

ESPE MATTHEW J
 Form 4
 December 21, 2010

FORM 4

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

OMB APPROVAL

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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)

3. Date of Earliest Transaction (Month/Day/Year)
 12/17/2010

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

C/O ARMSTRONG WORLD INDUSTRIES, INC., 2500 COLUMBIA AVENUE
 (Street)

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

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

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) or (D)	Code	V	Amount	(D)	Price

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 Underlying Security (Instr. 3 and 4)		
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Stock option	\$ 37.54	12/17/2010		D ⁽¹⁾			75,463	08/10/2011	08/10/2020	Common stock
Stock option	\$ 28.83	12/17/2010		A ⁽¹⁾		98,283		08/10/2011	08/10/2020	Common stock
Stock option	\$ 37.54	12/17/2010		D ⁽¹⁾			75,464	08/10/2012	08/10/2020	Common stock
Stock option	\$ 28.83	12/17/2010		A ⁽¹⁾		98,284		08/10/2012	08/10/2020	Common stock
Stock option	\$ 37.54	12/17/2010		D ⁽¹⁾			75,464	08/10/2013	08/10/2020	Common stock
Stock option	\$ 28.83	12/17/2010		A ⁽¹⁾		98,284		08/10/2013	08/10/2020	Common stock
Performance based restricted stock units	<u>(2)</u>	12/17/2010		D ⁽²⁾			39,958	<u>(2)</u>	<u>(2)</u>	Common stock
Performance based restricted stock units	<u>(2)</u>	12/17/2010		A ⁽²⁾		39,958		<u>(2)</u>	<u>(2)</u>	Common stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ESPE MATTHEW J C/O ARMSTRONG WORLD INDUSTRIES, INC. 2500 COLUMBIA AVENUE LANCASTER, PA 17603	X		President and CEO	

Signatures

/s/ Jeffrey D. Nickel,
attorney-in-fact

12/21/2010

**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) The reported transactions involved an amendment of outstanding options due to the recapitalization of the Company, resulting in the deemed cancellation of the "old" options and the grant of replacement options.

The performance-based restricted stock units (PRSU) granted to Mr. Espe have been amended to adjust the stock price target due to the recapitalization of the Company, resulting in a deemed cancellation of the old PRSU and the grant of replacement PRSU. PRSU vest as follows: (i) 50% of PRSU (19,979 units) will vest on 12/31/12 if the stock price target of \$42.73 has been achieved; (ii) 50% of PRSU (19,979 units) will vest on 12/31/13 if the stock price target of \$57.73 has been achieved; and if PRSU do not vest in accordance with clause (i) and/or clause (ii), PRSU will vest when the applicable stock price targets are achieved, but only if they are achieved no later than 12/31/14. To the extent that, as of 12/31/14, the applicable stock price targets have not been met, 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 anytime prior to the applicable vesting dates.

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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