



Armstrong World Industries Investor Presentation

April 2012





Safe Harbor Statement

Our disclosures in this presentation, including without limitation, those relating to future financial results guidance, and in our other public documents and comments contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Those statements provide our future expectations or forecasts and can be identified by our use of words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "outlook," and other words or phrases of similar meaning in connection with any discussion of future operating or financial performance. Forward-looking statements, by their nature, address matters that are uncertain and involve risks because they relate to events and depend on circumstances that may or may not occur in the future. A more detailed discussion of the risks and uncertainties that may affect our ability to achieve the projected performance is included in the "Risk Factors" and "Management's Discussion and Analysis" sections of our recent reports on Forms 10-K and 10-Q filed with the SEC. As a result, our actual results may differ materially from our expected results and from those expressed in our forward-looking statements. Forward-looking statements speak only as of the date they are made. We undertake no obligation to update any forward-looking statements beyond what is required under applicable securities law.

In addition, we will be referring to non-GAAP financial measures within the meaning of SEC Regulation G. A reconciliation of the differences between these measures with the most directly comparable financial measures calculated in accordance with GAAP are included within this presentation and available on the Investor Relations of our website at www.armstrong.com.

The guidance in this presentation is only effective as of the date given, April 30, 2012, and will not be updated or affirmed unless and until we publicly announce updated or affirmed guidance.



Basis of Presentation Explanation

When reporting our financial results within this presentation, we make several adjustments. Management uses the non-GAAP measures below in managing the business and believes the adjustments provide meaningful comparisons of operating performance between periods. As reported results will be footnoted throughout the presentation.

- We report in comparable dollars to remove the effects of currency translation on the P&L. The budgeted exchange rate for the current year is used for all currency translations in the current year and prior years.
- We remove the impact of discrete expenses and income. Examples include plant closures, restructuring actions, and other large unusual items.
- Taxes for normalized Net Income and EPS are calculated using a constant 40% for 2012 and 42% for 2011, which are based on the full year historical tax rate.

What Items Are Adjusted		
	Comparable Dollars	Other Adjustments
Net Sales	Yes	No
Gross Profit	Yes	Yes
SG&A Expense	Yes	Yes
Equity Earnings	Yes	Yes
Operating Income	Yes	Yes
Net Income	Yes	Yes
Cash Flow	No	No
Return on Capital	Yes	Yes
EBITDA	Yes	Yes

All figures throughout the presentation are in \$ millions unless otherwise noted. Figures may not add due to rounding.



Investment Highlights





Investment Highlights



Diversified \$3 billion global building products company with leading positions in all key markets and products



New leadership team successfully executing strategy to achieve competitive cost structure and lay foundation for growth



Significant opportunities for investment and growth in emerging markets and product adjacencies



Leadership in innovation driving future growth



Global





Diversified Global Building Products Company

Leading global manufacturer of floors and ceilings for use in renovation and new construction.

- \$2.9 billion in sales in 2011
 - Market leader in businesses representing 80% of sales
- Sales profile
 - 70% domestic, 30% international
 - 70% renovation, 30% new construction
- 32 manufacturing locations in 8 countries
- Approximately 9,100 employees

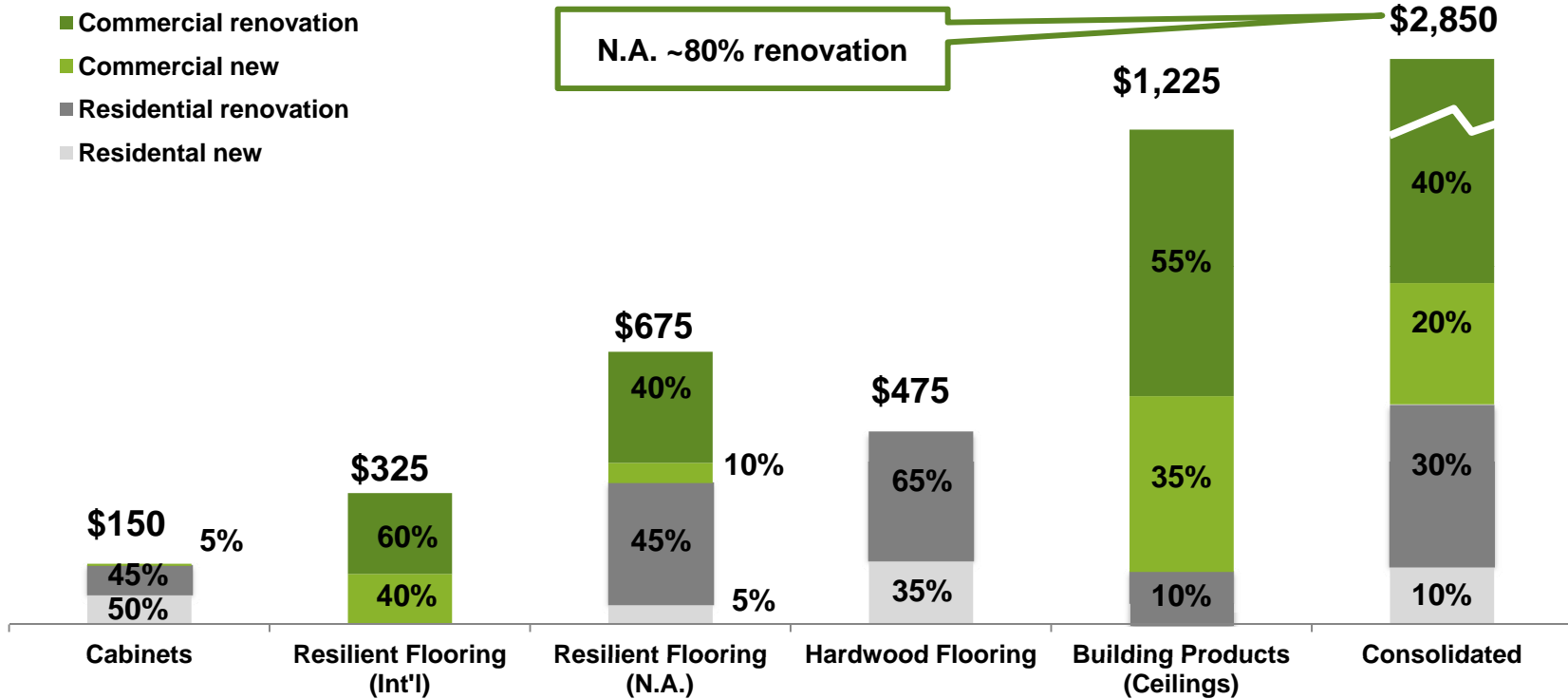


Global





2011 Business Segment and End-Use Profile



Diversified earnings profile

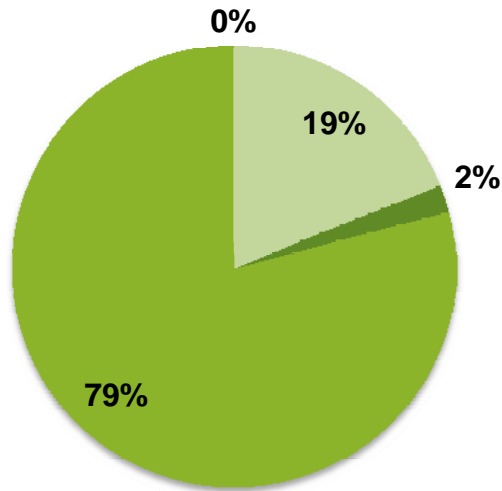
Global



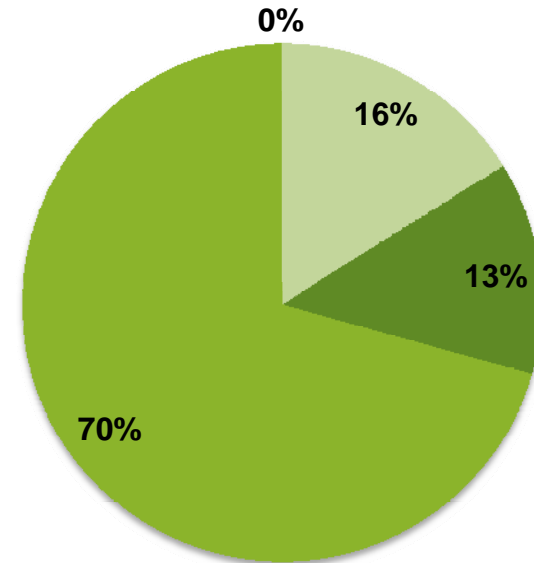


2010 & 2011 EBITDA

- Resilient Flooring
- Wood Flooring
- Building Products (Ceilings)
- Cabinets



2010 Total EBITDA:
\$303M



2011 Total EBITDA:
\$377M

EBITDA growth in all businesses in 2011

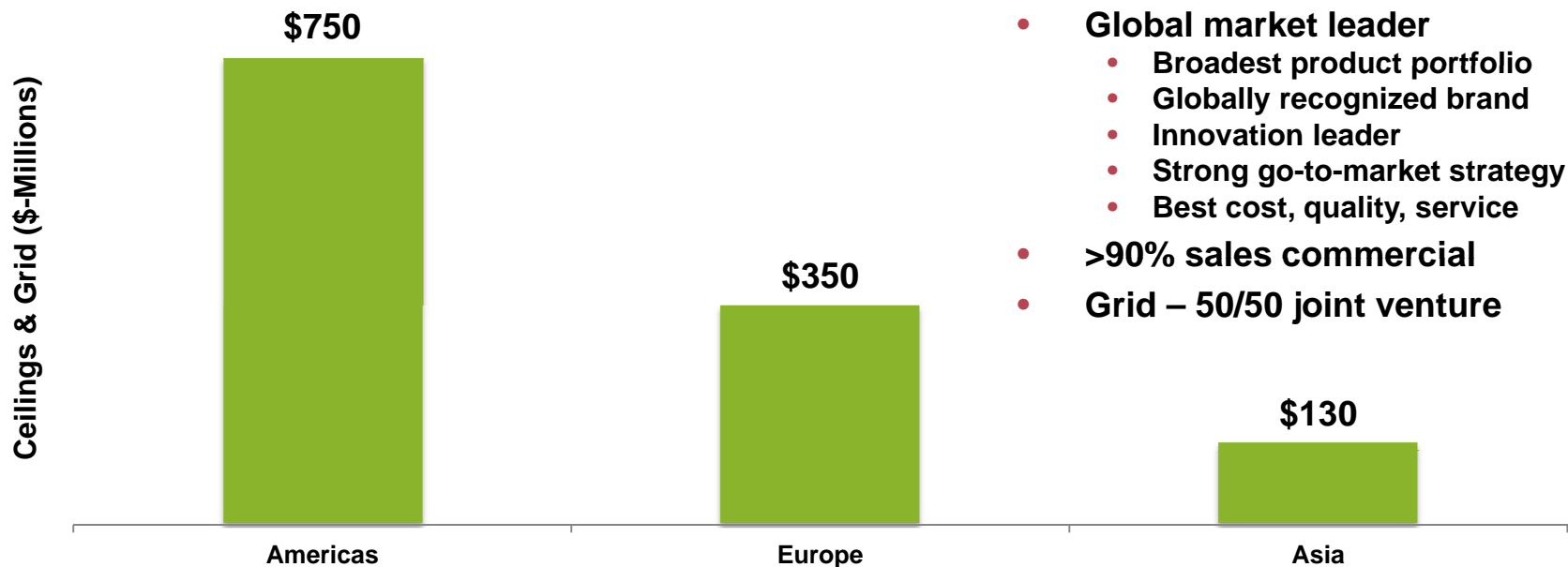
Excludes unallocated corporate expense

Global





Building Products (ABP) Sales by Geography



- **Global market leader**
 - Broadest product portfolio
 - Globally recognized brand
 - Innovation leader
 - Strong go-to-market strategy
 - Best cost, quality, service
- **>90% sales commercial**
- **Grid – 50/50 joint venture**

Continued to generate sales growth and earnings progress in down markets. Leverage our winning strategy to accelerate global growth.

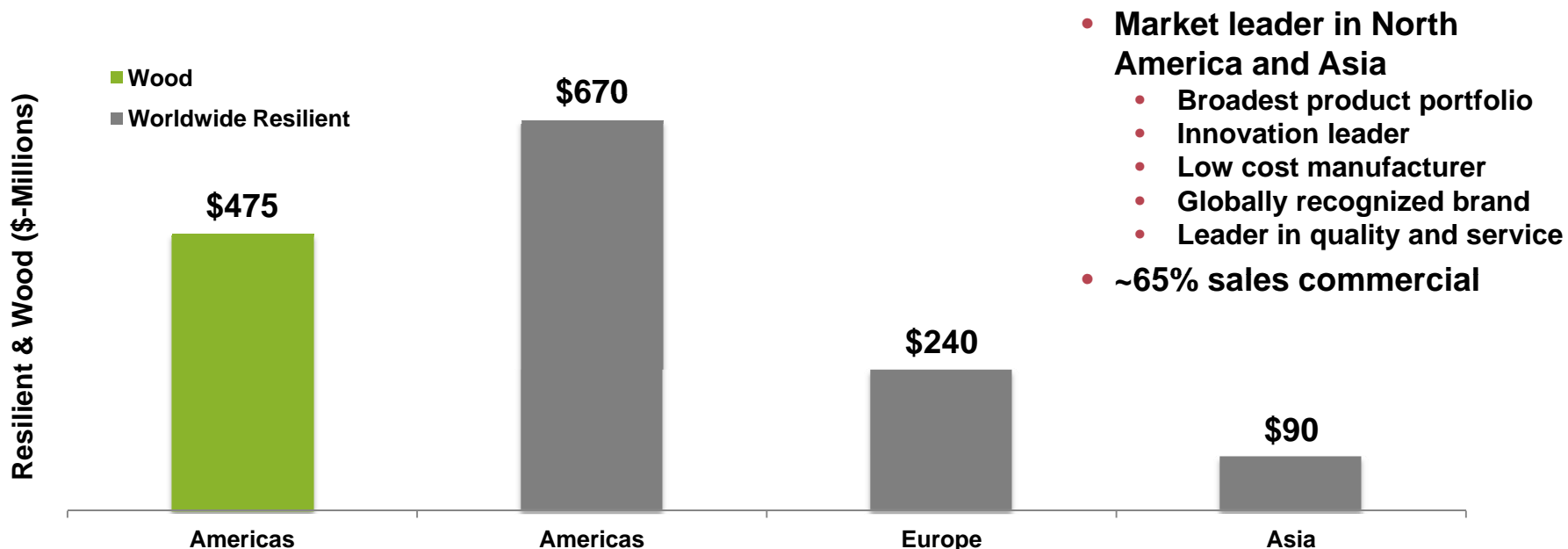
	2009	2010	2011
Worldwide ABP Sales	\$1.10B	\$1.14B	\$1.22B
EBITDA as % of sales	20%	22%	24%
Contribution of WAVE JV to EBITDA margin	4%	4%	5%

Global





Floor Products (AFP) Sales by Geography



- Market leader in North America and Asia
 - Broadest product portfolio
 - Innovation leader
 - Low cost manufacturer
 - Globally recognized brand
 - Leader in quality and service
- ~65% sales commercial

Improved profitability through bottom of residential downturn, while continuing to invest in new product development.
 Poised for significant operational leverage when markets rebound.

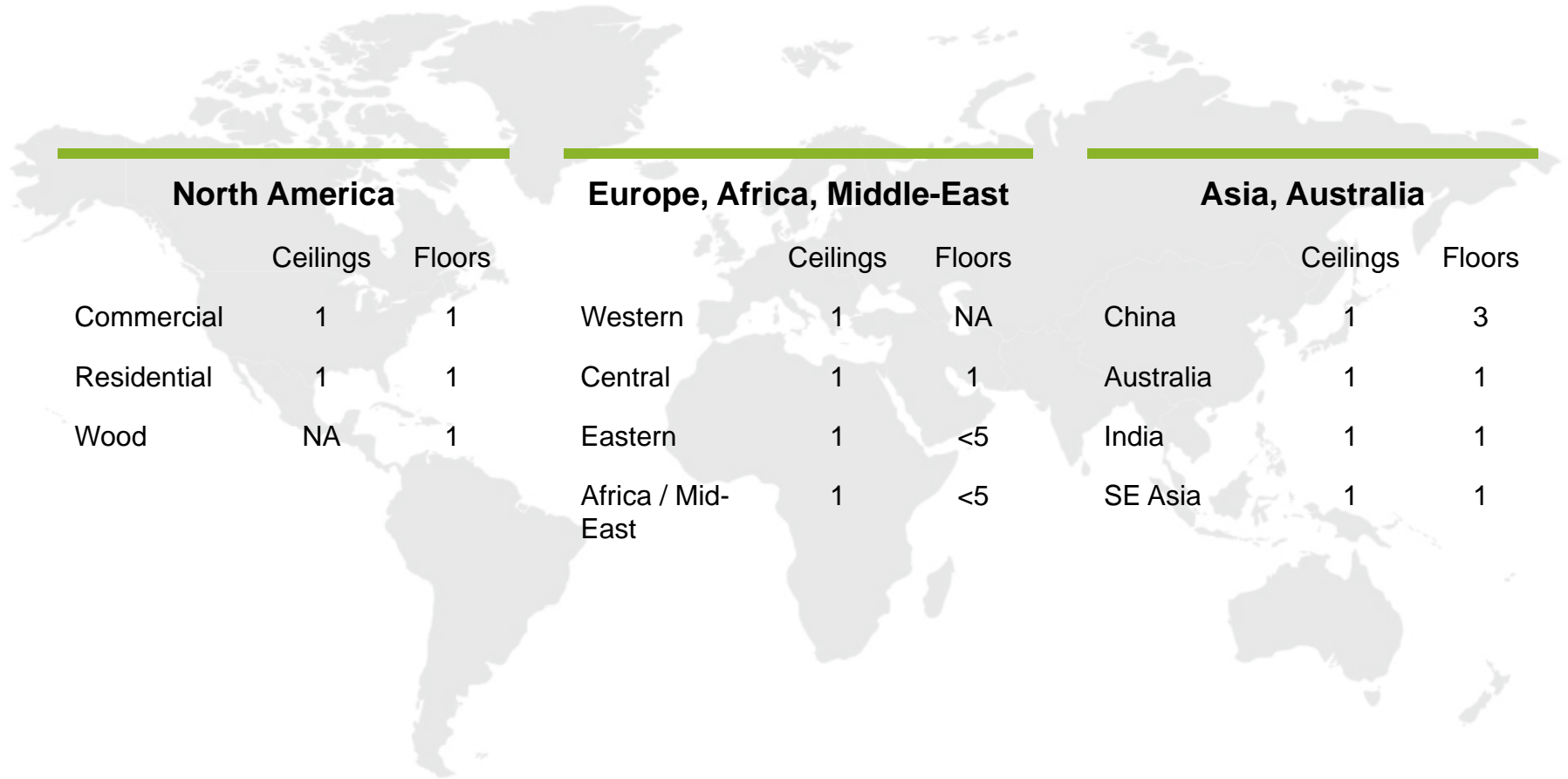
	Wood			Worldwide Resilient		
	2009	2010	2011	2009	2010	2011
Sales	\$515M	\$480M	\$475M	\$1.04B	\$1.03B	\$1.00B
EBITDA as % of sales	5%	1%	11%	5%	6%	7%

Global





Global Presence, Worldwide Market Leader





Leadership





New Management Successfully Executing

Majority of senior leadership team joined Armstrong after January 2010

- Maintained profitability and positive cash flow through downturn
- Built competitive cost structure
- Europe turnaround
- Growth through organic investments, tactical acquisitions and product adjacencies
- Innovation initiatives



Leadership





Key Milestones

2009	2010	2011	2012	2013	2014
<ul style="list-style-type: none"> TPG invests in Armstrong 	<ul style="list-style-type: none"> New CEO and CFO Leverage recap. and \$800M special dividend Announce \$150M cost out initiative 	<ul style="list-style-type: none"> New CEO of global ceilings business Cost out initiative raised to \$165 million Organic growth in emerging markets Construction of three plants in China Fix underperforming businesses 	<ul style="list-style-type: none"> Cost out initiative raised to \$185 million European flooring products profitable in 2012 Organic growth in priority emerging markets <ul style="list-style-type: none"> Completion of three plants in China Construction of ceilings plant in Russia Increase in sales and marketing resources Profitable growth in core markets through focus on innovation, product adjacency opportunities, design and environmental leadership Implement Organization Vitality and create a globally aligned organization 		
<i>Idle: Montreal, Mobile</i> <i>Close: Auburn, Nashville</i>	<i>Close: St. Gallen, Oneida, Center, Montreal, Teeside</i>	<i>Idle: Statesville</i> <i>Close: Beaver Falls, Holmsund</i>			

	2006	2007	2008	2009	2010	2011	2012 Est.
Sales	\$3.50B	\$3.54B	\$3.21B	\$2.85B	\$2.83B	\$2.86B	\$2.9B - \$3.0B
EBITDA	\$407M	\$439M	\$384M	\$296M	\$303M	\$377M	\$420 - \$460
	11.6%	12.4%	12.0%	10.4%	10.7%	13.2%	~14.9%
Housing starts	1,801	1,355	906	554	587	609	700





2011 Accomplishments

- Achieved highest worldwide EBITDA margin by ~100bps over previous record (2007) on 20% lower sales
- Lowest worldwide SG&A% (16.7% in 2011), an improvement of ~30 bps over previous record (2008)
- Improvement in worldwide working capital turns of ~5% over previous record (2007)
- Highest ROIC (7.4%) since emergence
- Roll out of Organizational Vitality program to build winning team and align staffing globally



Leadership





Profitable and cash flow positive through downturn

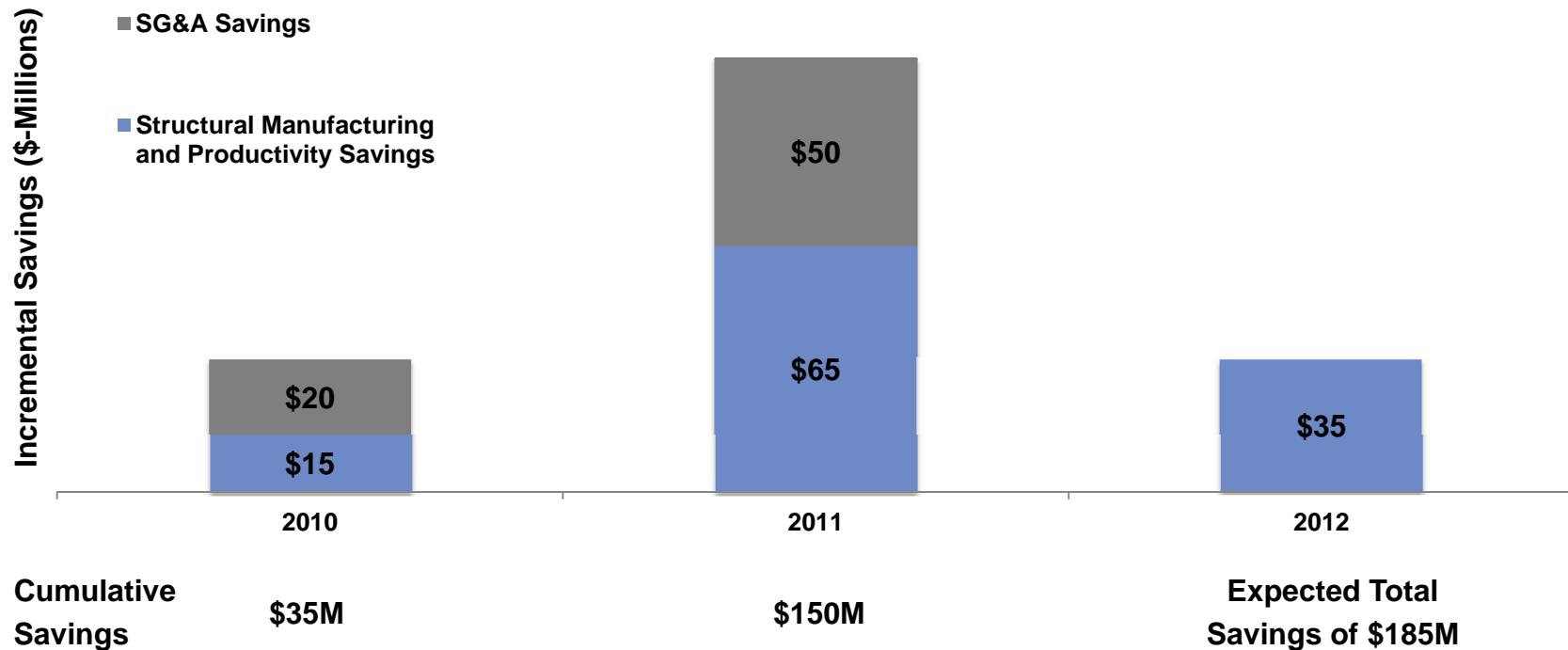
- Focus on cost control / productivity
- Achieve price to cover inflation
- Strong free cash flow
- Continuing to fully invest in the business
- Strong balance sheet: leverage, liquidity and maturity profile
- Overfunded US pension plan
- Positioned for considerable operational leverage on modest market recovery

Continue to work toward achieving ROIC greater than our cost of capital





Cost Savings Program to Achieve Competitive Cost Structure



Savings driving bottom line results. Manufacturing savings are the result of plant closures and LEAN.





European Floor Products



- Exited Residential segment
- Simplified Commercial business ... country and product participation, reduction in # of SKU's
- Closed Teesside and Holmsund plants
- SG&A restructuring ... reduced headcount by over one- third

Business to be profitable in 2012.

⁽¹⁾Includes intercompany sales. Sales shown on a comparable foreign exchange basis ⁽²⁾Excludes restructuring expense





Strategy

1. Optimize Product Portfolio

- Broad product offering and availability
- Drive mix
- New product pipeline
- Quality leader

3. Build Innovation Leadership

- Bridge to future growth
- “New to World” products
- Custom solutions
- Design, performance and installation
- “Sustainability” leadership

2. Drive Emerging Market Growth

- Build manufacturing capacity to produce products for local consumption
- Construction of four plants underway, three in China and one in Russia
- Increase in sales and marketing resources to cultivate demand

4. Emphasis on Operational Excellence

- Competitive Cost Structure
- Continued LEAN deployment
- Continue to drive mix and share gain
- Best on-time delivery performance
- Lowest claims rate





Growth





Emerging Markets Growth

- Manufacturing investments in priority markets to make products designed for local consumption
- Building four plants; three in China and one in Russia
- Added over 100 sales and marketing resources in these markets during 2011, primarily in China, to cultivate demand
- Sales to emerging markets ~11% of total sales in 2011, an increase of over 50% since 2009.

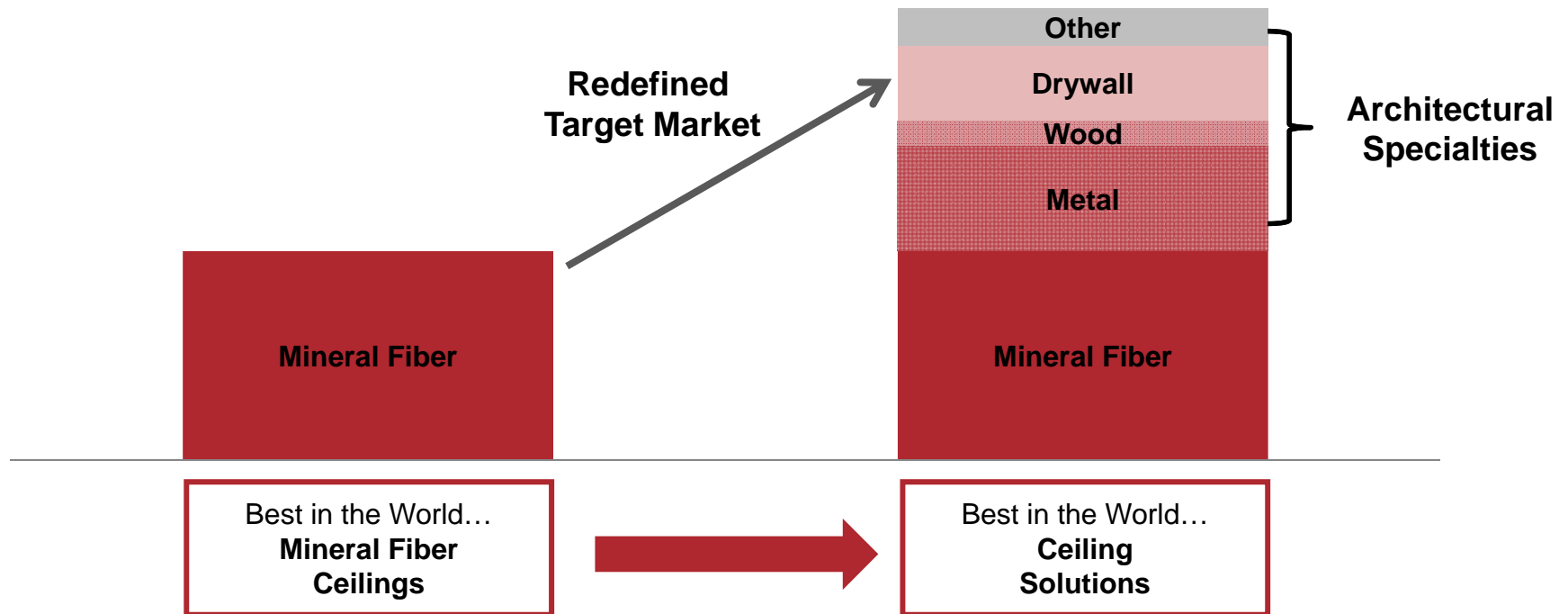


Growth





Other Growth Initiatives



Leverage Architectural Specialties and product adjacency opportunities to accelerate global ceilings growth.

- Global AS leadership team in place
- Simplex acquisition
- Broaden solution set with Architects
- Pulls through core products

Growth





Innovation





Leadership in Innovation

- Bridge to future growth
- “New to the World” products
 - High performance wood (acrylic infused)
 - DC FlexZone ceiling systems
 - AirGuard ceiling tiles (*Removes formaldehyde*)
- Open Innovation and collaboration
- Sustainability and Life Cycle Analysis (LCA)
- Investment in technology center in Shanghai



Innovation





Investment Highlights



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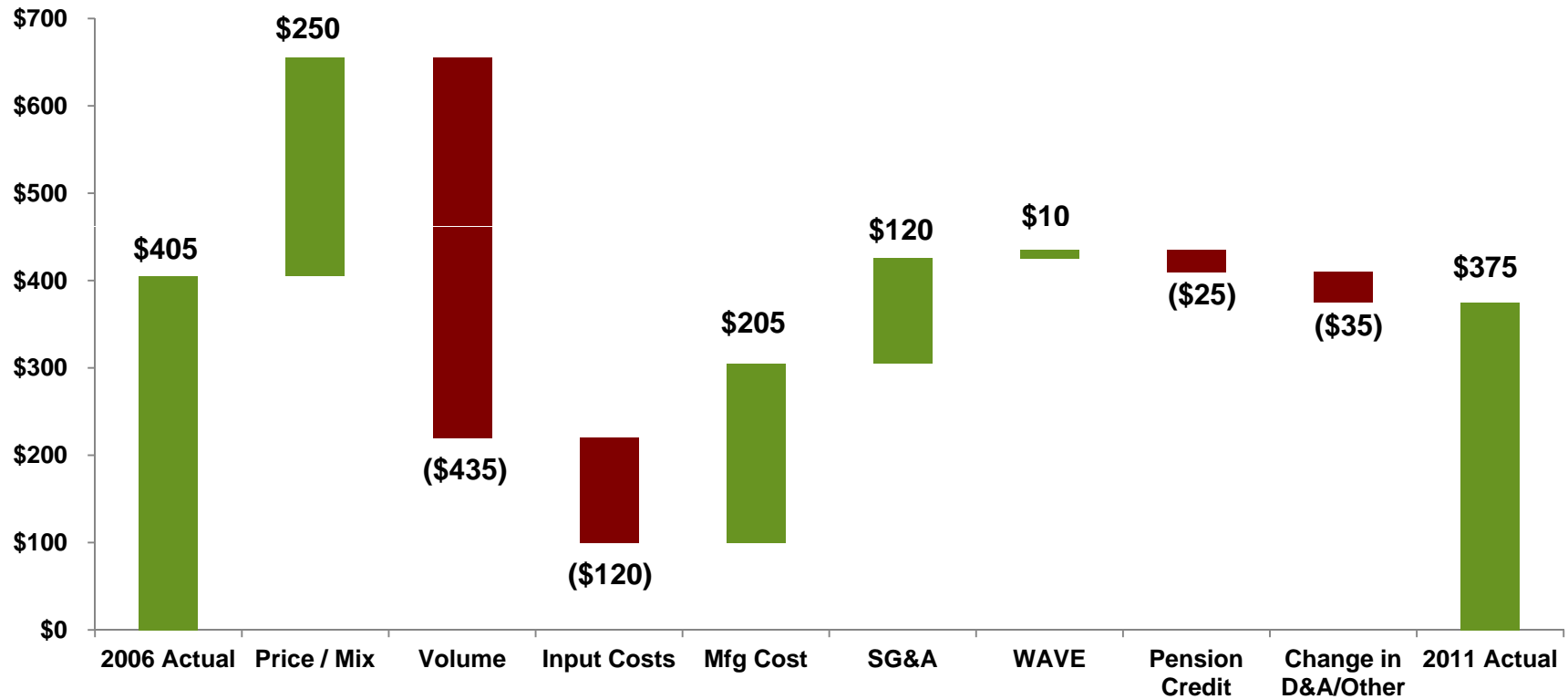
Financial Overview





EBITDA Bridge (2006-2011)

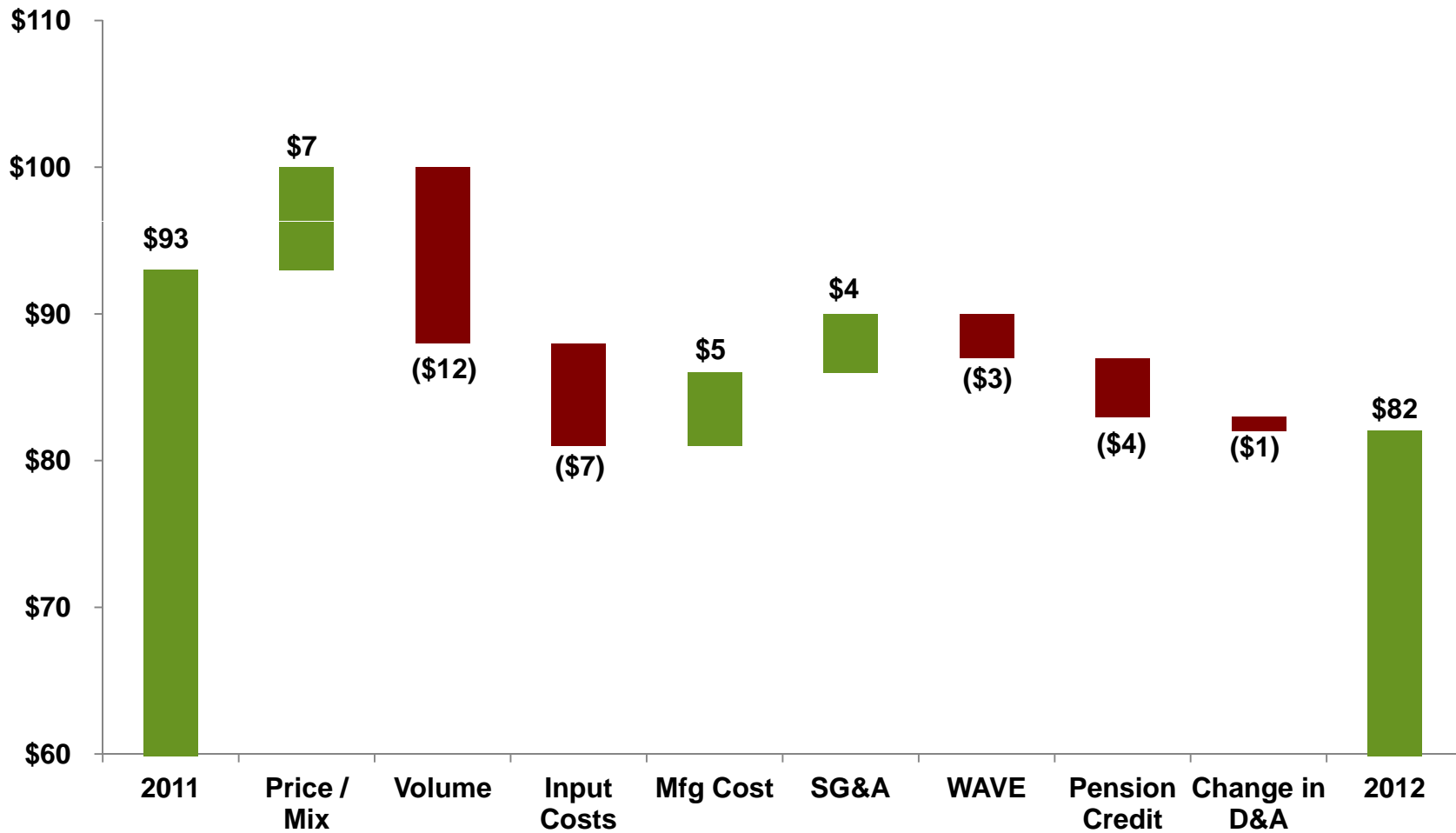
Figures rounded to nearest \$5 million



Cost reduction actions and improved price / mix significantly offset inflation and dramatic volume declines during the worst of the downturn.



EBITDA Bridge – First Quarter 2012 vs. Prior Year





Balance Sheet

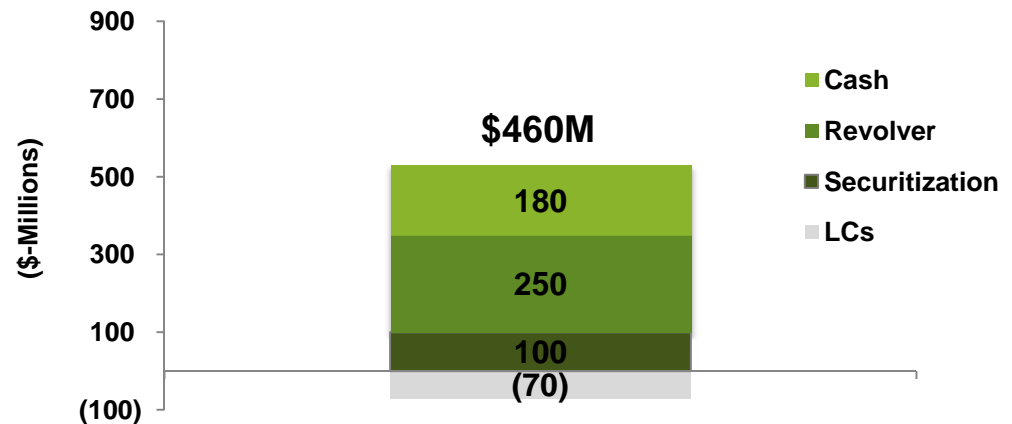
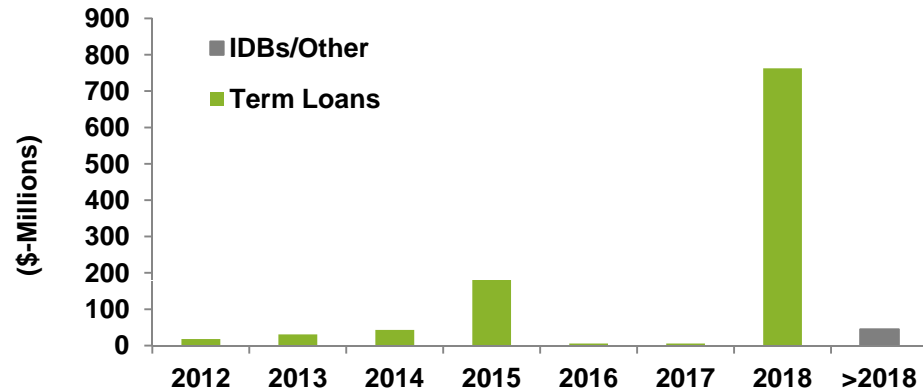
Maturity Profile

- No significant maturities until 2015
- Considerable covenant flexibility

Liquidity

- Sufficient liquidity to manage operations, and execute capital spend and restructuring plans

3/31/2012 Proforma*



(* Special dividend of \$8.55 per share (~ \$500M) paid April 10, 2012)



Financial Overview Appendix





Key Metrics – Guidance 2012

	2012 Estimate Range		2011	Variance	
Net Sales⁽¹⁾	2,900	to 3,000	2,819	3%	to 6%
Operating Income⁽²⁾	310	to 350	272	14%	to 29%
EBITDA	420	to 460	377	11%	to 22%
Earnings Per Share⁽³⁾	\$2.65	to \$3.05	\$2.23	19%	to 37%
Free Cash Flow	50	to 100	170	(71)%	to (41)%

(1) Sales figures include foreign exchange impact

(2) As reported Operating Income: \$270 - \$310 million in 2012 and \$239 million 2011

(3) As reported earnings per share: \$2.35- \$2.75 in 2012 and \$1.90 in 2011



2012 Financial Outlook

Raw Material & Energy Inflation

▶ \$25 - \$35 million increase

Manufacturing Productivity

▶ Adjusted Gross Margin +100 to +150 bps vs. 2011

U.S. Pension Credit*

▶ \$12 million; 60% manufacturing, 40% SG&A

Earnings from WAVE

▶ \$0 - \$5 million vs. 2011

Cash Taxes/ETR

▶ \$10 - \$20 million. Adjusted ETR of ~40%

Q2

▶ Sales \$740 – \$780 million EBITDA \$105 – \$125 million

Capital Spending

▶ \$240 - \$270 million

Exclusions from EBITDA*

▶ \$10 - \$15 million associated with already announced actions

* Changed from February Outlook



Full 2011 - Adjusted EBITDA to Reported Net Income

	2011	2010	V
EBITDA– Adjusted	\$377	\$303	\$74
Depreciation and Amortization	(105)	(115)	10
Operating Income – Adjusted	\$272	\$188	\$84
Foreign Exchange Movements	3	1	2
Cost Reduction Initiatives	(15)	(17)	2
Laminate Duty refunds	-	7	(7)
Accelerated Depreciation (not included above)	(9)	(31)	22
Executive transition costs	-	(15)	15
Restructuring	(9)	(22)	13
Impairments	(3)	(30)	27
Operating Income – As Reported	\$239	\$81	\$158
Interest (Expense) Income	(46)	(14)	(32)
EBT	\$193	\$67	\$126
Healthcare Reform- Medicare Subsidy Elimination	-	(22)	22
Tax (Expense) Benefit	(81)	(34)	(47)
Net Income	\$112	\$11	\$101



Management Team





Matthew J. Espe, *Chief Executive Officer and President*



In July 2010, Matthew J. Espe was appointed CEO of Armstrong World Industries, Inc., in Lancaster, Pennsylvania. He brings 30 years of experience in sales, marketing, distribution and management in global manufacturing businesses to Armstrong from his previous position at Ricoh Americas Corporation, a subsidiary of Ricoh Company, Ltd., where he served as Chairman and CEO. Prior to this role, Mr. Espe was Chairman and CEO of IKON Office Solutions, Inc., a \$4 billion office equipment distributor and services provider with 24,000 employees. The company was acquired by Ricoh in 2008.

Before joining IKON in 2002, Mr. Espe was president and CEO of GE Lighting. In a career that spanned 22 years there, he managed multiple functional areas, including sales, marketing, distribution and manufacturing as well as management within several business units. Along with a wealth of experience, he also brings a finely-tuned global perspective, having led businesses in Europe, Asia and North America.

Mr. Espe is also a member of the board of Unisys Corporation. He is an active volunteer and member of the board of United Way of Southeastern Pennsylvania. He graduated from the University of Idaho and has an MBA from Whittier College.



Thomas B. Mangas, *Senior Vice President and Chief Financial Officer*



Thomas B. Mangas is senior vice president and CFO of Armstrong World Industries, Inc., in Lancaster, Pennsylvania.

Mr. Mangas joined Armstrong in February 2010. Prior, he was vice president and CFO of the \$28 billion beauty and grooming business of Procter & Gamble Co. after a steady progression of finance roles at that company. He has broad domestic and international experience including implementing tough cost management initiatives, exploiting new growth opportunities, acquisition integration, strategic planning, resource allocation, cost accounting, Sarbanes-Oxley implementation and controls, tax compliance and organization development.

He earned his bachelor's degree in Economics and History from the University of Virginia in 1990 where he was elected to the Phi Beta Kappa honorary society.



Victor Grizzle, *Executive Vice President, CEO, Armstrong Building Products*



Victor “Vic” Grizzle is executive vice president and CEO, Armstrong Building Products, in Lancaster, Pennsylvania.

Mr. Grizzle has 23 years of experience in process improvement, sales, marketing and global business leadership. He comes to Armstrong from Valmont Industries, a \$2 billion global leader of infrastructure support structures for utility, telecom and lighting markets, and manufacturer of mechanized irrigation equipment for large scale farming, where he was group president of Global Structures, Coatings and Tubing since 2005. Prior to Valmont, Mr. Grizzle was president of the commercial power division of EaglePicher Corporation, a \$700 million diversified manufacturer and marketer of advanced technology and industrial products for space, defense, automotive, filtration, pharmaceutical, environmental and commercial applications. Before that, he spent 16 years at General Electric Corporation.

Mr. Grizzle graduated from California Polytechnic University with a Bachelor of Science in Mechanical Engineering.



Frank J. Ready, *Executive Vice President, CEO, Armstrong Floor Products Worldwide*



Frank J. Ready is executive vice president and CEO of Armstrong Floor Products Worldwide, in Lancaster, Pennsylvania.

Mr. Ready joined Armstrong in 1983 in Building Products Operations Sales and progressed through positions in Marketing before moving to the company's flooring business in 1996. He served in positions of increasing responsibility including senior vice president of Sales and Marketing - Armstrong Floor Products, where he worked with "Big Box" customers, builders and independent retailers. He also briefly managed flooring manufacturing operations.

Mr. Ready is a member of the board of directors of the Tropical Forest Foundation, a coalition of industry, conservation and scientific leaders who work together to achieve sustainable management of tropical timber in the major producing regions. He is also a member of the board of directors of the National Association of Manufacturers.

A native of Cherry Hill, New Jersey, Mr. Ready earned a bachelor's degree in Business Administration from Franklin & Marshall College.



Thomas J. Waters, *Vice President Treasury & Investor Relations*



Thomas J. Waters is Vice President, Treasury and Investor Relations of Armstrong World Industries, Inc.

Mr. Waters joined Armstrong in 1998 as Manager, Capital Markets. Since then he has held the positions of Director of Investor Relations, General Manager of Finance and IT for Building Products Europe, General Manager Financial Planning and Analysis for North American Floor Products. He was named Treasurer in 2008, and added investor relations responsibilities in 2010.

Prior to Armstrong, Mr. Waters worked for American Airlines in Dallas, TX in both Treasury and Operational Finance roles.

Mr. Waters earned a BA from Binghamton University, and a MBA from the Walter A. Haas School of Business at the University of California, Berkeley.