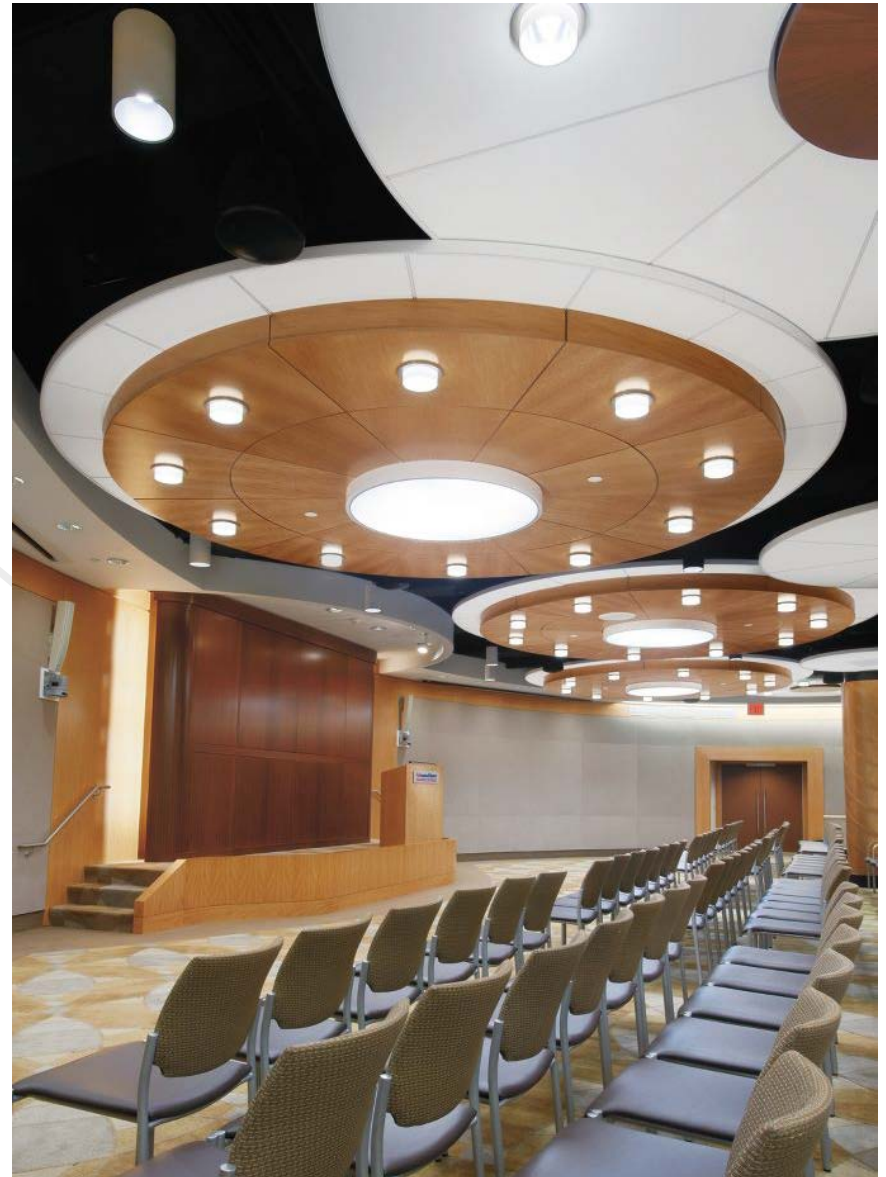


Earnings Call Presentation

4th Quarter 2014
February 23, 2015



Our disclosures in this presentation, including without limitation, those relating to future financial results guidance and the separation of our flooring business from our building products business, 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," "target," "predict," "may," "will," "would," "could," "should," "seek," and other words or phrases of similar meaning in connection with any discussion of future operating or financial performance or the separation of our businesses. 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. As a result, our actual results may differ materially from our expected results and from those expressed in our forward-looking statements. 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 reports on Forms 10-K and 10-Q filed with the SEC. 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 page of our website at www.armstrong.com.

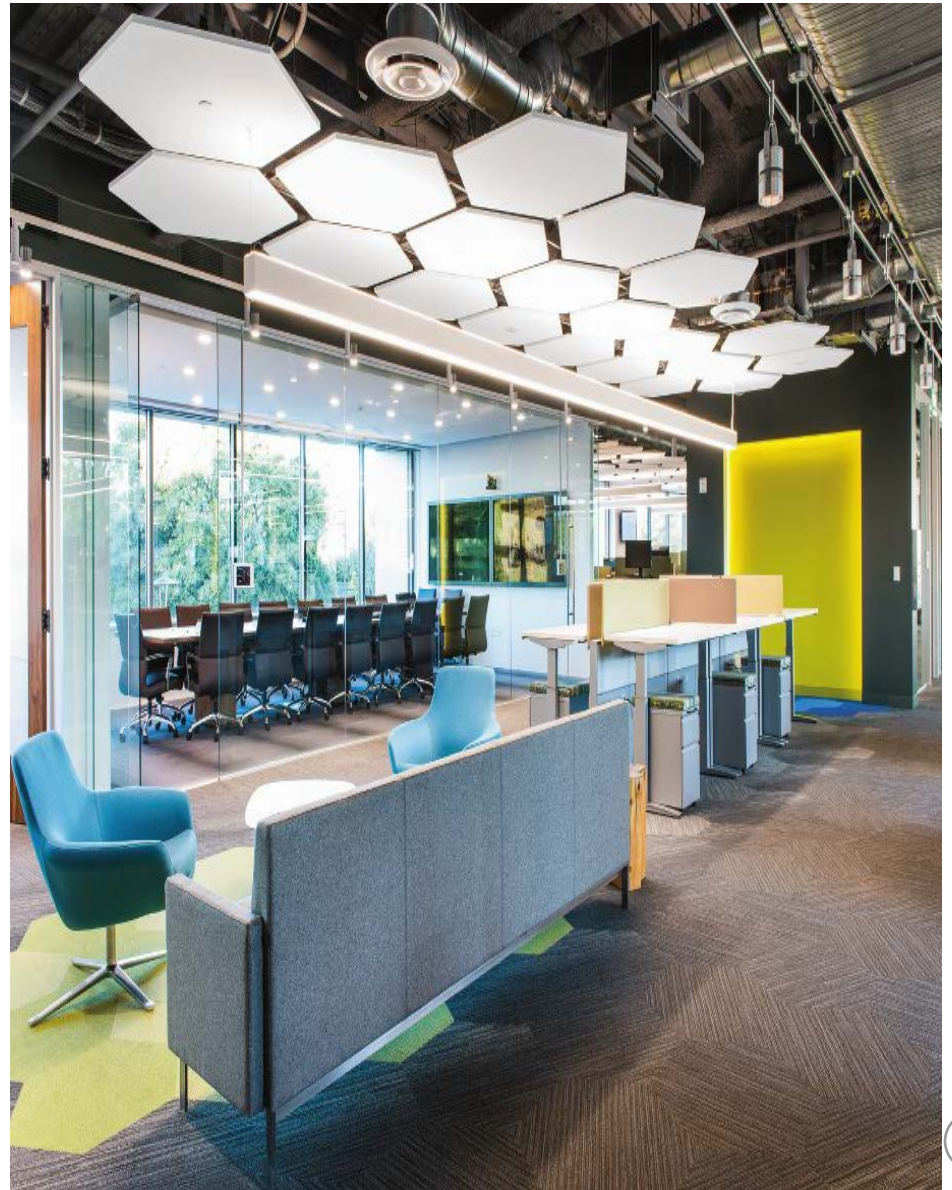
The guidance in this presentation is only effective as of the date given, February 23, 2015, and will not be updated or affirmed unless and until we publicly announce updated or affirmed guidance.

- 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 2014 is used for all currency translations in 2014 and prior years. Guidance is presented using the 2015 budgeted exchange rate for the year.
- We remove the impact of discrete expenses and income. Examples include plant closures, restructuring actions, and other large unusual items. We also remove the non-cash impact of our U.S. Pension Plan.
- Taxes for normalized Net Income and EPS are calculated using a constant 39% for 2015 guidance, and 2014 and 2013 results, which are based on the expected 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.

- Flooring business separation announcement
- Review of fourth quarter and full year 2014 results
- 2015 Outlook



Armstrong World Industries

Vic Grizzle Chief Executive Officer

- Global commercial suspended ceiling solutions provider
- #1 market position in all major geographies
- Poised to deliver margin expansion driven by recovery in North American commercial
- Recently completed investments in expanded sales and manufacturing capabilities
- Attractive opportunities for enhanced growth and margins, including emerging markets
- 23 year WAVE JV delivered \$68M of cash dividends and \$65M of equity earnings in 2014

Key Statistics (2014 Year End)

\$1.3B (95/5)

Revenue
(% Commercial vs. Residential)

\$330M*

Adjusted EBITDA



~3,400

Team Members
Worldwide



22

Manufacturing Facilities
in 8 Countries†



100+

Countries Have Armstrong
Ceilings

Armstrong Flooring

Don Maier Chief Executive Officer

- Dedicated hard surface flooring products designer and manufacturer
- Substantial margin expansion, driven by mix and operating leverage
- Positioned to benefit from expected recovery in North American commercial
- Significant growth opportunity in Asia
- Well-positioned for both residential and non-residential cyclical recoveries

Key Statistics (2014 Year End)

\$1.2B (35/65)

Revenue
(% Commercial vs. Residential)

\$114M*

Adjusted EBITDA



~3,600

Team Members
Worldwide



17

Manufacturing Facilities
in 3 Countries



8,000,000+

Annual Visitors to
Global Websites

*Does not include unallocated corporate expense of \$60 million

†Including the WAVE JV

Structure and Timing

- Expected tax-free spin-off of AFP to current AWI shareholders
- Expected completion in the first quarter of 2016, subject to customary conditions

Transition Management

- Separation Management Office (SMO) to lead transition planning
- Expect to enter into intercompany agreements for certain shared services

Principal Closing Conditions

- Final approval of Armstrong's Board of Directors
- Receipt of opinion of counsel regarding the tax-free nature of the separation
- Effectiveness of a Form S-1 filing with the Securities and Exchange Commission

Strategic

- Increases flexibility to pursue domestic and international growth opportunities
- Sharpens focus on distinct strategic priorities and distribution channels
- Closer alignment of compensation/incentives to performance

Operational

- Little overlap, no significant synergies from operating as combined entity
- Enhances ability to address unique customer needs
- Greater opportunity to build stronger and more intimate customer relationships

Financial

- Optimized capital structures to match different risk and cash flow profiles
- Direct access to capital markets to fund growth agendas
- Allows investors to better assess each business on its own merits

Two Companies With Distinct Operating Models, Market Dynamics, Capital Needs and Distribution Channels, With Minimal Overlap and Synergies

Economic Conditions

- North America commercial up low single digits, Residential new and R&R both up
- UK and Middle East improve, offset by soft Euro-zone and challenging Russia
- China up except for high-end office, India strong, Australia mixed
- Overall emerging markets challenged

Armstrong World Industries

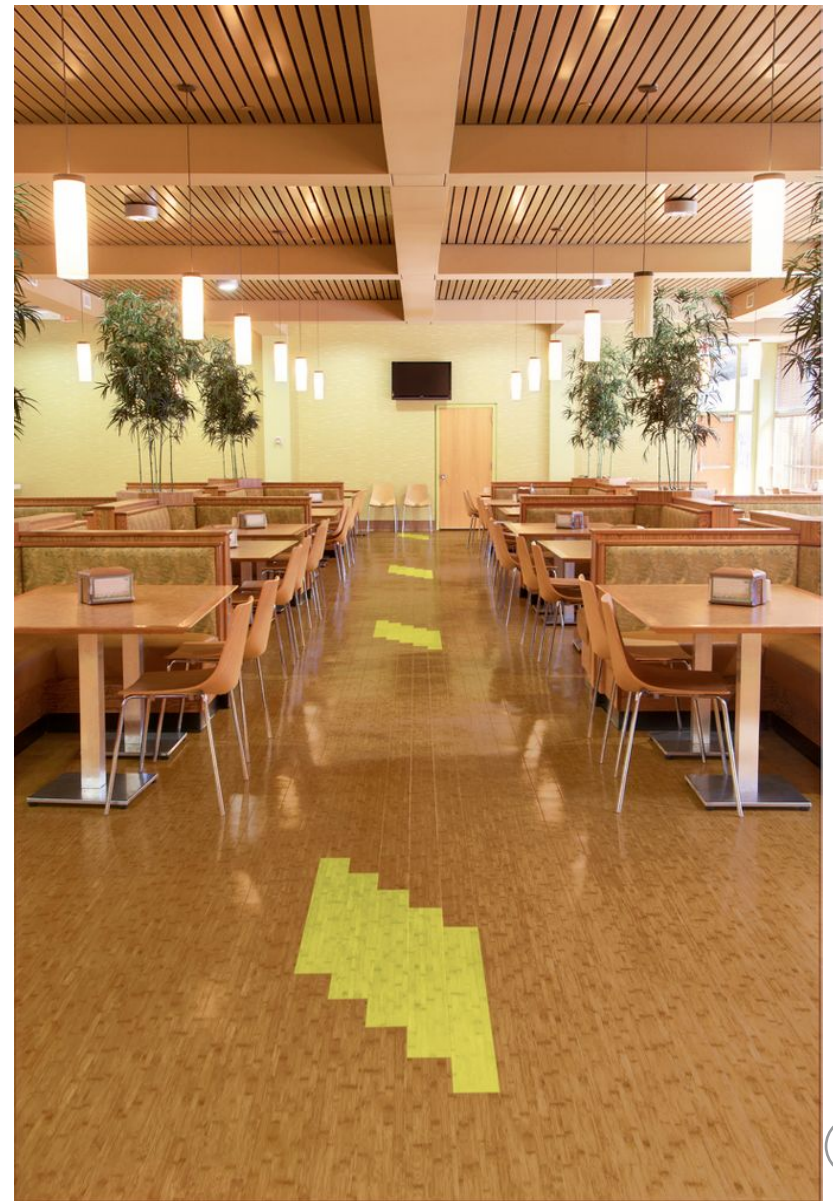
- Volumes grow for the first time since 2008
- Another solid year in the Americas
- Profit growth in Europe, but challenges from Russia and the Ruble
- Growth continues in the Pacific Rim

Armstrong Flooring

- 2015 is a year of investment in North America
 - Especially in the residential sector
- Recapture volumes, reinvigorate products and set the stage for 2016
- LVT and Somerset investments come on-line in 2015

Positioning both businesses to succeed as independent companies
Both businesses more profitable in 2016

Financial Review



- European Flooring Business

- Announced decision to exit European flooring business in Q4 2014
- Treated as discontinued operation starting in Q4 2014 and removed from historical presentation within continuing operations
- Results had previously been included in the Resilient segment

	Q4 2014	FY 2014
October sales guidance	\$610 - \$650 million	\$2,680 - \$2,720 million
October EBITDA guidance	\$55 - \$75 million	\$355 - \$375 million
Estimated European Flooring sales	\$50 million	\$210 million
Estimated European Flooring EBITDA	(\$5) million	(\$10) million
Implied Guidance ranges excluding European Flooring		
Sales	\$560 - \$600M	\$2,470 - \$2,510
EBITDA	\$60 - \$80M	\$365 - \$385

Key Metrics – Fourth Quarter 2014



	2014	2013	Variance
Net Sales ⁽¹⁾	\$595	\$610	(2.5%)
Operating Income ⁽²⁾	47	44	7.3%
% of Sales	8.0%	7.2%	80 bps
EBITDA	78	72	8.3%
% of Sales	13.2%	11.8%	140 bps
Earnings Per Share ⁽³⁾	\$0.38	\$0.35	6.9%
Free Cash Flow	49	(7)	768%
Net Debt	857	954	(97)
ROIC ⁽⁴⁾	7.7%	9.8%	(210 bps)

(1) As reported Net Sales: \$587 million in 2014 and \$615 million in 2013

(2) As reported Operating Income: \$36 million in 2014 and \$43 million in 2013

(3) As reported EPS: \$0.19 in 2014 and \$0.42 in 2013

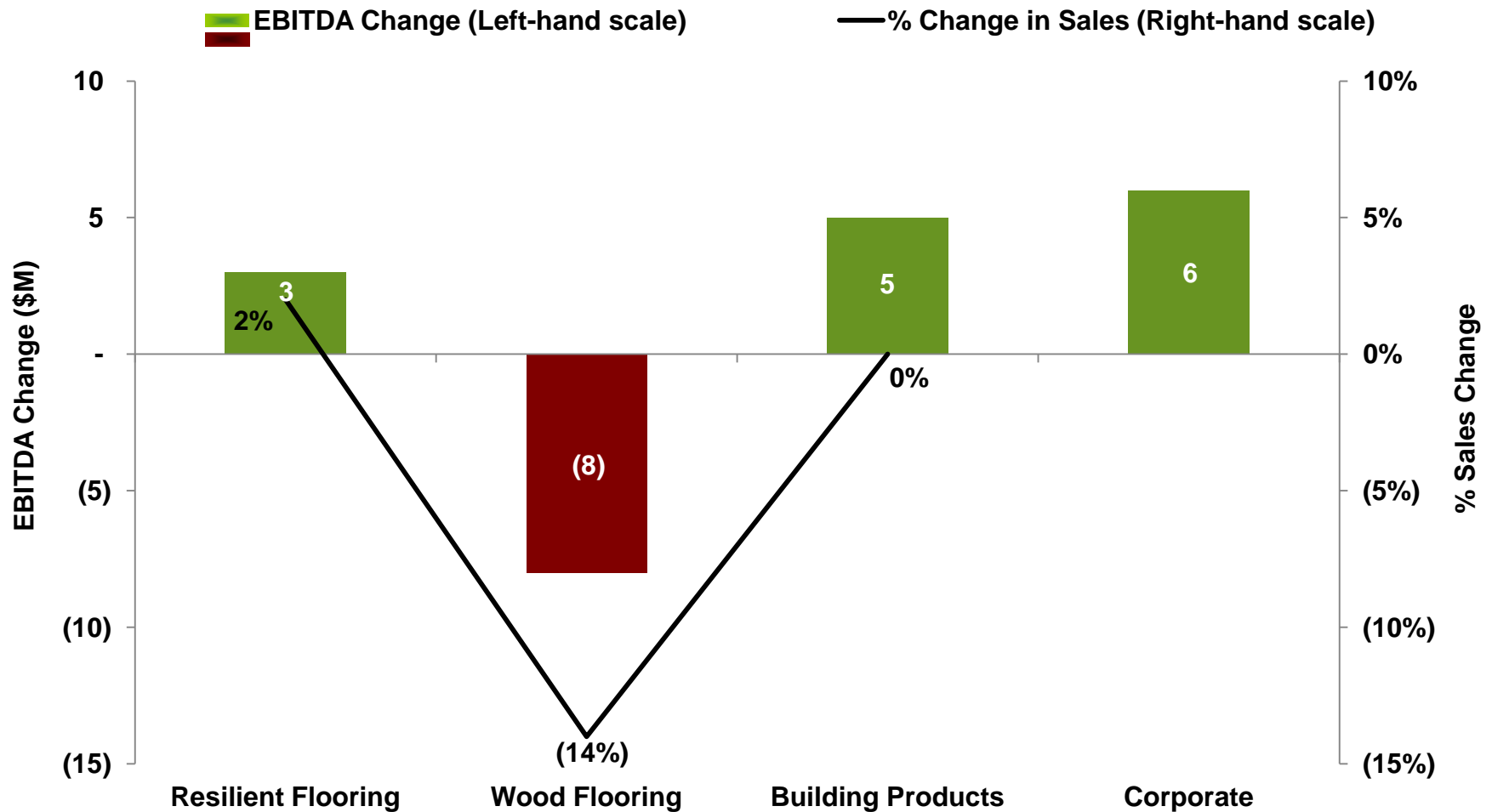
(4) Unadjusted

Fourth Quarter 2014 vs. PY– Adjusted EBITDA to Reported Net Income

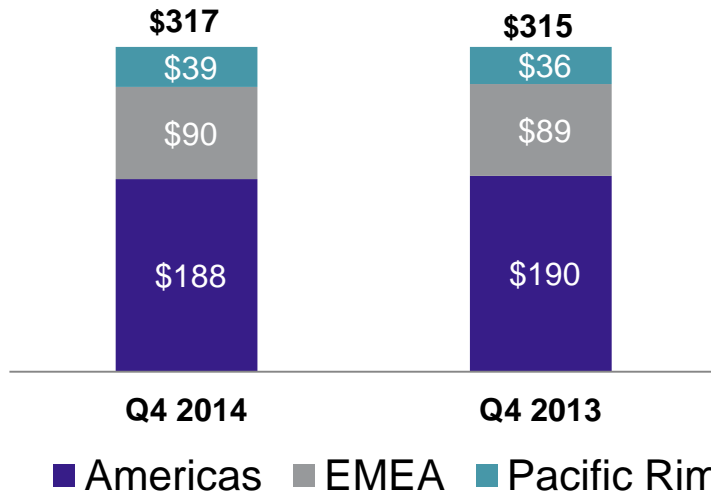


	2014	2013	V
EBITDA– Adjusted	\$78	\$72	\$6
Depreciation and Amortization	(31)	(28)	(3)
Operating Income – Adjusted	\$47	\$44	\$3
Non-cash impact of U.S. pension	-	(1)	1
Foreign Exchange Movements	(1)	-	(1)
Impairment	10	-	10
Cost Reduction Initiatives	2	2	-
Operating Income – As Reported	\$36	\$43	(\$7)
Interest/Other (Expense)	(12)	(12)	-
EBT	\$24	\$31	(\$7)
Tax (Expense)	(13)	(8)	(5)
Net Income	\$11	\$23	(\$12)

Fourth Quarter Sales and EBITDA by Segment – 2014 vs. Prior Year



Net Sales



Key Highlights

- Sales increased slightly over a strong base period (sales were up over 9% in the fourth quarter of 2013). Price and mix both improved and were only partially offset by lower volumes, primarily in the Americas.
- Soft year-on-year retail activity driven by Lowes load-in in 2013

Q4 2013 Adjusted EBITDA \$ **68M**

Price & Mix

Volume

Manufacturing & Input Costs

SG&A

8

(9)

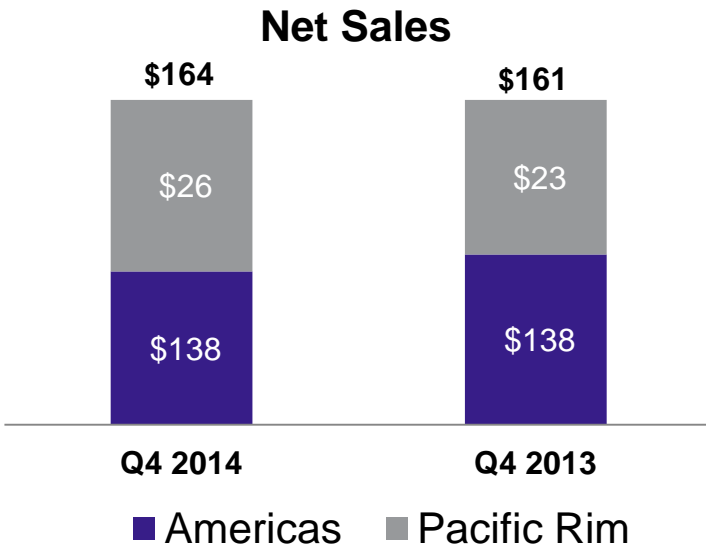
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Q4 2014 Adjusted EBITDA \$ **73M**

- Reflects impact of price increases announced earlier in year and continued strong mix performance.
- Driven by lower volumes in the Americas.
- Strong productivity in the Americas more than offset increased costs associated with Russia plant construction and higher input costs.
- Lower SG&A spending in the Americas and Pacific Rim

Margin improvement demonstrates strong operating leverage as adjusted EBITDA improved 7% despite volume declines and higher plant construction and input costs



Key Highlights

- Sales increased slightly as strength in the Pacific Rim offset lower volumes in the Americas. Mix improvements in the Americas offset the lower volumes.
- With commercialization of the two plants in China completed, volumes in China were up over 30%.

Q4 2013 Adjusted EBITDA \$ **18M**

Price & Mix
Volume
Manufacturing & Input Costs

1
(1)
3

• Driven by positive mix performance in the Americas and Pacific Rim.

• Double digit volume growth in the Pacific Rim was more than offset by lower volumes in the Americas.

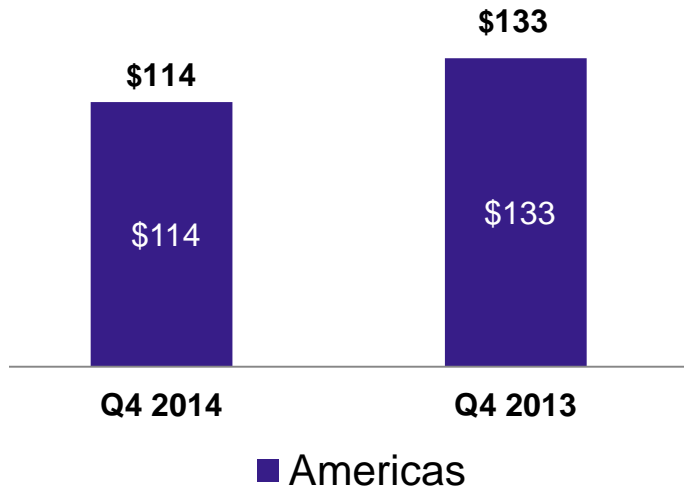
Q4 2014 Adjusted EBITDA \$ **21M**

• Strong productivity offset input cost inflation

Improved results in the Pacific Rim and strong global productivity drove margin improvement

Wood Fourth Quarter Results

Net Sales



Key Highlights

- Sales declined 15% despite improvements in price and mix as pricing actions by competitors resulted in lower volumes.
- The comparison was impacted by a strong base period (sales were up over 20% in the fourth quarter of 2013).

Q4 2013 Adjusted EBITDA

\$ 4M

Price & Mix

9

Volume

(10)

Manufacturing & Input Costs

(6)

SG&A

(1)

- Reflects impact of price increases announced earlier in the year as a result of higher lumber costs and continued mix improvements.

- Lower volumes driven by share loss at opening price points.

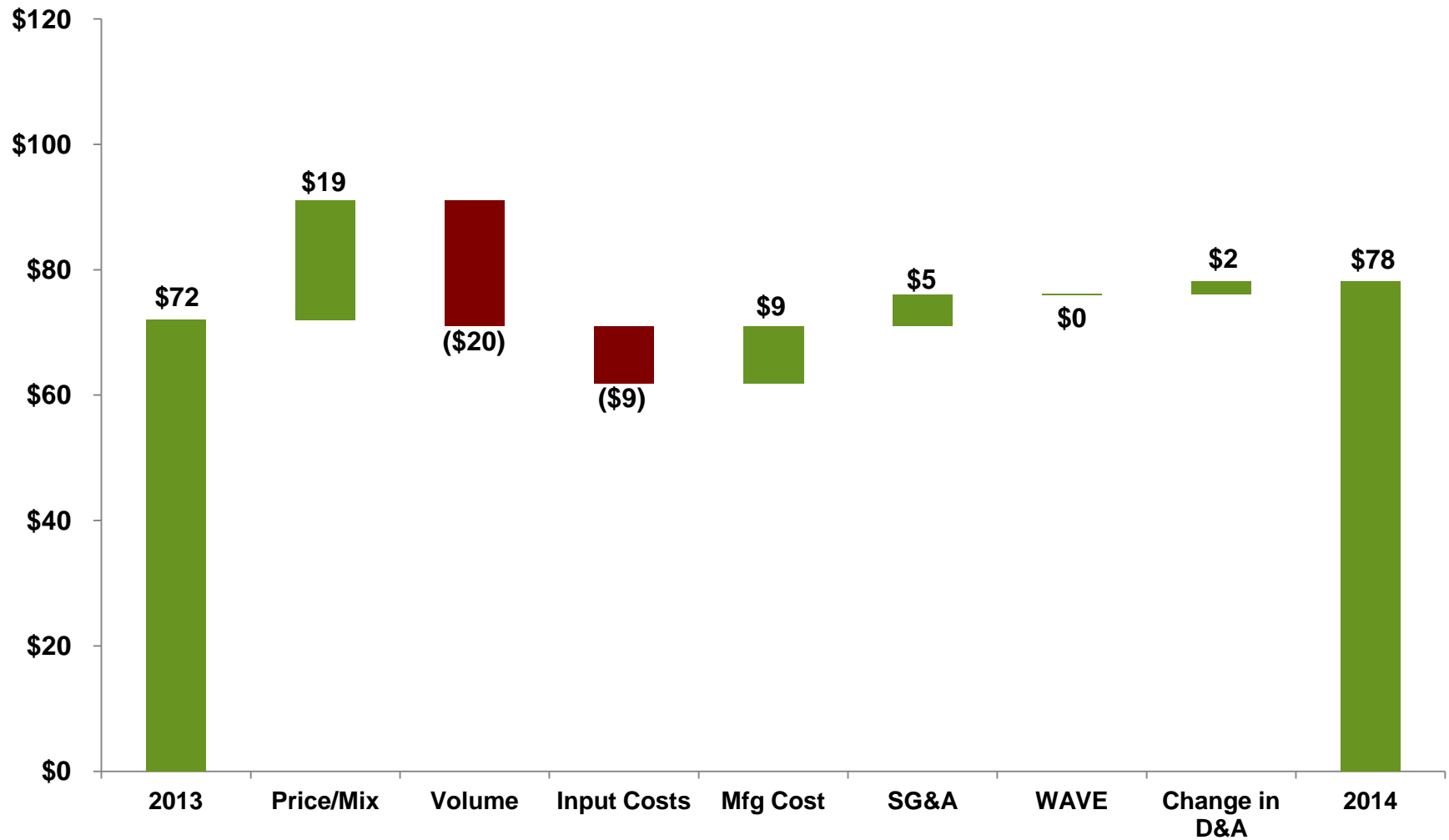
- Continued increases year on year in lumber costs.

Q4 2014 Adjusted EBITDA

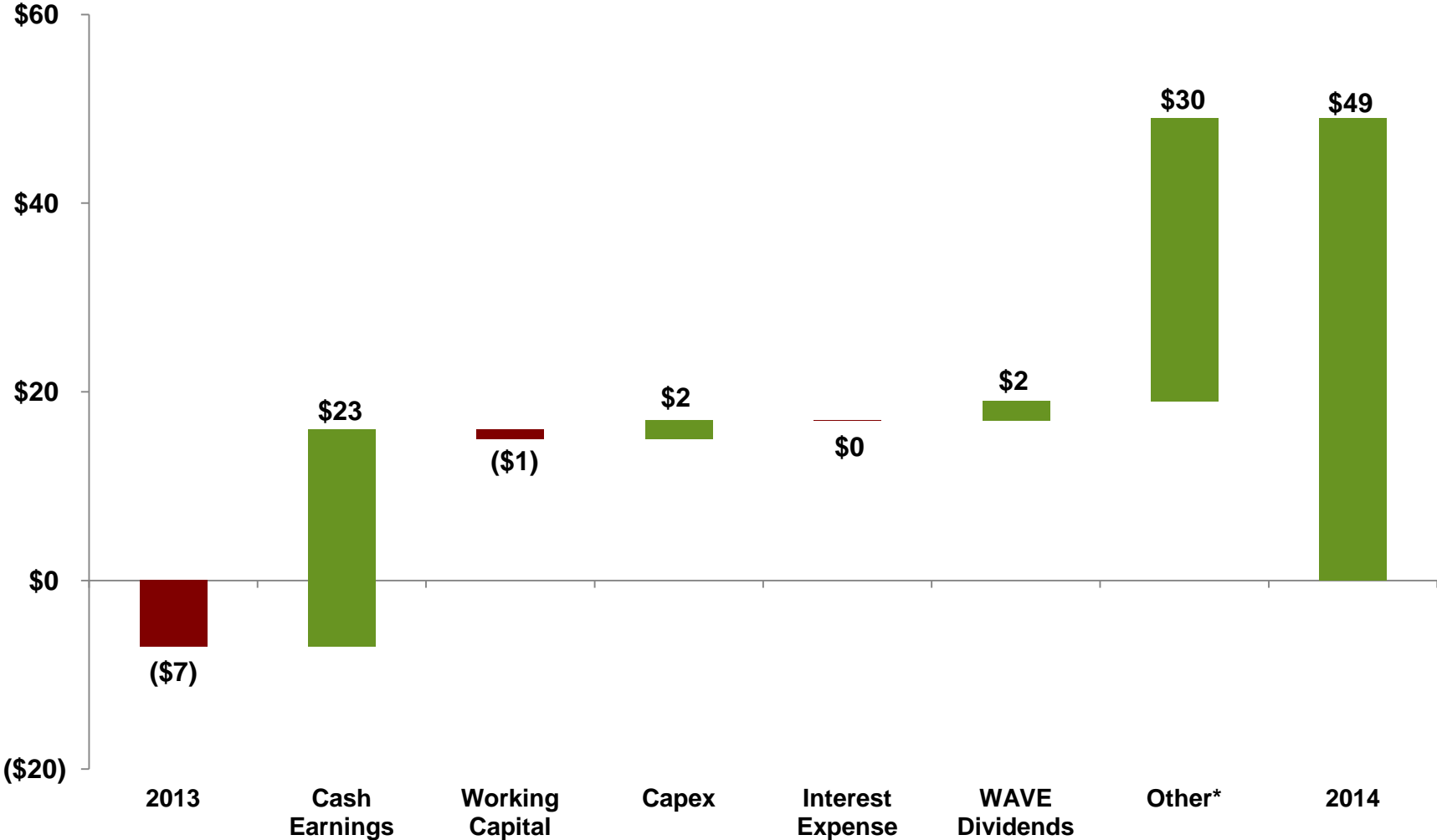
\$ (4M)

Despite improved price and mix performance, sales and margins decline due to lower volumes and continued elevated lumber pricing

EBITDA Bridge – Fourth Quarter 2014 vs. Prior Year



Free Cash Flow – Fourth Quarter 2014 vs. Prior Year



* Includes \$24 million associated with the closing of intercompany loan hedges

Key Metrics – Full Year 2014



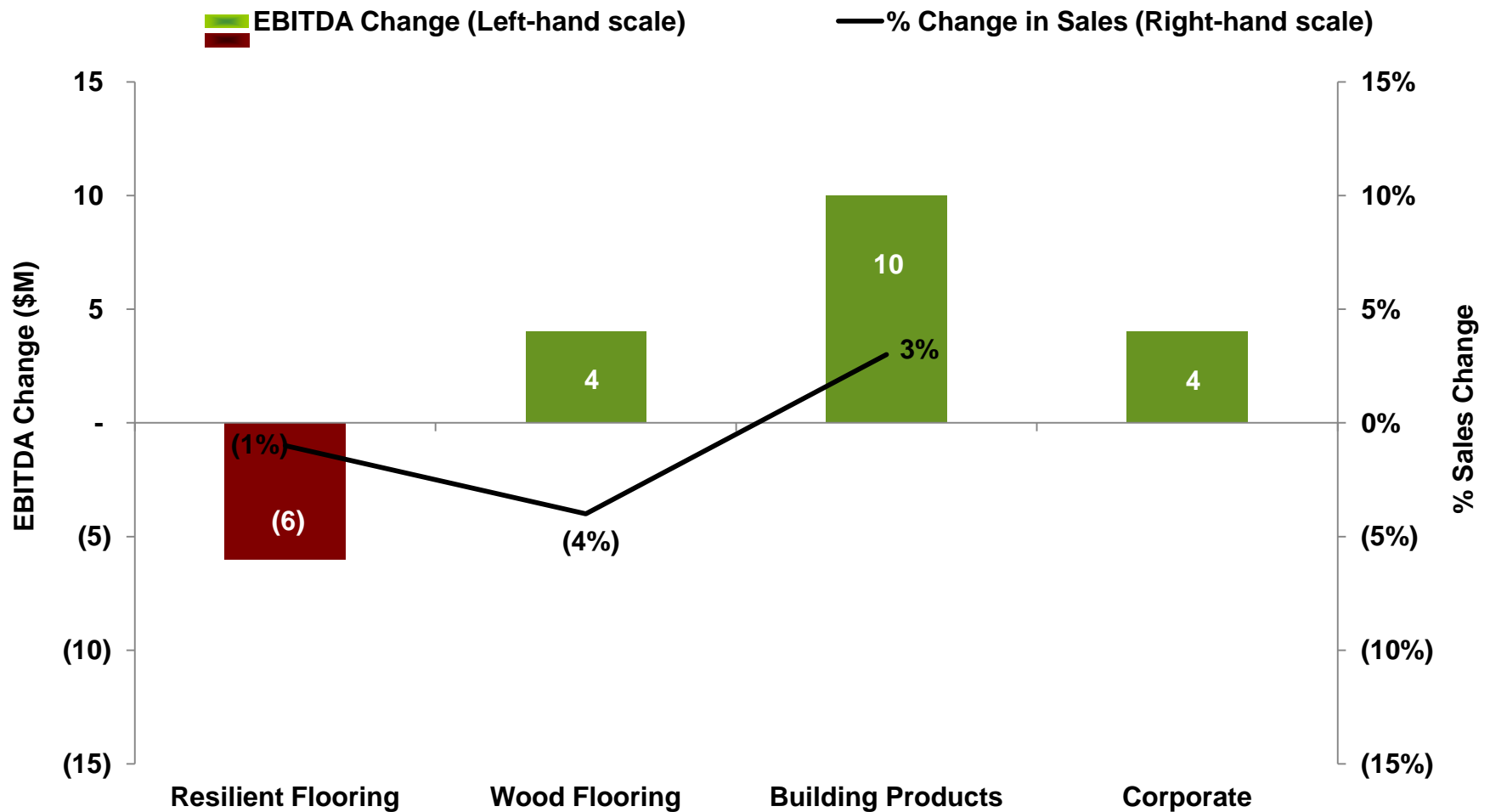
	2014	2013	Variance
Net Sales ⁽¹⁾	\$2,515	\$2,508	0.3%
Operating Income ⁽²⁾	266	269	(1.3%)
% of Sales	10.6%	10.7%	(10 bps)
EBITDA	384	372	3.2%
% of Sales	15.3%	14.8%	50 bps
Earnings Per Share ⁽³⁾	\$2.32	\$2.11	10.1%
Free Cash Flow	64	68	(6.3%)

(1) As reported Net Sales: \$2,515 million in 2014 and \$2,527 million in 2013

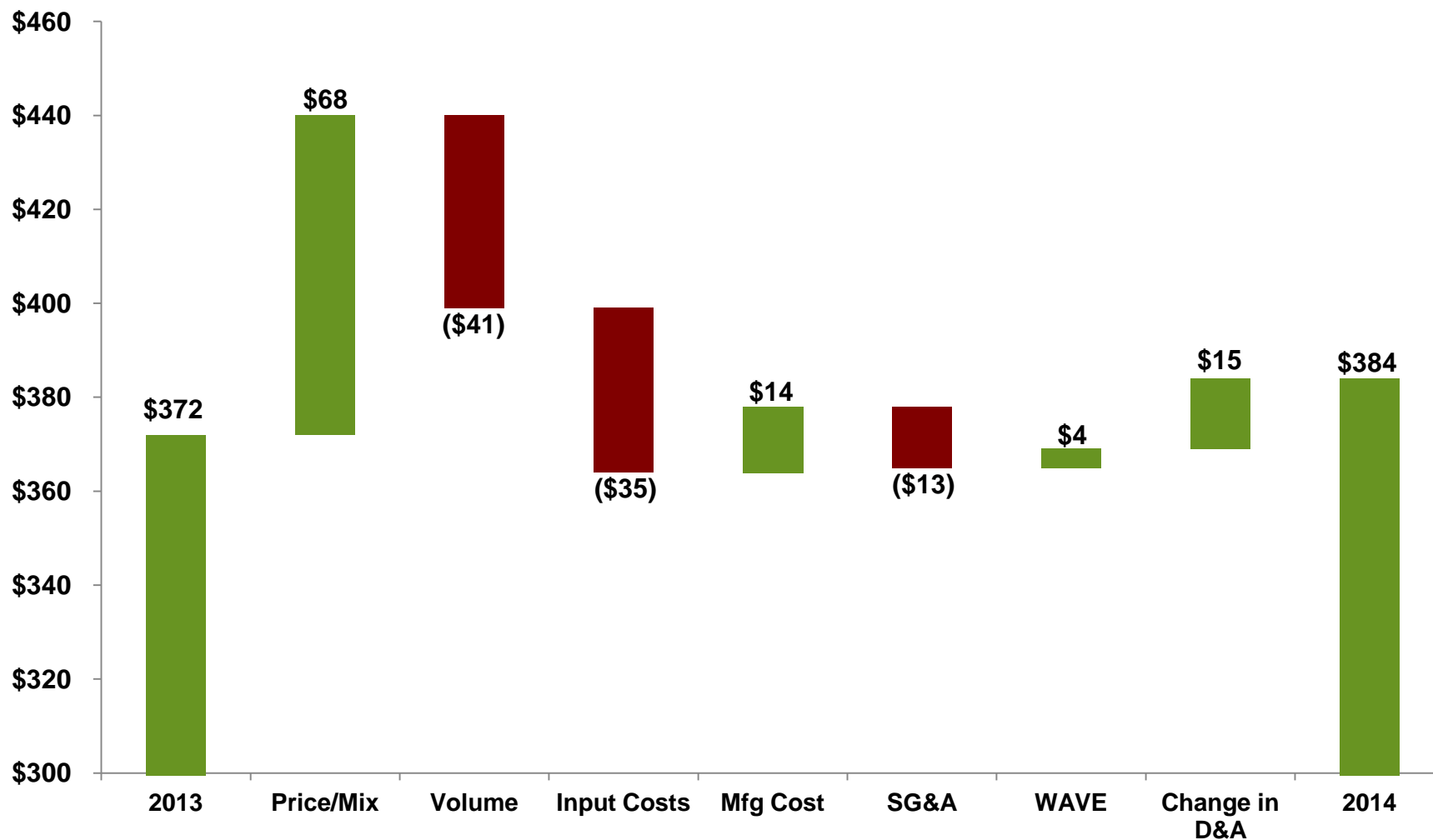
(2) As reported Operating Income: \$239 million in 2014 and \$266 million in 2013

(3) As reported EPS: \$1.83 in 2014 and \$2.17 in 2013

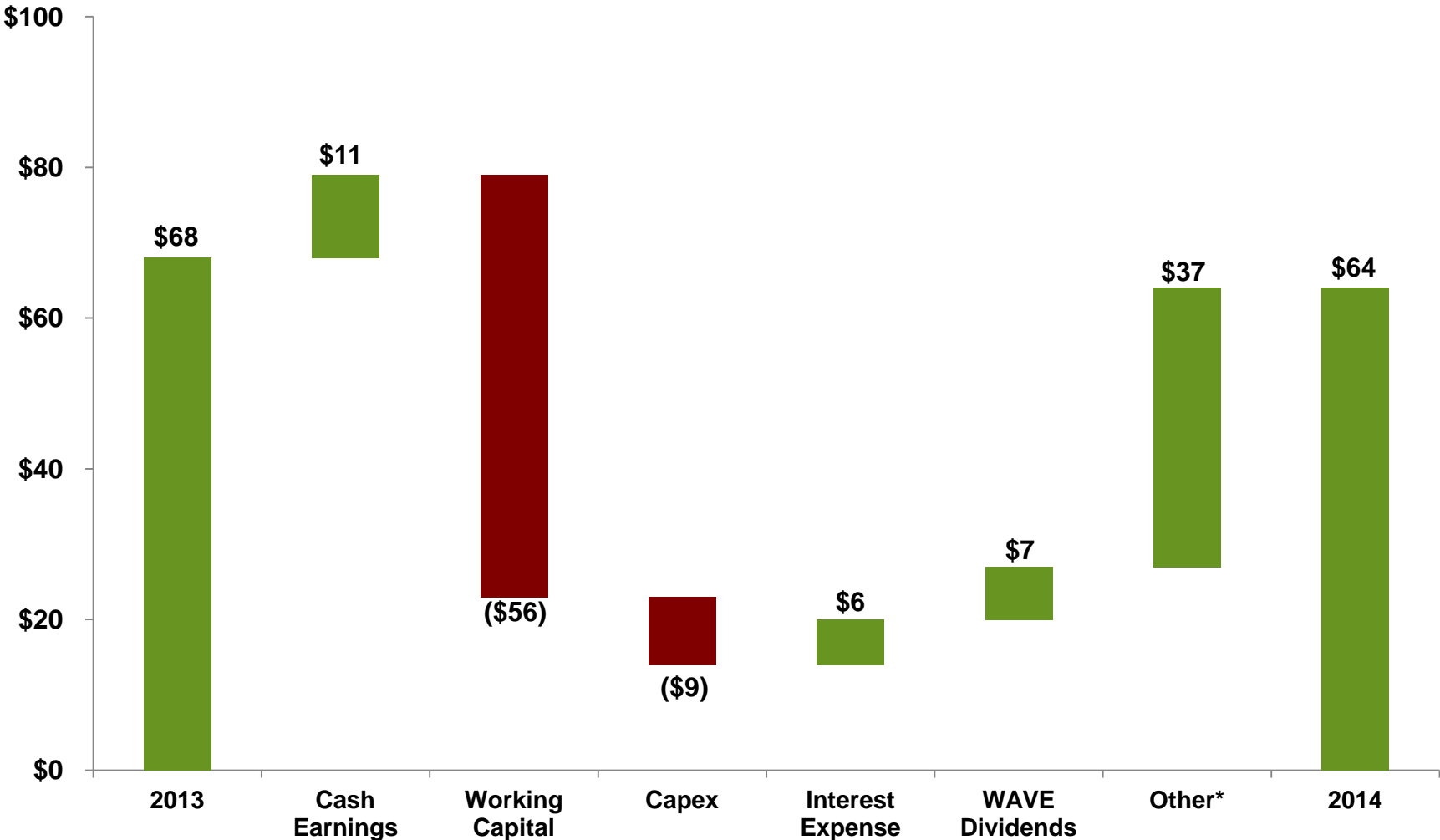
Full Year Sales and EBITDA by Segment – 2014 vs. Prior Year



EBITDA Bridge – Full Year 2014 vs. Prior Year



Free Cash Flow – Full Year 2014 vs. Prior Year



* Includes \$29 million associated with the closing of intercompany loan hedges

Key Metrics – Guidance 2015



	2015 Estimate Range ⁽¹⁾		2014 ⁽²⁾	Variance	
Net Sales⁽³⁾	2,525	to	2,625	2,515	0% to 4%
Operating Income⁽⁴⁾	230	to	270	271	(15%) to (1%)
EBITDA	350	to	390	389	(10%) to 0%
Earnings Per Share⁽⁵⁾	\$2.05	to	\$2.45	\$2.38	(14%) to 3%

(1) Guidance is presented using 2015 budgeted foreign exchange rates

(2) 2014 results are presented using 2015 budgeted foreign exchange rates

(3) 2015 and 2014 net sales include the impact of foreign exchange

(4) As reported Operating Income: \$175 - \$215 million in 2015 and \$239 million 2014

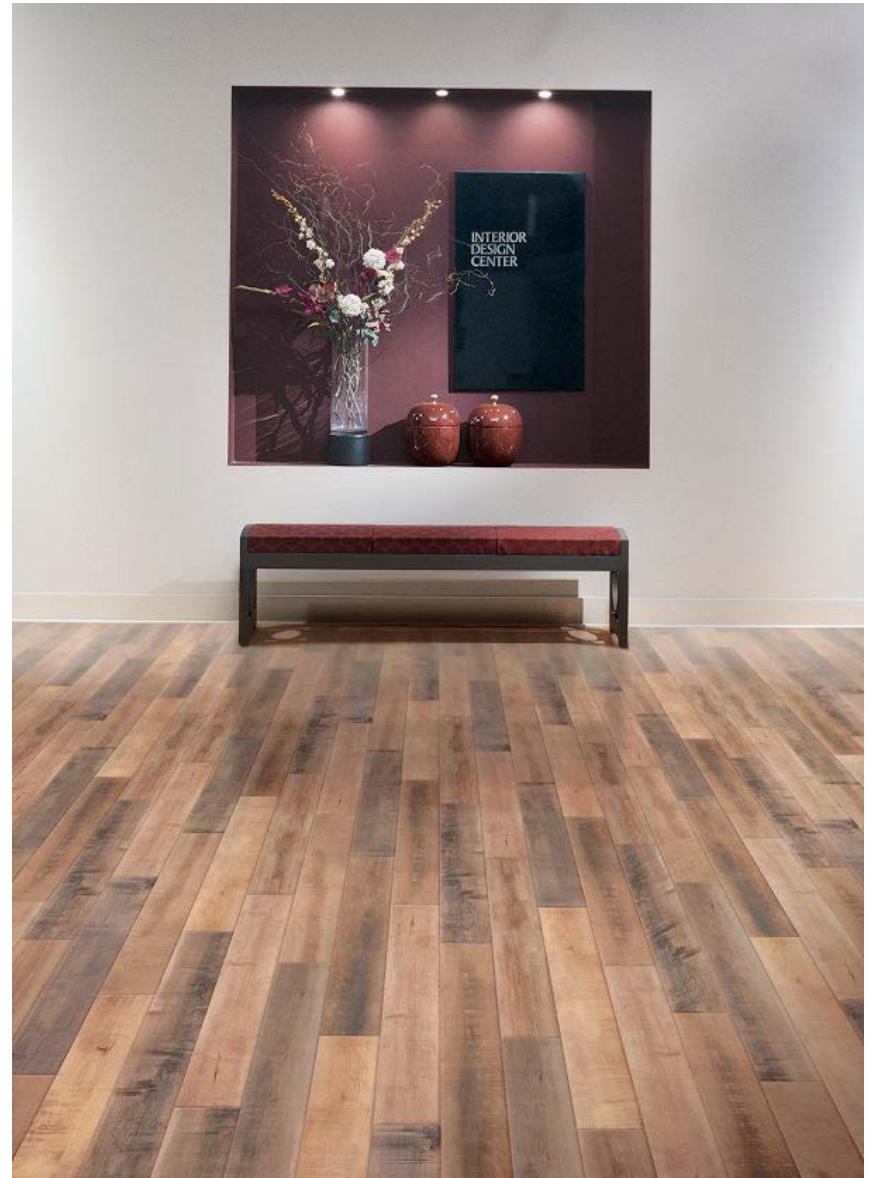
(5) As reported earnings per share: \$1.25 - \$1.60 in 2015 and \$1.83 in 2014

ABP Segment	▶ Sales ⁽¹⁾ \$1,300-\$1,350 million; EBITDA \$335-\$360 million
AFP Segment	▶ Sales ⁽¹⁾ \$1,225-\$1,275 million; EBITDA \$80-\$100 million
Corporate Segment	▶ EBITDA (\$65) – (\$70)
Cash Taxes/ETR	▶ \$45 - \$55 million; Adjusted long-term ETR of ~39% ⁽²⁾
Capital Spending	▶ \$125 - \$150 million
Exclusions from EBITDA	▶ Non-cash: \$22 - \$28 million US pension expense Cash: \$20 - \$40 million transaction costs

(1) Net sales include foreign exchange impact

(2) As reported ETR of 47% for 2015

Appendix



Full Year 2014 vs. Prior Year – Adjusted EBITDA to Reported Net Income



	2014	2013	V
EBITDA– Adjusted	\$384	\$372	\$12
Depreciation and Amortization	(118)	(103)	(15)
Operating Income – Adjusted	\$266	\$269	(\$3)
Non-cash impact of U.S. pension	1	(2)	3
Foreign Exchange Movements	(1)	(2)	1
Impairments	13	-	13
Cost Reduction Initiatives	14	7	7
Operating Income – As Reported	\$239	\$266	(\$27)
Interest/Other (Expense)	(54)	(67)	13
EBT	\$185	\$199	(\$14)
Tax (Expense)	(83)	(72)	(11)
Net Income	\$102	\$127	(\$25)

Fourth Quarter

	2014 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2014 Adjusted	2013 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2013 Adjusted
Net Sales	587	-	8	595	615	-	(5)	610
Operating Income	36	12	(1)	47	43	1	-	44
EPS	\$0.19	\$0.20	(\$0.01)	\$0.38	\$0.42	(\$0.07)	-	\$0.35

Full Year

	2014 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2014 Adjusted	2013 Reported	Comparability ⁽¹⁾ Adjustments	FX ⁽²⁾ Adj	2013 Adjusted
Net Sales	2,515	-	-	2,515	2,527	-	(19)	2,508
Operating Income	239	28	(1)	266	266	5	(2)	269
EPS	\$1.83	\$0.50	(\$0.01)	\$2.32	\$2.17	(\$0.04)	(\$0.02)	\$2.11

(1) See earnings press release and 10-K for additional detail on comparability adjustments

(2) Eliminates impact of foreign exchange movements

Segment Operating Income (Loss)



Fourth Quarter

	2014 Reported	Comparability ⁽¹⁾ Adjustments	2014 Adjusted	2013 Reported	Comparability ⁽¹⁾ Adjustments	2013 Adjusted
Building Products	55	-	55	52	1	53
Resilient Flooring	16	(1)	15	10	1	11
Wood Flooring	(19)	12	(7)	0	-	0
Unallocated Corporate (Expense) Income	(16)	-	(16)	(19)	(1)	(20)

Full Year

	2014 Reported	Comparability ⁽¹⁾ Adjustments	2014 Adjusted	2013 Reported	Comparability ⁽¹⁾ Adjustments	2013 Adjusted
Building Products	265	(2)	263	263	-	263
Resilient Flooring	61	5	66	70	3	73
Wood Flooring ⁽²⁾	(15)	23	8	6	-	6
Unallocated Corporate (Expense) Income	(72)	1	(71)	(73)	-	(73)

(1) Eliminates impact of foreign exchange movements and non-recurring items; see earnings press release and 10-K for additional detail.

(2) Includes a \$1 million gain in the second quarter of 2014 related to a refund of previously paid duties on imports of engineered wood flooring

	Fourth Quarter		Full Year	
	2014	2013	2014	2013
(\$ millions)				
Net cash from operations	\$98	\$52	\$209	\$214
Net cash (used for) investing	(52)	(59)	(149)	(146)
Add back (subtract) adjustments to reconcile to free cash flow				
Net cash effect from deconsolidation of European Flooring business	4	-	4	-
Other	(1)	-	-	-
Free Cash Flow	\$49	(\$7)	\$64	\$68