
ANNUAL REPORT 2004



Contents

- Financial Highlights 4
- Awards and Honors 5
- Flooring Products 6
- Building Products 12
- Cabinet Products 18
- eMarketing 20
- Environmental Commitment 22
- Community Involvement 24
- Corporate Responsibility &
Governance 26
- Board of Directors 27
- Operations Management 28



2004 was a year of achievement as well as disappointment for Armstrong. On the achievement side, three of our five business segments met or exceeded sales and income goals set in 2003. Wood Flooring achieved double-digit sales growth and returned to profitability. Cabinets also increased sales and achieved profitability. Building Products had an excellent year worldwide, increasing sales and exceeding expectations for operating income.

At the same time, however, we were disappointed in two key goals – increasing the profitability of our European flooring operations, and emerging from Chapter 11. Economic recession and industry overcapacity in our major European markets contributed to an operating income loss for our Resilient Flooring business in 2004. We began 2005 with good order momentum and lower manufacturing costs. These two elements should enable us to narrow our losses. Still, we do not expect to be profitable next year, given the continued slow-to-negative growth outlook in Germany and the Netherlands, our major European markets, and rapidly rising raw material costs.

Our other disappointment in 2004 was the failure to win final approval of our plan of reorganization that would allow Armstrong to emerge from bankruptcy. In February 2005, U.S. District Court Judge Eduardo Robreno held that the mechanism that allowed shareholders to

to our SHAREHOLDERS

receive warrants despite the objections of one class of creditors was impermissible under the bankruptcy code. We have appealed that ruling and continue to work with our creditor groups to resolve the remaining issues in our Chapter 11 case.

The mix of good and bad news in 2004 only increases our determination in 2005 to further strengthen our position as the high quality, competitive cost producer of flooring, ceilings and cabinets. Armstrong is determined to emerge from Chapter 11 a trimmer, more agile company. Therefore you can expect to see us continue to invest in cost reductions and plant restructurings to support this objective.

Armstrong's net sales in 2004 were \$3,497.3 million, an increase of 7.3% over the prior year. Excluding the favorable effects of foreign exchange rates of \$87.9 million, consolidated net sales increased 4.5%. This increase is a substantial improvement over 2003 when consolidated net sales declined by 1.7%.

	MILLIONS OF DOLLARS	
	2004	2003
As reported Operating Income (loss)	\$(44)	\$(19)
Add back:		*
European Flooring Asset Writedowns	153	–
Asbestos Charge	–	81
Expenses of cost reduction initiatives	50	54
Adjusted Operating Income (non-GAAP)	\$159	\$116

* 2003 operating loss was initially reported as \$(10). The amount was modified due to reclassification of items to conform to the 2004 presentation.

Our 2004 operating loss increased to \$43.8 million. This was the result of the write-down of our investment in the European Resilient Flooring business. The write-down included non-cash goodwill impairment charges of \$108.4 million and a fixed asset impairment charge of \$44.8 million. Again in 2004, we incurred \$50 million in charges to income resulting from manufacturing and organizational initiatives undertaken to improve Armstrong's cost structure and competitive position.

Performance By Business

The two largest contributors to operating income growth in 2004 were the Building Products and Wood Flooring businesses. Operating income for Armstrong Building Products (ABP) increased to \$127 million from \$95.2 million in 2003, or 33.3%. Wood Flooring turned an operating loss of \$4 million in 2003 into operating income of \$51.4 million in 2004. Both businesses benefited from vigorous sales growth driven by increased volume and improved pricing.

ABP had an excellent year throughout the world, and especially in North America where the business benefited from the turnaround of commercial markets. Office vacancy rates declined and there was growth in office employment. Both factors are important in determining the market demand for ceilings. In other global markets, ABP continued to benefit from growth in Eastern Europe, especially Russia, and in the Pacific Rim, especially India and China.

The Wood Flooring business achieved substantial growth in pre-finished solid and engineered flooring due to improved product quality and a strong housing market. The business also rebuilt its green lumber inventory, which allows it to more effectively manage the cost of dry lumber going into the plants. To meet increased demand, the business added substantial production capacity and made progress in improving engineered service levels. The costs of these measures combined with the higher costs for lumber partially offset the income leverage we achieved from increased sales.

Armstrong Cabinet Products (ACP) was the next largest contributor to operating income growth. ACP had operating income of \$1.4 million in 2004 compared to an operating loss of \$11.1 million in 2003. These improved results were the result of a 4% increase in net sales – \$213 million in 2004 compared to \$204.8 million in 2003 – as well as improved safety, service and productivity performance, and reduced sales, general and administrative (SG&A) expenses. The results were partially offset by the cost of closing the Morristown, Tennessee plant.

Resilient Flooring had an operating loss of \$150.2 million in 2004 compared to operating income in 2003 of \$56.2 million. This decline in operating margin is the result of the asset write-down in Europe and restructuring spending for our plan to close two-thirds of our Lancaster, PA floor plant. Net sales rose 2.8%, to \$1,215.1 million from \$1,181.5 million in 2003. However, excluding the favorable impact of foreign exchange rates of \$27.6 million, 2004 net sales were essentially flat compared to the prior year.

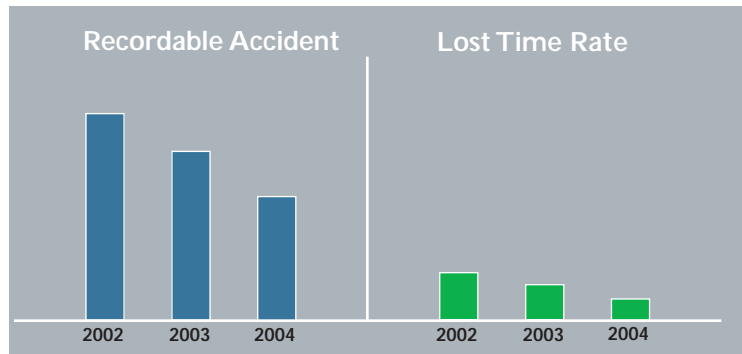
There were a few bright spots in Resilient Flooring. The North America commercial segment of the business saw year-over-year growth in orders. There was also an increase in the sales of sheet vinyl for the second year in a row, a development that is counter to the industry trend and attributable to improved sheet vinyl visuals.

Still, earnings in North America Resilient declined due to lower sales and \$20 million of raw material cost increases. Raw material costs continue to increase rapidly in early 2005. In addition, Lowe's has informed us that, starting with the first quarter of 2005, it will be changing suppliers and substantially reducing the amount of laminate it buys from Armstrong. This action is expected to reduce sales by approximately \$60 million. This will have an adverse impact on operating income in 2005.

The Textile and Sports Flooring business continued to have disappointing sales and earnings. Net sales of \$265.4 million decreased in 2004 compared to \$271.9 million. Excluding the translation effect of changes to foreign exchange rates of \$25.8 million, net sales decreased by 10.8%. The decline was due to weak economic conditions in Western Europe and the loss of market share caused by the lack of new products. Carpet tile sales grew in 2004, in response to our adding sales resources in the United Kingdom. However, declines in broadloom and sports flooring sales more than offset our progress in carpet tiles. In 2005, we are adding sales resources for broadloom and introducing new products. We expect these actions to start our recovery in this very competitive business.

Better Cost Structure and Better Safety

In 2004 in addition to closing the Hoogezand ceiling plant and the Morristown, Tennessee cabinet plant, we announced the closing of the floor tile and commercial sheet operations in Lancaster, Pennsylvania. We also significantly reduced SG&A staffing levels as we continued the restructuring of our North American flooring business.



*In 2004, 145 fewer people had an accident than two years ago;
41 fewer people missed work because of an injury.*

Safety was another area of significant achievement in 2004. We had another banner year in reducing OSHA recordable accidents and lost time accidents. Better safety is translating into a better work place environment and lower costs.

A Record Number of Industry Awards and Honors

Armstrong's creative vitality led to more than 20 industry awards in 2004. If you turn to page 5 you will see a remarkable array of awards placing Armstrong in the forefront of the flooring, building products and cabinets industry. These include: Design Journal ADEX Platinum Awards given to Nature's Gallery® American Duet™ Laminate Floor and LaCerise™ Cinnamon Cherry Cabinetry; Builder Magazine's 2004 Brand Use Study that voted Armstrong Vinyl Flooring a "Clean Sweep" – #1 in Brand Familiarity and Quality; #1 Brand Used in Past Two Years; and #1 Brand Used Most; and McGraw-Hill Construction's Integrated Marketing Award for Armstrong's commercial ceiling and flooring groups.

In addition, our eMarketing program is using the latest imaging technology to provide our customers – architects, contractors, retailers and homeowners – direct access to our global portfolio. We were, therefore, extremely gratified when *BtoB* magazine selected www.armstrong.com as one of the "10 Great Web Sites" in the U.S., noting that Armstrong's site "is as beautiful as the flooring, ceiling and cabinetry products it manufactures and markets."

Meeting the Challenge Ahead

Looking ahead to 2005, we expect a somewhat less strong market for residential products but strong demand for commercial products together with rapidly increasing raw material costs and increasing competition. We will continue to lower our manufacturing costs, improve the productivity of our work force, and meet customer needs with high quality, innovative products and services.

In 2005 the Company celebrates its 145th anniversary. Our founder, Thomas Armstrong steered his fledgling company through the Civil War, financial panic, disastrous factory fires and a cutthroat marketplace. Through it all he maintained his sense of integrity, his commitment to quality, and his belief that his company's greatest assets were its employees, customers and shareholders.

These core values remain the guideposts for Armstrong in the 21st century. We will achieve no less than those who preceded us. By committing ourselves to overcoming all obstacles, we will create a company that is stronger, more innovative and enduring.

Michael Lockhart

Mike Lockhart

*Chairman and Chief Executive Officer
May, 2005*

Financial Highlights

Dollars in millions, except per share

	2004	2003
Earnings		
Net Sales	\$ 3,497	\$ 3,259
Charge for asbestos liability, net	\$ -	\$ 81
Operating (loss)	\$ (44)	\$ (19)
Chapter 11 costs, net	\$ 7	\$ 9
Net (loss)*	\$ (81)	\$ (39)
Diluted net (loss) per share	\$ (2.00)	\$ (0.97)
Balance Sheet		
Total assets	\$ 4,609	\$ 4,648
Total current liabilities	\$ 488	\$ 416
Total liabilities subject to compromise	\$ 4,866	\$ 4,859
Total other liabilities	\$ 667	\$ 704
Cash Flow		
Net cash provided by operations	\$ 143	\$ 166
Capital Expenditures	\$ 134	\$ 78

* 2004 includes a \$108 million after-tax goodwill impairment charge related to the European resilient flooring business.

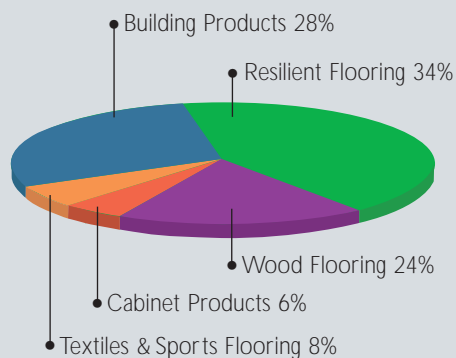
This summary table provides only overview financial information. Investors and others interested in the Company's financial performance and condition for 2004 should refer to the Company's Annual Report on Form 10-K to the SEC, which is available through the SEC, through the Company's Web site at www.armstrong.com or by request from our Investor Relations Office.

On December 6, 2000, Armstrong World Industries, Inc., the Company's operating subsidiary, filed for protection under Chapter 11 of the U.S. Bankruptcy Code to achieve a resolution of its asbestos liabilities.

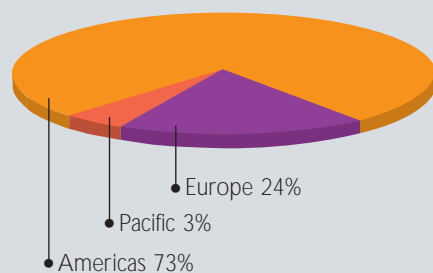
During 2003, Armstrong reduced a previously recorded insurance asset for asbestos-related to personal injury claims by \$73 million, reflecting management's current assessment of probable insurance recoveries. Armstrong also recorded an \$8 million charge to reflect an agreement to settle claims from the Center for Claims Resolution and a surety bond insurance company.

On February 23, 2005, the U.S. District Court ruled that our Plan of Reorganization, in its current form, could not be confirmed. At this time, we are unable to predict when, or if, the Plan will be confirmed. The timing of emergence from Chapter 11 remains uncertain. For details, visit www.armstrongplan.com.

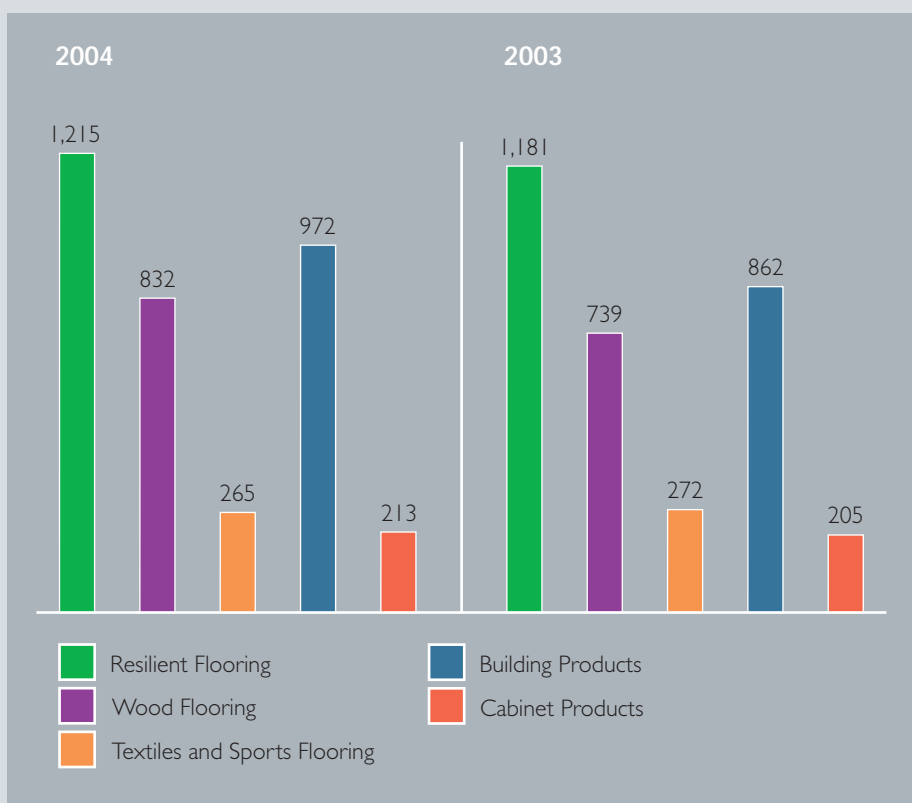
Segment Sales 2004



Geographic Sales 2004



Net Sales 2004 DOLLARS IN MILLIONS



2 0 0 4 A w a r d s a n d H o n o r s

- Architectural Record Excellence in Advertising Award, INFUSIONS™ Accent Canopies, "The New ARChitecture"
- Architecture 2004 Architects Choice for Excellence Award, Commercial Ceiling and Flooring Groups
- Architecture, Architectural Record, Buildings, Contract and Environmental Design & Construction Outstanding readership awards for Commercial Ceiling Systems Advertising
- B2B Awards "Top Ten Web Sites"
- Builder 2004 Brand Use Study, Armstrong Resilient & Bruce® Hardwood Floors Voted #1 in Quality and Innovation
- Building Products Most Valuable Product Award, Armstrong Vinyl Flooring, Destinations® Vinyl Collection, Mesita™
- Consumer's Digest Best Buy Endorsement, Highland Park™ Vinyl Sheet Flooring Collection
- Design Journal Platinum ADEX Awards, Nature's Gallery® American Duet™ Laminate Floor and LaCerise™ Cinnamon Cherry Cabinetry
- DOMOTEX 2005 Design Award, New Collections 2005: Armstrong DLW Linoleum, Armstrong DLW Vinyl, Armstrong DLW Scala
- Environmental Design + Construction Advertising Excellence Award, Commercial Ceiling Ad, "An Amazing View"
- Floor Focus The Top 250 Designers Survey – Armstrong # 1 Quality, Service, Performance and Value
- Gravure Association of America Golden Cylinder Award
- Home Channel News Golden Hammer Award, Gold level, Bruce
- Integrated Marketing award from McGraw Hill for our "tying together a unified creative buying concept anchored in the brand's promise, and presented in a highly recognizable, unique and consistent look."
- Label and Packaging Gravure Association 1st place Award
- National Floor Trends 2004 Supplier Service Awards, Best Service in Resilient, Wood and Overall Training Program Categories
- POP TIMES, Robbins®
- The Builder's Circle Adds Armstrong Cabinets to its Loyalty Program for the Residential Building Industry
- The International Building Exhibition "Budma" in Poznan, Poland, the first award and the title of "Good Choice 2004" in ceilings category to WAVE for PeakForm™ Grid
- Today's Facility Manager Reader's Choice Award for Commercial Acoustic Ceilings category

Flooring Products

In 2004, Armstrong Flooring Products (AFP) launched 372 new products and designs, nearly twice the number in 2003. Not content to rest on our laurels, we intend to raise the bar even higher in 2005 with more than 600 new product and design launches. This program will span the full spectrum of residential and commercial offerings in hardwood, laminate and vinyl. Our goal is to have the most innovative designs, highest quality, and best service in the industry.

The new product launches come in direct response to consumer demand for greater choice, higher quality and lower price. Consumers today are more sophisticated, knowledgeable, and selective in the design and renovation of their living and working spaces. As a result, there is great demand for products that personalize both the home and workplace, creating a unique environment that expresses the style and values of the individual, family and business.

To augment the product launches we have initiated a broad-based marketing program aimed at (a) building consumer awareness of the array of product categories in our portfolio, and (b) increasing retailer sales. We are wooing consumers in new ways, including a multi-million dollar advertising campaign with a media buy more than double last year's, an expanded Web site featuring new design and store locator tools, and a new look and feel for our merchandising displays making them more flexible, functional and cost effective.

We launched the ad campaign in February, 2005 with a unique four-page foldout featuring three different Armstrong floors. The ad, shown to the right and facing page, appeared in the major mass circulation magazines, including *In Style*, *Metropolitan Home*, *Elle Décor*, *Martha Stewart Living*, *Oprah at Home*, *Traditional Home*, *Country Home*, *Coastal Living* and *House Beautiful*. The ad, which focuses on the possibilities for personalization, will run throughout the year in different formats, all sending the same message: For every person, for every personality, there is an Armstrong floor.

Investing for Quality, Innovation and Customer Service

AFP is well positioned to meet the more demanding consumer expectations. During the past four years we have been investing heavily to increase the safety and efficiency of our manufacturing facilities and processes, to enhance the quality of our products, and to provide better, more responsive customer service.

Our investments in quality, innovation and customer service include:

- \$34 million in 2004 to improve our solid and engineered flooring production, including the doubling of capacity at the Center, Texas plant.
- Continued investment to expand the success of our MasterWorks Technology® across our vinyl and laminate lines. The MasterWorks™ manufacturing process combines high resolution visuals with Embossed-in-Register technology to reproduce the look of stone, marble and wood. MasterWorks Technology is a clear winner in the marketplace, winning awards such as the Building Products MVP Award. It is also contributing to the selection of our floors for such young, hip shows as MTV's *The Real World*.
- \$5 million to expand and improve capacity at the vinyl composition tile (VCT) plant in Kankakee, Illinois to produce specialty tiles such as Armstrong's anti-slip Safety Zone™ tiles and static dissipative tiles (SDT). We have expanded the loading and warehousing capacity at our Kankakee and Jackson, Mississippi plants and have installed a new computer system to improve order tracking and better serve our commercial customers.

AFP is focused on continuous quality improvements in all its plants. These focused efforts have resulted in ISO 9001:2000 certification at the West Plains, Missouri solid hardwood flooring plant; the development of a Veneer Preparation System (patent-pending) to keep coatings on engineered hardwood floors smooth and free of splits; and Armstrong ProConnect™, our exclusive wood adhesive that works four times better than the industry standard for holding down product.



Frank J. Ready
President & Chief Executive Officer,
Americas

Armstrong
Your ideas become reality.

IT'S JUST ONE ROOM, BUT ITS PERSONALITIES COULD BE COUNTLESS.

Hardwood

Laminate

The room doesn't make you. You make the room, with your warmth, sensibility and style. Like most things, you build from the ground up. Go anywhere your personality desires on hardwood, laminate, resilient or linoleum surfaces. Thousands of floors are yours for the choosing. And, your imagination need take you only so far. Use Armstrong's Design My Room™ makeover tool to envision your dream room before you buy. If you can point and click, you'll quickly see for every person and every personality, there is an Armstrong floor. To find out more, visit our web site.

www.armstrong.com

Hardwood-Resilient-Ceramic
Linoleum-Laminate-Ceilings

This ad is appearing in major mass circulation magazines, including *In Style*, *Metropolitan Home*, *Elle Décor*, *Martha Stewart Living* and *Country Home*.



For every person, for every personality, there is an Armstrong floor.™

The new product launches come in direct response to consumer demand for greater choice, higher quality and lower price.

Flooring Products

New Product Launches: Quality Driving Innovation

Hardwood – We are very proud of the new product launches across our major flooring brands, Bruce®, Hartco® and Robbins®. To put it in perspective, in 2002, we introduced 31 new hardwood products; in 2003, 64 products; and in 2004, we launched 137 new products. The 2004 products incorporated such standout designs as the rustic charm of Bruce® **American Originals™** in oak and maple, and **Liberty Plains™** wide plank flooring in oak, maple and ash; Hartco's® **Valenza™** Collection, a colorful line of exotic hardwood planks, both solid and engineered, and **Biella™** Plank with sharp detailed wood graining; Robbins® **Legno Lavorato™**, designed to give the realistic look of a hand-oiled antique oak plank and **Passeggiata™**, designed with 1/2" thick engineered construction in a 3-1/2" wide plank, its thick face finished with micro-bevel edges and square ends.

In 2004 we also launched Bruce® Naturally Simple Locking Wood Flooring, Armstrong's first real wood locking product. It has a look similar to solid strip flooring and is easy to install. Lowe's stocks this product nationwide.

Finally, Armstrong Commercial Floor Products is offering a comprehensive, integrated hard-surface portfolio including commercial hardwood, vinyl sheet and tile, luxury solid vinyl, VCT and linoleum sheet. The advantage to commercial customers is clear: a one-stop shopping option providing an array of design and functional solutions to fit a variety of businesses. Armstrong's global resources, including knowledge of interior designs across cultures, are a huge advantage since many retail customers are expanding their businesses to other countries.

Resilient – On the commercial side of the resilient business, we launched the highly successful **Living Colors of Linoleum** that added 55 new colors in six distinctive styles, providing a comprehensive, color-integrated spectrum and optimum design flexibility. The color palette, with its expanded mid-tones and rich colors, received the **Design Journal ADEX Platinum Award**. ADEX stands for Awards for Design Excellence and is the largest and most prestigious awards competition for furnishings in the architecture and design industry.

ARTEFFECTS™, a trend-setting VCT product with small-scale non-directional designs that creates a near seamless, monolithic visual, received an ADEX Gold Award for its innovative design.

On the residential side, the big news was creating industry-leading design realism through MasterWorks Technology®. In 2004, we added over 120 SKUs with MasterWorks Technology, including 30 SKUs to both **Memories™** and **Successor®**, helping reestablish their leading position at the entry-level urethane price point.

In laminate flooring, AFP introduced the **Rustics™** Collection. The series includes **Homestead™ Plank** and **Frontier™ Plank**, each using Embossed-in-Register Technology and MasterWorks Technology to capture the charm of aged, hand-scraped hardwood floors. This laminate flooring is virtually impossible to distinguish from real hand-scraped wood floors.

Building Consumer Awareness and Increasing Retailer Sales

In 2005 AFP is launching Armstrong™ Hardwood Flooring by Hartco® to help retailers move consumers up the flooring category chain to hardwoods.

Armstrong is also driving retailer sales through its award-winning Web site www.armstrong.com which is undergoing a major renovation of its own. We are keeping the look and content fresh, adding consumer-friendly tools, simplifying and adding to the enjoyment of shopping for a floor. The site assists in turning Web visitors into identifiable store visitors and, ultimately, highly motivated buyers.

We are also building consumer awareness by running Armstrong's multi-million dollar ad campaign throughout 2005 in more than 60 mass circulation magazines, including Spanish language publications, and targeting younger buyers. Basically, we are aiming for a broader audience than we've ever had before.



Above: ARTEFFECTS Commercial Tile

Below: Living Colors of Linoleum, Marmorette™





Armstrong Hardwood Flooring by Hartco introduced this Provincial Plus™ floor in our most recent launch.

Flooring Products

Europe

In 2004, our strategy focused on improving profitability through higher sales and streamlining our manufacturing processes. We added resources – both people and capital – in product development, recognizing that a fresh product line with current designs and colors is the key to sales growth. As a result, we launched a new linoleum collection with expanded color schemes to meet the changing styles and needs of architects and interior designers. Armstrong now supplies the largest marbled linoleum color collection in Europe. We are set to further strengthen the collection with the addition of a new polyurethane coating on the classic **Marmorette™** line, which features a fine, uniform marbling design. The coating provides superior maintenance and is unique among European floor manufacturers. Armstrong also launched **Rhinogrip**, a new slip retardant coating on Cushion Vinyl flooring for the home.

Beyond the new product offerings, we are focusing on specific market segments: office and hospitality for carpets; health care, education and retail for resilient. Further, we have become more sensitive to country-specific needs in style and design. In Germany, for example, we offer more shades of beige and gray, while in the Netherlands, brighter primary colors are favored.

So far in 2005, we have launched **Bergoss**, a new residential broadloom with a natural wool appearance; **Armstrong DLW SCALA**, an innovative luxury vinyl tile collection for commercial interiors, presented at the Euroshop global retail exhibition in Germany; a new commercial Vinyl Collection, featuring a broad range of fresh colors in both homogeneous and heterogeneous structures, with a high performance, low maintenance polyurethane coating; and a collection of eight new carpet tile products that places Armstrong among the design leaders in Europe.

Our specialty business in sports surfaces gained visibility at the Athens 2004 Olympic Games. **DD GrassMaster**, a synthetically reinforced natural grass system, was installed in the Panthessaliko Stadium in Volos, Greece, where men's and women's national teams competed in football matches. Further, the Sporting Club de Portugal had a **DD GrassMaster** field, installed in the Estadio José Alvalade, one of the top stadiums in which the Euro 2004 National Championship Soccer games are played. In 2005, we will build the football fields at the new training center for Real Madrid, one of the world's top soccer teams, using a **DD GrassMaster** system, and five **DD Soccer Grass Pro** artificial grass fields. In indoor sports flooring, we installed our first **DD Linotop** surface in the United States at Boston University.

Asia Pacific

AFP Asia sales increased 49% over the three-year period, 2001-2004. We have achieved this record despite the fragmentation of markets and competition from local players. Our success is a result of our focus on promoting selective product lines which are competitive and suitable for local markets.

Our largest market is Australia where we have two manufacturing plants producing resilient sheet and VCT. Australia is also the cornerstone of our regional sales force. Success in Australia is due to our focus on high-end commercial vinyl sheets and the launching of wood and laminate in the residential market. Success in China is due to increased sales force coverage, the addition of distributors, and the supply of a highly competitive and quality VCT from Nanya, Taiwan.

In 2005, we will continue to drive high-end sheet floors and expand the wood and laminate offerings in Australia. We will also continue to strengthen the effectiveness of our sales force and to source additional products in the region. ■



Above: DD Linotop, Boston University

Below: Contract Interior and Timberline®, Emmaus Nursing Home, Australia

The advantage to commercial customers of our comprehensive, integrated hard-surface portfolio is clear: a one-stop shopping option providing an array of design and functional solutions to fit a variety of businesses.

DD Grassmaster, Feyenoord Stadium,
The Netherlands



B u i l d i n g P r o d u c t s

2004 was a terrific year for Armstrong Building Products (ABP). Our business was fueled by the growth in the U.S. commercial market, continued growth in Russia, and market share gains in China. In addition, we introduced new products and services in response to customer demands for unique, functional designs and shorter lead-times. Finally, rigorous cost control contributed to a performance that hit on all cylinders.

In 2005, we are facing a substantial challenge from increasing raw materials and energy costs. We intend to meet this challenge by providing a full spectrum of products that address the needs of architects, contractors and building owners. We will also take additional steps to become even more efficient in our manufacturing, product delivery and customer service.

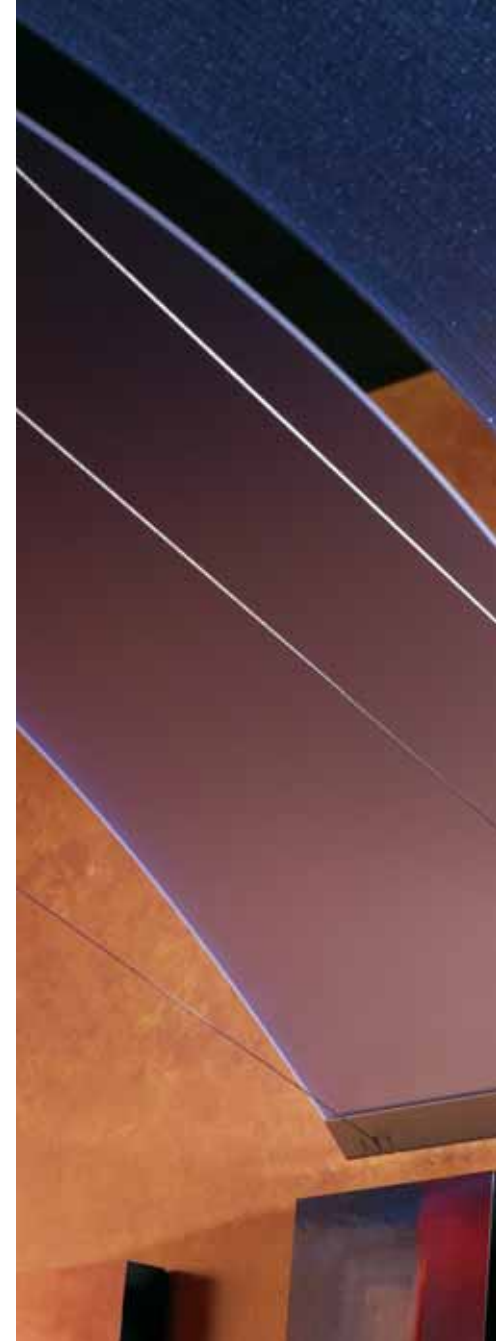


Stephen J. Senkowski
Executive Vice President

Expanding Our Portfolio of Products and Services: ABP Americas

The creative vitality of the business was apparent in the array of innovative products and services launched worldwide in 2004. In the Americas we introduced:

- **School Zone™ FINE FISSURED™** ceiling systems for excellent classroom acoustics and high durability performance to create an effective learning environment.
- New **Extra Microperforated MetalWorks™** ceiling panels that combine the clean, upscale visual of a smooth metal ceiling with the benefits of high acoustical performance.
- **Faux Finish Tincraft™** ceilings that provide an authentic tin look at a fraction of the cost of hand faux finishing.
- New and improved **Cirrus®** ceilings for improved noise reduction and increased durability.
- **WoodWorks Access™**, a new installation system that provides full downward accessibility for access to the plenum.
- **XL2 Grid Clip**, an improved end clip that facilitates insertion of the grid and provides greater strength and stability.
- **BERC2 Clip**, a unique clip that secures the grid to the wall molding and provides a less expensive, more aesthetically pleasing solution for meeting seismic installation standards.
- Improved Web tools for our customers, including **Build A Submittal** and **Live Chat**, a Web tool that assists contractors in developing submittal packages.
- **TechLine™** experts.
- **Co-Managed Inventory**, an electronic link that assists distributors in checking product availability and managing their inventory.



*Infusions™ Accent Canopies,
Fuddruckers Restaurant, Lancaster, PA*



Above: Dune™ ceiling with Axiom® Perimeter Trim
Below: WoodHaven™ Cherry Spice

The creative vitality of the business was apparent in the array of innovative products and services launched worldwide in 2004.

B u i l d i n g P r o d u c t s

Additional new products and services planned for 2005 include:

- **Mesa™**, a new monolithic mineral fiber ceiling with good acoustics and reasonably priced.
- Six new color and design additions to the award-winning line of **Infusions™** accent canopies, creating a palette of new visuals ranging from natural materials and coordinated colors to light-catching layered canopies.
- **Radial Optima™** panels in a trapezoid shape creating design flexibility in non-square building spaces.
- Beadboard planks and paintable additions to the **WoodHaven™** line of ceilings.
- **ShortSpan Drywall Grid System**, a new patented self-locking system that simplifies the installation of drywall framing by eliminating screws, cross tees and hanger wires and is ideal for hallways, bathrooms and other short-span spaces.

Expanding Our Portfolio of Products and Services: ABP Europe

The same creative energy was apparent in our 2004 European operations where we successfully introduced:

- The **PeakForm™** line of main beams for ceilings into Germany, winning the approval of national standards institutions and the support of distributors and contractors for the safety, strength and security provided by an advanced design.
- The **Academy** line for the Education market with two textures: Diploma (fine surface) and Merit (lightly fissured). These products offer good acoustical control, resistance to moisture and high light reflectance.
- **Bioguard Acoustic**, a new product line for the Healthcare market that restricts bacterial and microbial development and offers good sound absorption.
- The **Book of Ideas**, an on-line publication for architects, contractors and interior designers, featuring the innovative and creative ways in which Armstrong Ceilings are being used in projects around the world. The publication, available at www.armstrong.com, also highlights new products and ideas.
- The **European Main Line Catalogue**, available to specifiers in eight languages, and organized according to design, performance and application.

ABP Europe was proud to receive an "A" rating from the Building Research Establishment (BRE) for our ceiling systems manufactured and sold in the United Kingdom. BRE ratings measure the environmental impact of construction products. Our "A" rating, featured in BRE's *Green Guide to Specifications*, indicates that our ceiling systems have the least impact on the environment and enhances our opportunity to provide environmentally sensitive solutions for our customers.

In 2005, we are involved in a major initiative to close our manufacturing plant in Hoogezand, Netherlands and expand our facility in Münster, Germany. The expansion entails an integration of the manufacturing processes that will allow Münster to produce more volume, more efficiently. This major restructuring initiative will help us meet the forecasted demand for the European marketplace with three mineral fiber plants instead of four, resulting in a substantial annual savings.



Serpentina™ 3-Dimensional Ceiling System, GM Business Interiors, Riverside, CA.



Custom Radial wood ceiling.

B u i l d i n g P r o d u c t s

Expanding Our Portfolio of Products and Services: ABP Asia

2004 was a very good year for ABP Asia. We expanded local manufacturing in our WAVE Shanghai plant, part of the Armstrong joint venture with Worthington Industries. This expansion included a new manufacturing facility and equipment; plus increased capabilities in metal ceilings production. In addition, the Armstrong Shanghai mineral fiber ceiling plant now produces the popular **DUNE™** line of ceilings. Local manufacturing of this product has reduced the cost and lead-times associated with importing from other Armstrong locations.

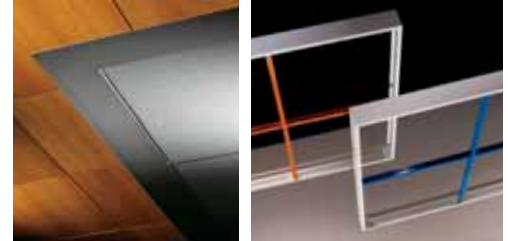
Our market presence took a leap forward in 2004 when ABP Asia was awarded the ceiling contract for the largest ever construction project in China – a 1.7 million square foot project for telecommunications company UT Starcom. We were able to satisfy the owner's requirements by locally producing 300,000 square feet of a 400x800 millimeter ceiling.

In 2005, we are expanding our logistical service for distributors by further consolidating ceiling and grid shipments. Smaller customers will benefit from reduced costs and increased shipping flexibility.

ABP Asia's growth in 2004 and 2005 has been driven by demand from new and expanding market segments, including Education, Healthcare, Manufacturing and Renovation. ■



*Serpentina™ 3-Dimensional Ceiling System,
Sheraton Hotel, Arlington, VA.*



*Top: Drywall Grid System, Salt Lake City Library
Lower left: Knife edge Axiom® Perimeter Trim System
Lower right: 360° Painted Grid System*

Our market presence took a leap forward in 2004 when ABP Asia was awarded the ceiling contract for the largest ever construction project in China.



*MetalWorks™ RH200
Barcelona International Airport, Spain.*

Cabinet Products

2004 was a much better year for Armstrong Cabinet Products (ACP). We made great strides in improving our manufacturing efficiency, the quality of our products, the training of our sales staff, and our customer service. We also introduced product innovations such as meticulously hand-rubbed glazing on our top-of-the-line **LaCerise™** cherry and **Waverly™** maple cabinets, creating a unique, fine furniture look. Our LaCerise Cherry Cabinets received a Platinum

level ADEX Award in recognition of their design excellence.

In addition, we successfully completed a branding initiative, extending the Armstrong name to our entire product line.

This initiative has resulted in increased consumer awareness of our portfolio and competitive position within the kitchen cabinet industry.



Michael K. George
President & Chief Executive Officer
Armstrong Cabinet Products

As a result of these efforts, sales increased nationwide through our network of 34 Armstrong Sales Centers, independent retailers and builder-direct channels. Armstrong has the largest factory-direct cabinet sales force in the industry. We are also the largest direct-to-builder manufacturer and a proven leader in the single and multi-family industry, with over \$1 billion in contracts completed.

A Record Number of New Product Launches Planned for 2005

These achievements are being followed with an ambitious program of new product launches that will make 2005 the record year for new product development in Armstrong cabinet history. Our goal is to create a full spectrum of offerings and price points for our customers, including residential homeowners, independent retailers and distributors, and home builders.

The new product launches began in January at the 2005 International Builders' Show in Orlando, Florida. There we showcased:

- Eight new cabinet lines filling customer needs and preferences. Five of the new lines are in Maple: **Serenity™**, **Sedona™**, **Caruth™**, **Berkshire™** and **Berkshire™ Arch**. The new Cherry product lines are: **Merrimac™**, **Cimarron™** and **Cimarron™ Arch**.
- New colors were developed in response to consumer demand for warm and dark finishes. The colors include Café and Mocha, which are available on our Maple and Cherry collections; and Wheat and Crystal, which are available on our Oak collection.
- Innovative doors cut for glass. These doors allow homeowners to prominently and dramatically display heirlooms and other collectibles without the obstruction of a center frame piece.
- Altered depth cabinetry now standard in all product lines. Altered depths create a striking look in a kitchen and also add flexibility in hard-to-fill spaces. Altered depth products are available in standard lead times, a customer advantage unique to Armstrong.
- Six-way adjustable hinges now standard on all door styles. The hinges operate up and down, left and right, in and out. They are designed to prevent call-backs for minor adjustments, and to reduce the number of replacements caused by humidity and other harmful environmental conditions.

Product launches later in the year will include:

- Adding the popular rich, dark Mocha color to our best-selling Plantation Hardwood and Oak collections.
- Adding a new, improved laminate color addition to our clean, contemporary slab Maple doors.
- Adding a new antique white stain called Pearl that will be available on the Oak, Maple, and



LaCerise Cherry Cinnamon Brown Glaze



Plantation Hardwood collections, The Pearl stain can be matched with a new taupe glaze to create a dramatic two-tone effect.

- Introducing an innovative “soft-close” door and drawer that eliminates the annoying sound of a slammed cabinet door and drawer.
- Introducing over 100 new SKUs and accessories to allow homeowners and builders to design their dream kitchen with innovative, appealing and functional additions.

Helping Create Distinctive, Personalized Living Spaces

From Shaker to traditional, from country to classic, Armstrong's expanded product portfolio provides customers the breadth and depth of styles, colors, moldings, trims and other accessories they need to customize their kitchens. Items such as built-in trash can pull-out trays, tilt-out sink trays and customized wine racks provide storage space that is both functional and aesthetically appealing.

Customers can also take advantage of the design tools available on our Web site, www.armstrong.com. There they can download a free guide, “How to Measure Your Kitchen,” record their measurements on the guide, and then schedule an appointment at an Armstrong showroom where a salesperson will bring a new kitchen to life in a 3-D rendering.

Our goal is to help our customers create a distinctive kitchen ambiance combining style and function – in a room that epitomizes the at-home experience, drawing people together for good conversation, good food and good feeling. ■



Waverly Maple Natural

We are the largest direct-to-builder manufacturer and a proven leader in the single and multi-family industry, with over \$1 billion in contracts completed.

eMarketing



One of the most exciting developments in 2004 was the designation of www.armstrong.com as one of "10 Great Web Sites" by *BtoB: The Magazine for Marketing Strategists*. We were especially pleased to be in the company of such high-tech savvy companies as Gateway, HP and Nextel – proof that Armstrong is operating at a level of technical sophistication and customer service far beyond others in the building-materials industry. Every month, on average, a half-million people from 114 countries visit our site, with U.S. flooring inquiries accounting for 60% of the traffic.

At the heart of our Web site is Armstrong's global portfolio of floors, ceilings and cabinets. Customers can use the *Design A Room*SM software available through the Web site to see how different products will look in a particular setting. They can also upload digital photos of their own rooms and use the *Design My Room*SM makeover software to experiment with different products, designs and colors to see what works best. The LA Times has described *Design My Room* as "a strong software package that deserves space on any remodeler's hard drive."

We learned from our market research that shopping for flooring is too often a confusing, frustrating experience. As a result, we are redesigning our Web site to educate and guide consumers so they can confidently narrow their selections to the floor that suits their style and needs. The redesign includes:

- A new *Shop By Room* section where consumers can browse by room type and get design ideas from professional interior designers.
- A new *Floor Selector* tool that instructs consumers about budget, performance and style for different types of floors, and lets them compare features of different floors side-by-side.
- An improved *Design A Room* viewer that lets customers see what their new floor will look like in a variety of room settings with different paints, cabinets and now ceilings.
- A new Flooring home page that features different entry-points to match the different ways consumers approach floor shopping, and the different points at which they are in the buying process.
- A new e-mail relationship marketing program that engages visitors to the Web site while they're in the market for our products and suggests useful next steps.

Armstrong.com also offers special advantages for independent retailers, including the only SKU-specific store locator in the industry, so that once consumers select a retail location, they can browse the products carried by that store. There is also an e-mail link to stores from the improved *Store Locator*. Retailers will also be able to feature Armstrong Web tools on their own Web sites by including a link.

For our commercial customers we have implemented *Build A Submittal*, a service that allows contractors to assemble submittals for ceiling installations on our Web site and have samples automatically sent to the contractors' customers on their behalf. ■



Armstrong.com provides customers with everything they need to select products with confidence and makes it easier for our business partners to work with us.

Our eMarketing Goals

- Reach current and prospective customers who use the Internet to research product purchases.
- Establish a preference for Armstrong products.
- Facilitate the move from product research to product purchase through our sales channels.
- Make it easy to do business with Armstrong by providing direct access to information and customer service.

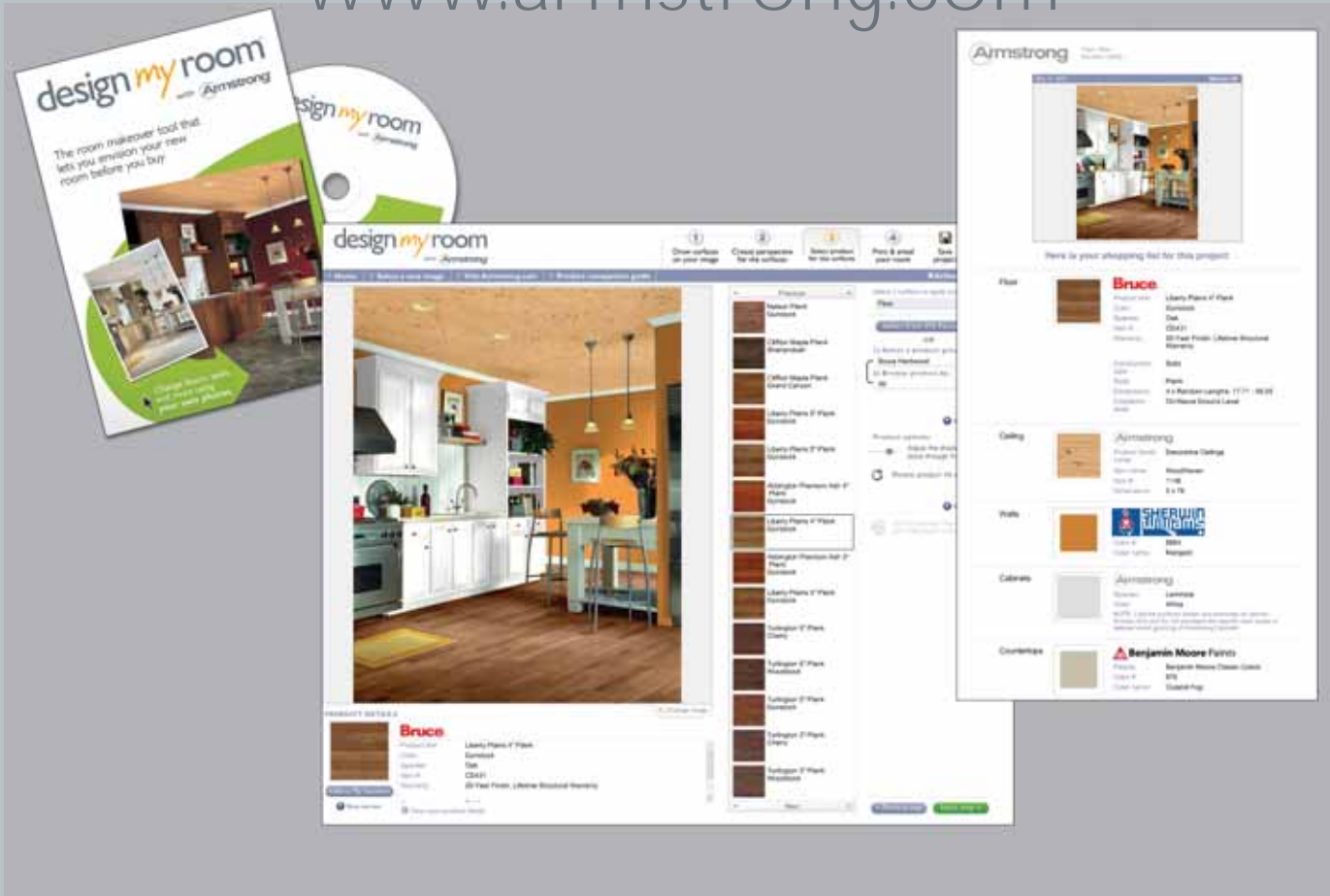
Every month, on average, a half-million people from 114 countries visit our site, with U.S. flooring inquiries accounting for 60% of the traffic.



In 2004, we launched Design My RoomSM, which lets users simulate room makeovers based on digital photos from their own home. This remodeling tool, downloaded or purchased for a small fee from www.armstrong.com, has been getting positive feedback from consumers and trade publications. Among its rave reviews from consumers and the media, Design my Room was designated "2005 Best New Product" in the Design Tools category by *Woman's Day Home Remodeling & Makeovers*.

This room makeover tools help people visualize what our products look like in different settings, even in their own homes. With the click of a mouse, users can change the styles and colors of products being modeled in one of dozens of room scenes. They can even create and print a shopping list to bring to the store. Design My Room is available on Armstrong sites in North America and the United Kingdom.

www.armstrong.com



Environmental Commitment

Armstrong is dedicated to the “5 Rs” of environmental stewardship: Reduce, Reuse, Reclaim, Recycle, and Repair. Our global product portfolio incorporates natural, renewable and recycled materials. We are the only ceiling manufacturer to offer a recycling program. And we continually strive to improve the energy and raw material efficiency of our manufacturing processes.

The following examples affirm our commitment to the environment in 2004:

- Our Ceiling Recycling Program in the U.S., now five years old, has reclaimed over 20,000,000 square feet of discarded ceiling tiles and kept over 7,000 tons of construction waste out of landfills. In 2004, we enhanced the program to include smaller-size jobs. Our recycling capabilities were the center of attention at the 2004 Greenbuild International Conference in Oregon. Each evening, we collected the mounds of discarded paper generated at the conference and hauled it to our St. Helens ceiling plant. The next morning, we returned with new ceiling tiles made from the scrap paper and showcased them at the Armstrong booth.
- Armstrong mineral fiber ceiling tiles and WAVE Steel Suspension Systems were awarded an Environmental Certification by the United Kingdom's Building Research Establishment (BRE). The certification translates to an “A” rating in the Green Guide to Specification, used by building owners, designers and contractors. Armstrong is the sole manufacturer of ceiling tiles and grids to have achieved the top specification for life cycle assessment.
- Armstrong Building Products, using Six Sigma, was able to reduce the amount of energy required to make each ceiling tile, increase the number of products with high levels of recycled content, and improve recycling methods by moving to a bulk approach in place of pallets.
- Armstrong Flooring Products expanded its product lines to include: linoleum flooring made from natural and completely renewable materials; hardwood flooring harvested responsibly from forests planted for perpetual growth; and vinyl composition tile (VCT) made from post-industrial recycled vinyl and 85 percent limestone filler. AFP is reducing the use of virgin raw materials through process improvements, recycling scrap material and using wood waste to generate electricity and steam.
- Armstrong Flooring Products in Australia developed a new recycling technology that could save more than 50 tons of high-density polyethylene (HDPE) plastic shopping bags annually from going into landfills. The new technology allows HDPE recycled material to be mixed with the 70 tons of recycled polyvinyl chloride (PVC) bottles used each year to produce vinyl flooring. Armstrong's Australian flooring plants now save up to 99% of waste.
- Armstrong's flooring plant in Kankakee, Illinois received a GE Betz award for saving five million gallons of water in 2004. The award is given for world-class water and industrial process solutions. ■

Armstrong Building Products, using Six Sigma, was able to reduce the amount of energy required to make each ceiling tile.



Old ceilings become new again as part of the Armstrong Ceiling Recycling Program – the only one of its kind.



AFP in Australia developed a new recycling technology that could save more than 50 tons of high-density polyethylene plastic shopping bags from going into landfills annually.

Community Involvement

Armstrong employees give generously of their time, energy and resources to strengthening their local communities. The Corporation encourages these efforts, and supports them through direct and in-kind donations.

In 1985, the Armstrong Foundation was created to improve the quality of life in communities where employees live and work. Since then, more than \$23 million has been donated to worthwhile causes.

The following is a sampling of what we were able to accomplish in 2004:

- Armstrong provided emergency support to communities in Pensacola, Florida and Mobile, Alabama devastated by Hurricane Ivan. Working with our manufacturing plant personnel in these two locations, we used our emergency response plan to organize and distribute desperately needed food, water and shelter to residents. The Armstrong Foundation channeled contributions of \$50,000 to Catholic Charities, \$20,000 to the United Way, and \$10,000 to the Red Cross for residents of Florida's Escambia and Santa Rosa counties. Afterwards, Armstrong people pulled together to help fellow employees, friends and neighbors rebuild their homes.
- Armstrong employees also gave generously to help the victims of the Tsunami disaster in Asia. Here again, the Foundation extended its gift-matching program, increasing the value of employee donations.
- The Armstrong Foundation also sponsored four houses built by Habitat for Humanity. One of these houses, dedicated in Lancaster, Pennsylvania, is a three-bedroom duplex now occupied by a refugee family from strife-torn Sudan.
- Four Armstrong plants helped build playgrounds designed by KaBOOM!, a non-profit organization that focuses on community-built playground projects. The participating plants—in Warren, Arkansas (flooring); Beaver Falls, Pennsylvania (ceiling); Beech Creek, Pennsylvania (flooring); and Thompsettown, Pennsylvania (cabinets)— were chosen by Armstrong for their safety performance. In the past three years, Armstrong has assisted in building 11 KaBOOM! playgrounds. ■

The Armstrong Foundation extended its gift-matching program, increasing the value of employee donations to help the victims of the Tsunami disaster in Asia.



One habitat for Humanity House in Lancaster, Pennsylvania, is now occupied by a refugee family from strife-torn Sudan.



C o r p o r a t e R e s p o n s i b i l i t y & G o v e r n a n c e

The legacy of Thomas Armstrong, who founded the company in 1860, goes well beyond our name. We also adhere to his philosophy of acting with fairness and to balance the best interests of all groups associated with the business: customers, investors, employees, suppliers, community neighbors, government and the general public.

We continue to build on our Operating Principles, establishing a Code of Business Conduct in 1992 and a Code of Ethics for Financial Professionals in 2002. They also underlie our long commitment to, and leadership in, corporate governance.

We were well ahead of the trend in bringing independent directors to our board. Since at least 1990, more than three-quarters of the Armstrong board have been outside directors. Since 1999, our chief executive officer has been the only inside director.

We have long-standing governance principles, a board evaluation process and fully independent audit, compensation and governance committees. In recent years, we have strengthened our corporate governance structure with more detailed Corporate Governance Principles, created a lead director post, expanded committee charters and established multiple means for shareholders to make direct contact with our Board. Additionally:

- The board holds regular executive sessions without the CEO present and has regular interaction with Armstrong managers.
- Our audit, compensation, and governance committees all have charters – both to guide their activities and to be held accountable to.
- Our Corporate Governance Principles, which date back to the 1980s, comply with or exceed requirements of the Sarbanes-Oxley Act and Nasdaq guidelines.
- We have an active robust Compliance Program.

In today's world, good corporate governance means accountability, independence, transparency and internal controls. All are incorporated into the principles, committee charters and practices that guide our board. ■

D i v e r s i t y

To retain and recruit the most talented employees, and to become the very best company we can be, Armstrong strives to create a work environment that:

- Recognizes that the best workforce is diverse,
- Welcomes the opinions and ideas of all people, and
- Appreciates that different styles and approaches can be valuable to ensure we find the best solutions to our business challenges.

Our definition of diversity is applicable to Armstrong employees around the world. We recognize that a more diverse workforce helps to ensure that we have a richness of styles, approaches, opinions and ideas, all of which our Company needs to succeed and grow.

In 2004, Armstrong furthered our commitment to incorporate diversity into all aspects of our culture and the way we do business by endorsing Diversity as one of the Company's Core Values, along with Respect, Integrity and Service.

We invite you to learn more about Corporate Governance and Diversity at Armstrong by following the "Corporate Governance" and "Diversity" links in the "About Armstrong" section of our Web site. ■

Our Operating Principles

Our ethical foundation was institutionalized on our 100th anniversary, with the adoption of operating principles that continue to guide our actions:

- **To respect the dignity and inherent rights of the individual human being in dealings with people.**
- **To maintain high moral and ethical standards to reflect honesty, integrity, reliability and forthrightness in all relationships.**
- **To reflect the tenets of good taste and common courtesy in all attitudes, words and deeds.**
- **To serve fairly and in proper balance the interests of all groups associated with the business.**



Board of Directors

H. Jesse Arnelle

Of Counsel, Womble, Carlyle, Sandridge & Rice, PLLC
Co-founder, Arnelle, Hastie, McGee,
Willis & Greene
Audit Committee

James E. Marley

Former Chairman, AMP Inc.
Audit Committee

Jerre L. Stead

Former Chairman and CEO, Ingram Micro, Inc.
Chair, Management Development & Compensation Committee
Nominating & Governance Committee

John J. Roberts

Former Global Managing Partner, PricewaterhouseCoopers, LLP
Chair, Audit Committee

Judith R. Haberkorn

Former President, Consumer Sales and Service, Bell Atlantic
Lead Director
Chair, Nominating & Governance Committee
Management Development & Compensation Committee

M. Edward Sellers

Chairman & CEO, Blue Cross Blue Shield of South Carolina
Audit Committee

Michael D. Lockhart

Chairman & CEO, Armstrong Holdings, Inc.

Ruthe M. Owades

President, Owades Enterprises, LLC
Nominating & Governance Committee
Management Development & Compensation Committee

Operations Management

Officers

Michael D. Lockhart

Chairman & Chief Executive Officer

Matthew J. Angello

Senior Vice President
Human Resources

F. Nicholas Grasberger

Senior Vice President
Chief Financial Officer

John N. Rigas

Senior Vice President
Secretary & General Counsel

William C. Rodruan

Vice President & Controller

Stephen J. Senkowski

Executive Vice President

Armstrong Flooring Products

Andreas Boettger

Vice President
Operations, Europe

Brian M. Carson

Senior Vice President
Operations & Manufacturing

Judith A. Grillo

Vice President
Sourced Products & Lumber
Procurement

Laurie S. Israel-Cubell

Vice President
Marketing & New Product
Development

James F. Mathis

Vice President
Product Styling & Design

Ton Raaphorst

Vice President
Sales & Marketing,
AFP-Europe

David Randich

CEO & President, Europe

Frank J. Ready

President & Chief Executive Officer,
Americas

Craig E. Wirth

Vice President,
Product Management, Residential Tile

Armstrong Building Products

Kevin M. Biedermann

Vice President
Commercial Sales
North America

Ken M. Chong

Vice President
Asia Pacific

Michael J. Connors

Vice President
Finance & Controller

David S. Cookson

Senior Vice President
Europe, Africa & Middle East

Paul J. Corr

Vice President
Retail Sales & Marketing

Joann M. Davis Brayman

Vice President
Commercial Marketing, Americas

Robert G. Leggett

Senior Vice President
Americas

Alan J. Maki

Vice President
Manufacturing, North America

A. Russell Mitchell, Jr.

Vice President
Technology

Armstrong Cabinet Products

Robert M. Cohen

Vice President
Finance & Strategy

Michael K. George

President & Chief Executive Officer
Armstrong Cabinet Products

Corporate

John C. Bassett

Vice President
Human Resources – GTM/COE

Eileen L. Beck

Vice President
Training & Development,
Performance Management

Steven R. Borkgren

Vice President
Corporate Purchasing

Richard D. Cliffe

Vice President
Human Resources - Operations

David A. Frank

Director
Taxes

Walter T. Gangl

Deputy General Counsel
Corporate & Assistant Secretary

Kenneth L. Jacobs

Deputy General Counsel
Litigation

Donald F. Martin

Vice President
Chief Information Officer

Jeffrey L. Mihajlov

Vice President
Environmental Health & Safety

Jeffrey D. Nickel

Deputy General Counsel
Business & Commercial

Dorothy Brown Smith

Vice President
Corporate Communication & Diversity

Ralph Spangenberg

Vice President
Human Resources, International

Barry M. Sullivan

Vice President
Treasurer

R. Scott Webster

Vice President
Compensation & Benefits

Mark Willis-Jones

Deputy General Counsel
International

Stephen H. Woodward

Vice President
Logistics

Corporate Profile

Armstrong World Industries, Inc., is a global leader in the design and manufacture of floors, ceilings and cabinets. In 2004, Armstrong's net sales totaled more than \$ 3 billion. Based in Lancaster, PA, Armstrong has 42 plants in 12 countries and has approximately 15,000 employees worldwide. More information about Armstrong is available on the Internet at www.armstrong.com.

Corporate Address

Armstrong Holdings, Inc. &
Armstrong World Industries, Inc.
2500 Columbia Avenue
P.O. Box 3001
Lancaster, PA 17604-3001
Telephone 717.397.0611
www.armstrong.com

Transfer Agent & Registrar for Common Stock

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10007

Stock Exchange

Over-the-Counter Bulletin Board®
(Symbol:ACKHQ)

Investor Relations

Shareholders and other members of the investment community with questions about Armstrong should address them to:
Investor Relations

Armstrong Holdings, Inc.
2500 Columbia Avenue
P.O. Box 3001
Lancaster, PA 17604.3001
Telephone 717.396.5454

You may access or order, without cost, a copy of Armstrong's Annual Report or the Company's 2004 Report on Form 10-K through www.armstrong.com. For inquiries concerning shareholder records or ordering printed reports by telephone, call:

Shareholder Records
1.800.937.5449
1.718.921.8200

Printed Reports
1.717.396.5454

Advisory to Investors

Before you make any investment decision, you can help protect yourself by being an educated investor. If you are interested in Armstrong securities, we recommend that, at a minimum, you read the latest Forms 10-K, 10-Q, 8-K and other reports to and filings with the SEC. Materials filed with the SEC are available through the Web site <http://www.sec.gov>, and more recent materials are accessible through our Web site www.armstrong.com or by contacting Investor Relations Office. It is also advisable to learn more about us and our industry through a variety of public materials. Chapter 11 related information and documents filed with the court are available through the Web site www.armstrong.com. This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially as a result of known and unknown risks and uncertainties and other factors, including the outcome of Armstrong World Industries Inc.'s ("AWI") Chapter 11 case; our ability to maintain financial liquidity; AWI's asbestos-related liability and any other litigation; variations in raw material and energy costs; our success in achieving manufacturing efficiencies and price increases; our success in introducing new products; product and price competition caused by factors such as worldwide excess industry capacity; interest, foreign exchange and effective tax rates; success in achieving integration of and synergies from our acquisitions; greater than expected working capital requirements; business combinations among competitors and suppliers; the strength of domestic and foreign end-use markets; effects on international operations from changes in intellectual property protection and trade regulations; and other risks, uncertainties and factors disclosed in our and AWI's most recent reports on Forms 10-K, 10-Q and 8-K filed with the SEC. We undertake no obligation to update any forward-looking statement. Factors other than those listed here could also affect the Company. For additional information, see the discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations and in the Litigation and Related Matters sections in the Company's 2004 Annual Report on Form 10-K. Additional information on matters that could affect the Company's financial results is included in its 2004 Annual Report on Form 10-K and subsequent reports filed with the SEC.



ARMSTRONG WORLD INDUSTRIES, INC.
2500 COLUMBIA AVE., LANCASTER, PA. 17603
P.O. BOX 3001, LANCASTER, PA. 17604
717 397 0611

www.armstrong.com