

AMERICAN BILTRITE INC
Form 8-K
November 20, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 14, 2008

AMERICAN BILTRITE INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

1-4773

04-1701350

(State or other jurisdiction of
incorporation)

(Commission File No.)

(IRS Employer Identification
No.)

57 River Street, Wellesley Hills, Massachusetts
02481-2097

(Address of principal executive offices, including
zip code)

(781) 237-6655

(Registrant's telephone number, including area
code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR
230.425)

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Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 8.01 OTHER EVENTS

On November 14, 2008, an amended plan of reorganization (the "Amended Plan") and a disclosure statement (the "Disclosure Statement") for Congoleum Corporation ("Congoleum"), a majority-owned subsidiary of American Biltrite Inc. ("American Biltrite"), was filed with the United States Bankruptcy Court for the District of New Jersey in the Chapter 11 proceedings of Congoleum. The Amended Plan was filed jointly by Congoleum and Congoleum's debtor subsidiaries, the official asbestos claimants' committee, and the official committee of bondholders. A hearing to consider the adequacy of the Disclosure Statement describing the Amended Plan is scheduled for December 18, 2008.

If the Amended Plan is approved by the Bankruptcy Court and accepted by the requisite creditor constituencies, it will permit Congoleum to exit Chapter 11 free of liability for existing or future asbestos claims. Under the terms of the Amended Plan, a trust will be created that will assume the liability for Congoleum's current and future asbestos claims. That trust will receive the proceeds of various settlements Congoleum has reached with a number of insurance carriers, and will be assigned Congoleum's rights under its remaining policies covering asbestos product liability. The trust will also receive 70% of the newly issued common stock in reorganized Congoleum when the Amended Plan takes effect and \$5 million in new 9.75% senior secured notes that mature five years from issuance.

Holders of Congoleum's \$100 million in 8.625% senior notes that matured in August 2008 will receive on a pro rata basis \$70 million in new 9.75% senior secured notes that mature five years from issuance. The new senior secured notes will be subordinated to the working capital facility that provides Congoleum's financing upon exiting reorganization. In addition, holders of the \$100 million in 8.625% senior notes due in August 2008 will receive 30% of the common stock in reorganized Congoleum. Congoleum's obligations for the \$100 million in 8.625% senior notes due in August 2008, including accrued interest (which amounted to \$44.6 million at December 31, 2007) will be satisfied by the new senior secured notes and the common stock issued when the Amended Plan takes effect.

Under the terms of the Amended Plan, existing Class A and Class B common shares of Congoleum will be cancelled when the plan takes effect and holders of those shares, including American Biltrite, will not receive anything on account of their cancelled shares

The Amended Plan also includes certain terms that would govern an intercompany settlement and ongoing intercompany arrangements among American Biltrite and its subsidiaries and reorganized Congoleum which would be effective when the Amended Plan takes effect and would have a term of two years. Those intercompany arrangements include the provision of management services by American Biltrite to reorganized Congoleum and other business relationships substantially consistent with their traditional relationships. The Amended Plan provides that the final terms of the intercompany arrangements among American Biltrite and its subsidiaries and reorganized Congoleum will be memorialized in a new agreement to be entered into by reorganized Congoleum and American Biltrite in form and substance mutually agreeable to the future claimants' representative, the official committee of bondholders, the official asbestos claimants' committee and American Biltrite.

The foregoing description of the Amended Plan does not purport to be complete, does not address all the matters impacting Congoleum and American Biltrite under that plan and is subject to, and qualified in its entirety by, the Amended Plan and the Disclosure Statement relating thereto. Copies of the Amended Plan, the Disclosure Statement and the New ABI Agreement are attached hereto as Exhibits 99.1, 99.2 and 99.3, respectively, and are incorporated by reference herein. Readers should refer to the Amended Plan and the proposed Disclosure Statement for details of the Amended Plan, including treatment of American Biltrite's claims and interests, and other business relationships with Congoleum.

On December 31, 2003, Congoleum Corporation filed a voluntary petition with the United States Bankruptcy Court for the District of New Jersey (Case No. 03-51524) seeking relief under Chapter 11 of the United States Bankruptcy Code as a means to resolve claims asserted against it related to the use of asbestos in its products decades ago.

Warning About Forward-Looking Statements

Some of the information presented in this Current Report on Form 8-K constitutes "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks, uncertainties and assumptions. These forward-looking statements are based on American Biltrite's expectations, and American Biltrite's understanding of Congoleum's expectations, as of the date of this report, of future events, and American Biltrite undertakes no obligation to update any of these forward-looking statements except as required by the federal securities laws. Although American Biltrite believes that these expectations are based on reasonable assumptions, within the bounds of its knowledge of its business and operations, there can be no assurance that actual results will not differ materially from its expectations. Readers are cautioned not to place undue reliance on any forward-looking statements. There can be no assurance that a plan of reorganization for Congoleum will be confirmed in a timely manner or at all. In addition, there can be no assurance that American Biltrite, Congoleum and other applicable Congoleum constituencies will be able to reach agreement on the terms of any management services proposed to be provided by American Biltrite to reorganized Congoleum or any other proposed business relationships among American Biltrite and its affiliates and reorganized Congoleum. Any plan of reorganization for Congoleum that may be confirmed may have terms that differ significantly from the terms contemplated by the version of the plan referred to in this report, including with respect to any management services that may be provided by American Biltrite to reorganized Congoleum and American Biltrite's claims and interests and other business relationships with reorganized Congoleum.

Some additional factors that could cause actual results to differ from Congoleum's and American Biltrite's objectives for resolving asbestos liability include: (i) the future cost and timing of estimated asbestos liabilities and payments; (ii) the availability of insurance coverage and reimbursement from insurance companies that underwrote the applicable insurance policies for asbestos-related claims, including insurance coverage and reimbursement for asbestos claimants under any plan of reorganization for Congoleum, which certain insurers have objected to in Bankruptcy Court and are litigating in New Jersey State Court; (iii) the costs relating to the execution and implementation of any plan of reorganization for Congoleum; (iv) timely reaching agreement with other creditors, or classes of creditors, that exist or may emerge; (v) satisfaction of the conditions and obligations under American Biltrite's and Congoleum's outstanding debt instruments, and amendment or waiver of those outstanding debt instruments, as necessary, to permit Congoleum and American Biltrite to satisfy their obligations under any plan of reorganization for Congoleum; (vi) the response from time-to-time of the holders of Congoleum's senior notes and the lenders, customers, suppliers and other constituencies of American Biltrite and Congoleum to the Chapter 11 process and related developments arising from the strategy to resolve its asbestos liability; (vii) Congoleum's ability to maintain debtor-in-possession financing sufficient to provide it with funding that may be needed during the pendency of its Chapter 11 case and to obtain exit financing sufficient to provide it with funding that may be needed for its operations after emerging from the bankruptcy process, in each case, on reasonable terms; (viii) timely obtaining sufficient creditor and court approval (including the results of any relevant appeals) of any reorganization plan for Congoleum, and the court overruling any objections to that plan that may be filed; (ix) developments in, costs associated with and the outcome of insurance coverage litigation pending in New Jersey State Court involving Congoleum and certain insurers; (x) the impact any adopted federal legislation addressing asbestos claims may have on American Biltrite's and Congoleum's businesses, results of operations or financial conditions; (xi) compliance with the United States Bankruptcy Code, including section 524(g); and (xii) the possible adoption of another party in interest's proposed plan of reorganization which may prove to be unfeasible.

In addition, in view of American Biltrite's relationships with Congoleum, American Biltrite could be affected by Congoleum's negotiations regarding its pursuit of a plan of reorganization, and there can be no assurance as to what that impact, positive or negative, might be. In any event, the failure of Congoleum to obtain confirmation and consummation of a Chapter 11 plan of reorganization would have a material adverse effect on Congoleum's business, results of operations or financial condition and could have a material adverse effect on American Biltrite's business, results of operations or financial condition.

Other factors that could cause or contribute to actual results differing from its expectations include those factors discussed in American Biltrite's other filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended December 31, 2007, its Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and its subsequent filings.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description
99.1	Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code of the Debtors, the Official Asbestos Claimants' Committee and the Official Committee of Bondholders for Congoleum Corporation dated as of November 14, 2008
99.2	Disclosure Statement with Respect to the Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code of the Debtors, the Official Asbestos Claimants' Committee and the Official Committee of Bondholders for Congoleum Corporation, dated as of November 14, 2008
99.3	Form of Management Services and Commercial Agreement, which is Exhibit I to Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code of the Debtors, the Official Asbestos Claimants' Committee and the Official Committee of Bondholders for Congoleum Corporation, dated as of November 14, 2008

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 20, 2008 AMERICAN BILTRITE INC.

By: /s/ Howard N. Feist III
Name: Howard N. Feist III
Title: Chief Financial Officer

Exhibit Index

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