

ESPE MATTHEW J  
Form 4  
August 11, 2010

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
ESPE MATTHEW J

2. Issuer Name and Ticker or Trading Symbol  
ARMSTRONG WORLD INDUSTRIES INC [AWI]

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)

(Last) (First) (Middle)  
2500 COLUMBIA AVE  
  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
08/10/2010

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
President and CEO

LANCASTER, PA 17603  
  
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) Amount (D) Price  |   |  |                                   |
| Common stock <sup>(1)</sup>     | 08/10/2010                           |  | A                              | 29,303 A \$ 0   | 29,303  | D  |                                   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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| 1. Title of Derivative Security (Instr. 3)       | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Stock Options - right to buy                     | \$ 37.54   | 08/10/2010                           |  | A                              | 226,391   | (2) (3)  | Common Stock  |
| Performance-based restricted stock units (4) (5) | (4) (5)  | 08/10/2010                           |  | A                              | 39,958  | (4)(5) (4)(5)  | Common stock  |

Reporting Owners

| Reporting Owner Name / Address                             | Relationships |           |                   |       |
|--|---------------|-----------|-------------------|-------|
|  | Director      | 10% Owner | Officer           | Other |
| ESPE MATTHEW J<br>2500 COLUMBIA AVE<br>LANCASTER, PA 17603 | X             |           | President and CEO |       |

Signatures

Michele M. Nicholas, Attorney-in-fact 08/11/2010

\*\*Signature of Reporting Person Date

Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
  - (1) Represents restricted stock units granted under the 2006 Long-Term Incentive Plan. The units will vest in three installments at one, two and three years as follows: 9,767 shares on August 9, 2011; 9,768 shares on August 9, 2012; and 9,768 shares on August 9, 2013 (contingent upon the officer's employment on the scheduled vesting dates).
  - (2) The options will vest and become exercisable in three installments at one, two and three years as follows: 75,463 shares on August 10, 2011; 75,464 shares on August 10, 2012; and 75,464 shares on August 10, 2013 (contingent upon the officer's employment on the scheduled vesting dates).
  - (3) No shares of stock may be acquired by exercise of an option after a maximum of ten years from the date the option was granted.
  - (4) Mr. Espe was granted 39,958 performance-based restricted stock units ("PRSU") under the 2006 Long-Term Incentive Plan. The PRSU vest as follows: (i) 50% of the PRSU (19,979 units) will vest on December 31, 2012 if the stock price target of \$55.00 has been achieved; (ii) 50% of the PRSU (19,979 shares) will vest on December 31, 2013 if the stock price target of \$70.00 has been achieved; and if the PRSU do not vest in accordance with clause (i) and/or clause (ii), the PRSU will vest when the applicable stock price target is achieved, but only if they are achieved no later than December 31, 2014.
  - (5) To the extent that, as of December 31, 2014, the applicable stock price targets set forth above have not been met, the PRSU shall be forfeited. The Company's closing stock price must be equal to or above the stock price target for 15 trading days in a 20 day consecutive trading day period at any time prior to the applicable time vesting date (or by December 31, 2014) for awards to become vested. Each PRSU represents the right to receive, following vesting, one share of Company common stock, together with a cash dividend payment proportionate to the earned shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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