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AMERICAN BILTRITE INC
Form 8-K
September 13, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 0549

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) September 7, 2006

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)
- 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

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On September 7, 2006, American Biltrite Inc.'s majority-owned subsidiary Congoleum Corporation ("Congoleum") entered into an agreement in principle, subject to mutually agreeable definitive documentation, with the official committee representing its bondholders and asbestos claimants' representatives on certain amendments to Congoleum's pending Chapter 11 plan of reorganization. As a result, the official bondholders committee has agreed to support Congoleum's reorganization plan and will be withdrawing the plan of reorganization it had previously filed jointly with Continental Casualty Company and Continental Insurance Company.

When entering the scheduling order on September 11, 2006, the Judge set October 26, 2006 as the date for the disclosure statement hearing for Congoleum's proposed plan of reorganization and for the plan of reorganization previously filed jointly by the official bondholders committee with Continental Casualty Company and Continental Insurance Company.

The Company understands that Congoleum expects that its proposed plan of reorganization will be filed with the Bankruptcy Court by September 15, 2006 and that it is optimistic that its proposed plan of reorganization will be confirmed in early 2007.

The agreement in principle is subject to mutually agreeable definitive documentation which the Company understands will be submitted to the Bankruptcy Court as part of a new amended plan of reorganization of Congoleum. Interested parties should refer to the complete Congoleum plan of reorganization and disclosure statement when it becomes available for details regarding the Congoleum plan of reorganization. Congoleum has announced that copies of the modified plan and disclosure statement will be filed by Congoleum with the Securities and Exchange Commission as exhibits to a filing under the Securities Exchange Act of 1934.

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.

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 Inc.'s expectations, and American Biltrite Inc.'s understanding of Congoleum's expectations, as of the date of this report, of future events, and American Biltrite Inc. undertakes no obligation to update any of these forward-looking statements except as required by the federal securities laws. Although American Biltrite Inc. 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 Congoleum will be successful in obtaining confirmation of its proposed amended Chapter 11 plan of reorganization in a timely manner or at all.

Any alternative plan of reorganization pursued by Congoleum or confirmed by the bankruptcy court could vary significantly from the version of the plan currently being pursued by Congoleum as to be amended as referred to in this report. Furthermore, the estimated costs and contributions required to confirm and to effect the proposed amended plan of reorganization or an alternative plan could

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be significantly greater than currently estimated. Any plan of reorganization pursued by Congoleum will be subject to numerous conditions, approvals and other requirements, including bankruptcy court approvals, and there can be no assurance that such conditions, approvals and other requirements will be satisfied or obtained.

Some additional factors that could cause actual results to differ from Congoleum's and American Biltrite Inc.'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 Congoleum's proposed modified plan of reorganization, which certain insurers have objected to in bankruptcy court and are litigating in New Jersey state court, or any other plan of reorganization; (iii) costs relating to the execution and implementation of any plan of reorganization pursued by Congoleum or relating to any other plan or reorganization proposed by any other party in interest; (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 Inc.'s and Congoleum's respective outstanding debt instruments, and amendment of those outstanding debt instruments, as necessary, to permit Congoleum and American Biltrite Inc. to satisfy their obligations under any plan of reorganization and to make certain covenants in those debt instruments less restrictive; (vi) the extent to which American Biltrite Inc.'s equity interest in Congoleum is diluted or otherwise reduced in connection with any plan of reorganization, including the possible elimination of the interests of all existing shareholders of Congoleum through implementation of the "cram down" provisions of the United States Bankruptcy Code if the holders of Congoleum's Senior Notes do not vote as a class to accept Congoleum's plan of reorganization in the requisite numbers and amounts required by the United States Bankruptcy Code; (vii) the response from time-to-time of American Biltrite Inc.'s and Congoleum's lenders, customers, suppliers, holders of Congoleum's Senior Notes and their representatives, and other creditors and constituencies to the Chapter 11 process and related developments arising from the strategy to settle asbestos liability; (viii) 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; (ix) timely obtaining sufficient creditor and court approval (including the results of any relevant appeals) of a reorganization plan and the court overruling any objections to the plan that may be filed; (x) developments in, costs associated with and the outcome of insurance coverage litigation pending in New Jersey state court involving Congoleum and certain insurers; (xi) the extent to which Congoleum is able to obtain reimbursement for costs it incurs in connection with the insurance coverage litigation; (xii) the impact any adopted federal legislation addressing asbestos claims may have on American Biltrite Inc.'s and Congoleum's businesses,

results of operations or financial conditions; (xiii) compliance with the United States Bankruptcy Code, including Section 524(g); (xiv) the possible adoption of another party in interest's proposed plan of reorganization which may prove to be unfeasible; and (xv) the ability of American Biltrite Inc. to timely replace or refinance its secured credit facility, which expires on September 30, 2006. In addition, in view of American Biltrite Inc.'s relationships with Congoleum, American Biltrite Inc. could be affected by Congoleum's negotiations regarding its pursuit of a plan or 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,

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results of operations or financial condition and could have a material adverse effect on American Biltrite Inc.'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 Inc.'s other filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended December 31, 2005, its Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 and its subsequent filings.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

| EXHIBIT NO. | DESCRIPTION |
|-------------|-----------------------|
| 99.1 | Bondholder Term Sheet |

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: September 13, 2006

AMERICAN BILTRITE INC.

By: /s/ Howard N. Feist III

Name: Howard N. Feist III
Title: Chief Financial Officer

Exhibit Index

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