



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP

JUDGE: JUSTICE CANAVAGH

COURT FILE

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NO. ON LIST 1

TITLE OF
PROCEEDING

ARMSTRONG FLOORING, INC. ET AL

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ENDORSEMENT:

This is an application by Armstrong Flooring Canada Ltd. ("AFI Canada" or the "Applicant") pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for certain relief, including orders recognizing certain proceedings in the United States of America commenced by the Petitions filed by the Applicant and other debtors under Chapter 11 of Title 11 of the United States Code (the "US Code") in the United States Bankruptcy Court for the District of Delaware (the "US Court") and recognizing certain orders of the US Court made in the US Proceedings. The Applicant also seeks other ancillary relief.

AFI Canada brings this application as the foreign representative of Armstrong Flooring, Inc. ("AFI"), AFI Licensing LLC ("AFI Licensing") and Armstrong Flooring Latin America, Inc. ("AFI Flooring", and together with AFI and AFI Licensing, the "US Debtors", and the US Debtors together with AFI Canada, the "Debtors" or the "AFI Group").

In order to: (i) alleviate any potential harm to the AFI Group during the US Proceeding; (ii) ensure the protection of the AFI Group's Canadian assets, the interests of AFI Canada in the interests of its Canadian stakeholders during the course of the US Proceedings; and (iii) ensure that this Court and the Canadian stakeholders are kept properly informed of the US Proceedings, AFI Canada has brought this application to seek the following relief:

- a. An order (the “Initial Recognition Order”) granting certain relief, including, among other things:
 - i. abridging the time for service of the material such that this application is properly returnable on the date set for hearing;
 - ii. declaring that AFI Canada is a “foreign representative” (as defined in section 45 of the CCAA) of the Debtors in respect of the jointly administered insolvency proceedings;
 - iii. declaring that the centre of main interest for the Debtors is the United States of America and recognizing and declaring the US Proceedings as a “foreign main proceeding” under Part IV of the CCAA in respect to each Debtor, including AFI Canada;
 - iv. recognizing and enforcing certain orders of the US Court made in the US Proceedings;
 - v. staying all proceedings that might be taken against the AFI Group under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, or the *Winding-Up and Restructuring Act*, R.S.C. 1985, c. W-11, as amended;
 - vi. restraining further proceedings and any action, suit or proceeding against the AFI Group; and
 - vii. prohibiting the commencement of any action, suit or proceeding against the AFI Group; and
- b. An order (the “Supplemental Order”) granting certain relief, including, among other things:
 - i. recognizing in Canada and enforcing certain of the First Day Orders as set out in the Affidavit of Michel S. Vermette sworn June 1, 2022 (the “Vermette Affidavit”);
 - ii. granting additional stays and protections in respect of the AFI Group and the directors and officers of the AFI Group consistent with the Model Supplemental Order in Ontario;
 - iii. appointing Grant Thornton Limited (“GTL”) as information officer (in such capacity, the “Information Officer”) in respect of this proceeding; and
 - iv. granting the Court-ordered Administration Charge (as defined in the Vermette Affidavit).

The relevant facts are set out in the Vermette Affidavit and an overview is provided in the factum of AFI Canada.

The AFI Group is a leading global producer of resilient flooring products for use primarily in the construction and renovation of commercial, residential and institutional buildings. The AFI Group sells its products in North American commercial and residential markets as well as in commercial markets in the Pacific Rim (primarily China and Australia). The majority of the AFI Group’s sales are in North America, where the AFI Group is the largest producer of resilient flooring products.

AFI is the direct parent company of each of the other Debtors, which are all incorporated in Delaware, except for AFI Canada, which is a Canadian company.

In early 2020, the AFI Group embarked on a strategy to modernize operations and increase its profitability, the implementation of which required the AFI Group to expend significant resources. The effects of the COVID-19 pandemic placed further stress on the AFI Group’s operations and liquidity, as well as other challenging market conditions. These challenges, along with lack of access to additional capital and potential defaults under existing financing arrangements, have caused the AFI Group to seek a restructuring through a court-approved process in order to preserve and maximize the value of its assets and estate for all of its stakeholders.

On May 8, 2022, each of the Debtors filed voluntary petitions for relief pursuant to Chapter 11 of the US Code with the US Court. The AFI Group has requested that the Petitions be jointly administered for procedural purposes only.

As part of the first day motions that were heard by the US Court on May 11, 2022, which hearing was continued on May 13, 2022 and May 17, 2022, the US Court made several orders (collectively, the "First Day Orders"), as detailed in the Vermette affidavit, including an order appointing AFI Canada as the foreign representative of the AFI Group (the "Foreign Representative Order") to, among other things, seek recognition of the US Proceedings in Canada. Pursuant to the Foreign Representative Order, the US Court requested the assistance of the Ontario Superior Court of Justice (Commercial List) in aiding and supporting the US proceedings.

There are no other insolvency proceedings involving the Debtors other than the US Proceedings and these proceedings.

I have reviewed the materials filed in support of this application and I heard submissions from counsel for AFI Canada and counsel for the proposed Information Officer. I am satisfied that this Court has jurisdiction to hear the Application. I am satisfied that the requested Initial Recognition Order should be made and that the requested Supplemental Order should be made. In this respect, I accept the submissions made in paras. 13-68 of the factum of AFI Canada.

Orders to issue in forms of Orders signed by me today.