, NY 10006
Attn: Letter of Credit Department

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

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

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

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

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

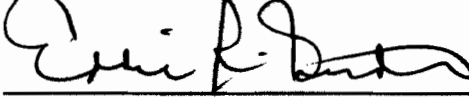
SUBPART 4.7 Limitation on Obligations of Bank. Nothing in this Agreement shall be deemed to impose any additional obligations on Nova Scotia other than its obligations under the Letter of Credit.

[Remainder of page intentionally left blank]

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

Very truly yours,

THE CITY OF SOMERSET, KENTUCKY

By: 
Mayor

ATTEST


City Clerk

THE BANK OF NOVA SCOTIA

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

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

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name: _____
Title: _____

ARMSTRONG HARDWOOD FLOORING COMPANY

By: _____
Name: _____
Title: _____

Exhibit B
SECOND SUPPLEMENT TO OFFERING MEMORANDUM

DATED DECEMBER __, 2011

**NOT A NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: Standard & Poor's: _____
Moody's Investors Service: _____**

**\$10,000,000 City of Somerset, Kentucky Variable Rate Demand
Industrial Building Revenue Refunding Bonds
(Armstrong Hardwood Flooring Company Project), Series 2009**

This Second Supplement to Offering Memorandum (the "Second Supplement") is made to advise the holders and prospective purchasers of the captioned bonds (the "Bonds") of certain changes to the security for the Bonds which have occurred subsequent to July 22, 2009, the date of the Offering Memorandum (the "Original Offering Memorandum") delivered in connection with the Bonds, as supplemented by a Supplement to Offering Memorandum dated April 1, 2011 (the "First Supplement" and together with the Original Offering Memorandum, collectively, the "Offering Memorandum").

As of the date of this Second Supplement, the Letter of Credit issued by Crédit Agricole Corporate and Investment Bank, will be replaced with a substitute Letter of Credit issued by

THE BANK OF NOVA SCOTIA

(the "Bank") in favor of U.S. Bank National Association, Hartford, Connecticut, as trustee (the "Trustee") under the Trust Indenture dated as of July 1, 2009 (the "Indenture") between the City of Somerset, Kentucky (the "Issuer") and the Trustee regarding the Bonds.

The Remarketing Agent for the Bonds is Thornton Farish Inc. (the "Remarketing Agent"). The Bonds will continue to bear interest at the Variable Rate as more fully set forth in the attached Offering Memorandum.

Unless otherwise set forth in this Second Supplement, the information regarding the Bonds and the security therefor contained in the attached Offering Memorandum shall continue to be applicable to the Bonds, and terms used herein with initial capitalization, unless otherwise defined in this Second Supplement, shall have the meanings set forth in the Offering Memorandum.

In connection with the issuance of the substitute Letter of Credit, and the Trustee's acceptance thereof, Steptoe & Johnson, PLLC, as Bond Counsel, has rendered its opinion that the Indenture permits the Trustee to accept the substitute Letter of Credit as a replacement for the Letter of Credit issued by Crédit Agricole Corporate and Investment Bank, and that the acceptance of the substitute Letter of Credit will not have an adverse effect on the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

The information in Appendix A regarding The Bank of Nova Scotia replaces and supersedes the information set forth in Appendix A of the First Supplement.

**THORNTON FARISH INC.
AS REMARKETING AGENT**

No person has been authorized to give any information or to make any representations other than those contained in this Second Supplement to Offering Memorandum (the "Second Supplement") in connection with the offering described herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer, the Borrower, the Bank, the Remarketing Agent or the Underwriter. This Second Supplement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Second Supplement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Borrower or the Bank since the date hereof. The information set forth herein has been obtained from the Borrower, the Bank and other sources and is believed by the Remarketing Agent to be reliable but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a representation by, the Remarketing Agent.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER, THE BORROWER, THE BANK AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT.....	1
THE LETTER OF CREDIT	1
THE RECEIVABLES PURCHASE AGREEMENT	2
SUPPLEMENTAL LETTER.....	6

APPENDIX A – Financial Information for The Bank of Nova Scotia

APPENDIX B – Definitions

INTRODUCTORY STATEMENT

The Borrower will cause to be delivered to the Trustee an irrevocable direct-pay letter of credit (the "Letter of Credit") to be issued by The Bank of Nova Scotia (the "Bank"). The Trustee will be authorized under the Letter of Credit, subject to the terms and conditions thereof, to draw up to (1) an amount equal to the aggregate principal of the Outstanding Bonds sufficient (i) to pay the principal of the Bonds when due at maturity or upon redemption or acceleration or (ii) to pay the portion of the purchase price corresponding to the principal of Bonds tendered for purchase pursuant to the Indenture to the extent remarketing proceeds are not available for such purpose, plus (2) up to one hundred eight (108) days' accrued interest on the outstanding Bonds at a maximum rate of twelve percent (12%) per annum (i) to pay interest on the Bonds when due or (ii) to pay the portion of the purchase price of Bonds tendered for purchase pursuant to the Indenture corresponding to the accrued interest, if any, on such Bonds to the extent remarketing proceeds are not available for such purpose. The Letter of Credit expires on _____, unless terminated earlier pursuant to its terms or extended. Unless the Letter of Credit is extended in accordance with the terms of the Indenture, the Bonds will become subject to mandatory tender for purchase. The Bonds are also subject to mandatory tender for purchase on the date of substitution of the Letter of Credit with a substitute Letter of Credit. See "*THE BONDS—Purchase Provisions—Mandatory Tender of Bonds for Purchase—Mandatory Tender Date*" in the Offering Memorandum. The Letter of Credit is being issued pursuant to that certain Receivables Purchase Agreement dated as of December 10, 2010 (the "Receivables Purchase Agreement") among Armstrong Receivables Company LLC, a Delaware limited liability company ("Armstrong Receivables"), as the seller, Armstrong World Industries, Inc., a Pennsylvania corporation (the "Parent"), as initial servicer and collection agent, Atlantic Asset Securitization LLC, a Delaware limited liability company ("Atlantic"), as the financing conduit purchaser, and the Bank, as administrative agent, as related committed purchaser for Atlantic, and as issuer of letters of credit, pursuant to which Armstrong Receivables will sell interests in its receivables to Atlantic in exchange to the issuance of, and maintenance of, the Letter of Credit at the request of the Borrower.

THE LETTER OF CREDIT

As security for the payment of amounts due under the Indenture and the Bonds, the Borrower will cause to be delivered to the Trustee an irrevocable direct-pay letter of credit issued by The Bank of Nova Scotia, as the letter of credit bank (the "Bank"), pursuant to the terms of the Receivables Purchase Agreement. See "*THE RECEIVABLES PURCHASE AGREEMENT*" below. See Appendix A to this Second Supplement for a description of the financial information for The Bank of Nova Scotia.

The Letter of Credit will be issued in an amount equal to the principal amount of the Bonds (the "Principal Component") plus an amount that represents one hundred eight (108) days' accrued interest on the Bonds calculated at twelve percent (12%) per annum (the "Interest Component"). The Letter of Credit will permit the Trustee to draw (a) an amount not exceeding the Principal Component for payment of the principal of the Bonds due at maturity (including maturity by acceleration) or upon redemption or for the payment of that portion of the purchase price of Bonds tendered or deemed tendered for purchase ("Tendered Bonds") corresponding to the principal of Bonds and (b) an amount not exceeding the Interest Component for payment of regular installments of interest and interest on the Bonds that have matured (including by acceleration or redemption) and for payment of the portion of the purchase price of such Bonds tendered or deemed tendered for purchase corresponding to accrued interest.

The amount available to be drawn under the Letter of Credit will be reduced to the extent of any drawing thereunder (other than a drawing to pay the purchase price of Bonds tendered or deemed

tendered for purchase), subject to reinstatement as described below. Each demand for payment with respect to the purchase price of Tendered Bonds honored by the Bank will reduce the Principal Component available to be drawn under the Letter of Credit by an amount equal to the principal of the Tendered Bonds and will reduce the Interest Component by an amount equal to the interest accrued on the principal amount of the Tendered Bonds to the purchase date, subject to reinstatement as described below. The amount available to be drawn under the Letter of Credit will also be reduced by the amount stated in a written notice of reduction executed by an officer of the Trustee.

With respect to a drawing to pay regular installments of interest on the Bonds, the amount so drawn will be automatically reinstated. With respect to a drawing to pay the purchase price of Tendered Bonds, the amount so drawn will be reinstated at such time as the Trustee receives written notice from the Bank of such reinstatement.

The Letter of Credit shall expire at 5:00 p.m. (New York, New York time) on January 6, 2012 (the "Stated Expiration Date"), or, if such day is not a Business Day, on the next succeeding Business Day. Prior to the Termination Date (as defined below in this section), the Stated Expiration Date shall be automatically extended for an additional 365 days unless, not less than 50 days prior to the then-current Stated Expiration Date, the Bank has delivered to the Trustee a notice in the form attached to the Letter of Credit stating (i) that the Stated Expiration Date shall not be so extended and (ii) that the Trustee may draw against the Letter of Credit to pay the Outstanding Bonds (other than Pledged Bonds) plus accrued and unpaid interest on such Outstanding Bonds on or prior to the then-Stated Expiration Date. Each such extension of the Stated Expiration Date shall become effective on the 50th day preceding the Stated Expiration Date (without giving effect to such extension), and thereafter all references in the Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date so extended, and will extend the term of the Letter of Credit for one or more years, in which case the Letter of Credit shall expire as set forth in such amendments, it being understood that the Bank shall have no obligation to grant any such extensions). The Letter of Credit shall automatically terminate (the "Termination Date") on the first to occur of: (a) the Stated Expiration Date; (b) the earlier of (i) the date which is fifteen (15) days after the Conversion Date and (ii) the date on which the Bank honors a drawing under the Letter of Credit on or after the Conversion Date; (c) the date on which the Bank receives a certificate from the Trustee to the effect that there are no Bonds outstanding under the Indenture other than Bonds secured by a replacement Letter of Credit; (d) the date on which the final drawing available thereunder is honored; or (e) the date which is fifteen (15) days following receipt by the Trustee of a written notice from the Bank in the form of Annex M attached to the Letter of Credit specifying the occurrence of a LC Wind-Down Event under the Receivables Purchase Agreement.

THE RECEIVABLES PURCHASE AGREEMENT

Armstrong Receivables Company LLC, a Delaware limited liability company ("Armstrong Receivables"), as the seller, the Parent, as initial servicer and collection agent, Atlantic Asset Securitization LLC, a Delaware limited liability company ("Atlantic"), as the financing conduit purchaser, and the Bank have entered into the Receivables Purchase Agreement, which provides for the issuance of the Letter of Credit and for the reimbursement of the Bank for draws upon the Letter of Credit. The Receivables Purchase Agreement also sets forth various other covenants and obligations of Armstrong Receivables and the Parent. See *"THE RECEIVABLES PURCHASE AGREEMENT"* contained in the First Supplement attached hereto for a summary of the Receivables Purchase Agreement.

SUPPLEMENTAL LETTER

In connection with the delivery of the Letter of Credit by the Bank pursuant to a Securitization Transaction, the Issuer and the Trustee will enter into a Supplemental Letter dated as of the date of the issuance of the Letter of Credit at the request of the Borrower and the Bank to accommodate certain structural legal issues pursuant the Securitization Transaction.

Under the terms of the Supplemental Letter,

- the Bank will waive its right to subrogation to the position of the bondholders under the terms of the Indenture to the extent of its payments under the Letter of Credit,
- the Bank will waive any lien on the funds or any other lien created or arising under the Indenture,
- excess drawings under the Letter of Credit, if any, may be returned to the Borrower instead of the Bank,
- moneys received by the Trustee from the taking of remedies upon the occurrence of an Event of Default under the Indenture that would have been paid to the Bank will instead be paid to the Borrower, and any amount or other consideration that would otherwise be payable to the Bank pursuant to any other section of the Indenture shall instead be paid directly to the Borrower,
- the Bank will waive certain control rights and the right to give certain directions, including control rights of remedies, under the Indenture,
- the Trustee will agree to terminate the existing Letter of Credit issued by Crédit Agricole Corporate and Investment Bank (the "Existing Letter of Credit") immediately upon the successful tender of the Bonds in connection with the substitution of the Letter of Credit for the Existing Letter of Credit,
- the Bank will waive any assignment in its favor under the Loan Agreement, including the assignment by the Trustee of its Notes,
- certain amounts that would be paid by the Borrower to the Bank under the Loan Agreement will instead be paid to the Trustee to be applied pursuant to the Indenture, and
- the Bank will waive certain control rights and the right to give certain directions, including control rights of remedies, under the Loan Agreement.

The Supplemental Letter shall continue in effect until the Bank provides written notice of the termination of the Supplemental Letter to the Trustee. The Bank agrees pursuant to the Supplemental Letter that it shall not give any notice of the termination of the Supplemental Letter so long as the Letter of Credit then in effect is issued pursuant to the Receivables Purchase Agreement. In the event of any inconsistency between the Supplemental Letter and the Indenture, the Supplemental Letter shall govern. A copy of the Supplemental Letter will be attached to the Indenture and a copy may be obtained upon request of the Trustee.

APPENDIX A

**FINANCIAL INFORMATION
FOR
THE BANK OF NOVA SCOTIA**

THE FOLLOWING INFORMATION RELATES TO AND HAS BEEN OBTAINED FROM THE BANK OF NOVA SCOTIA ("NOVA SCOTIA"). THE DELIVERY OF THIS INFORMATION SHALL NOT CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF NOVA SCOTIA SINCE THE DATE HEREOF, OR THAT THE INFORMATION CONTAINED OR REFERRED TO BELOW IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

The information contained in this Appendix A relates to and has been obtained from Nova Scotia. The delivery of the Second Supplement to Offering Memorandum shall not create any implication that there has been no change in the affairs of Nova Scotia since the date hereof, or that the information contained or referred to in this Appendix A is correct as of any time subsequent to its date.

APPENDIX B

DEFINITIONS

"Receivables Purchase Agreement" means the Receivables Purchase Agreement dated as of December 10, 2010, among Armstrong Receivables Company LLC, a Delaware limited liability company, as the seller, the Parent, as initial servicer and collection agent, Atlantic Asset Securitization LLC, a Delaware limited liability company ("Atlantic"), as the financing conduit purchaser, and the Initial Credit Facility Issuer, as administrative agent, the related committed purchaser for Atlantic, and as issuer of letters of credit pursuant to which the Initial Credit Facility is issued, and any and all modifications, alterations, amendments and supplements thereto or substitutions therefor, and any other agreement pursuant to which a Letter of Credit is issued and which provides that such agreement shall be deemed to be a "Reimbursement Agreement" for the purpose of the Indenture.

"Securitization Transaction" means a transaction whereby the Borrower's special purpose entity subsidiary obtains a Letter of Credit and funds its reimbursement obligation to the issuer of such Letter of Credit by selling or pledging the accounts receivable acquired by such special purpose entity subsidiary or its other assets to the issuer of such Letter of Credit or an agent, assignee or designee of the issuer of such Letter of Credit.