

InVision

A look **inside**.
A look **ahead**.

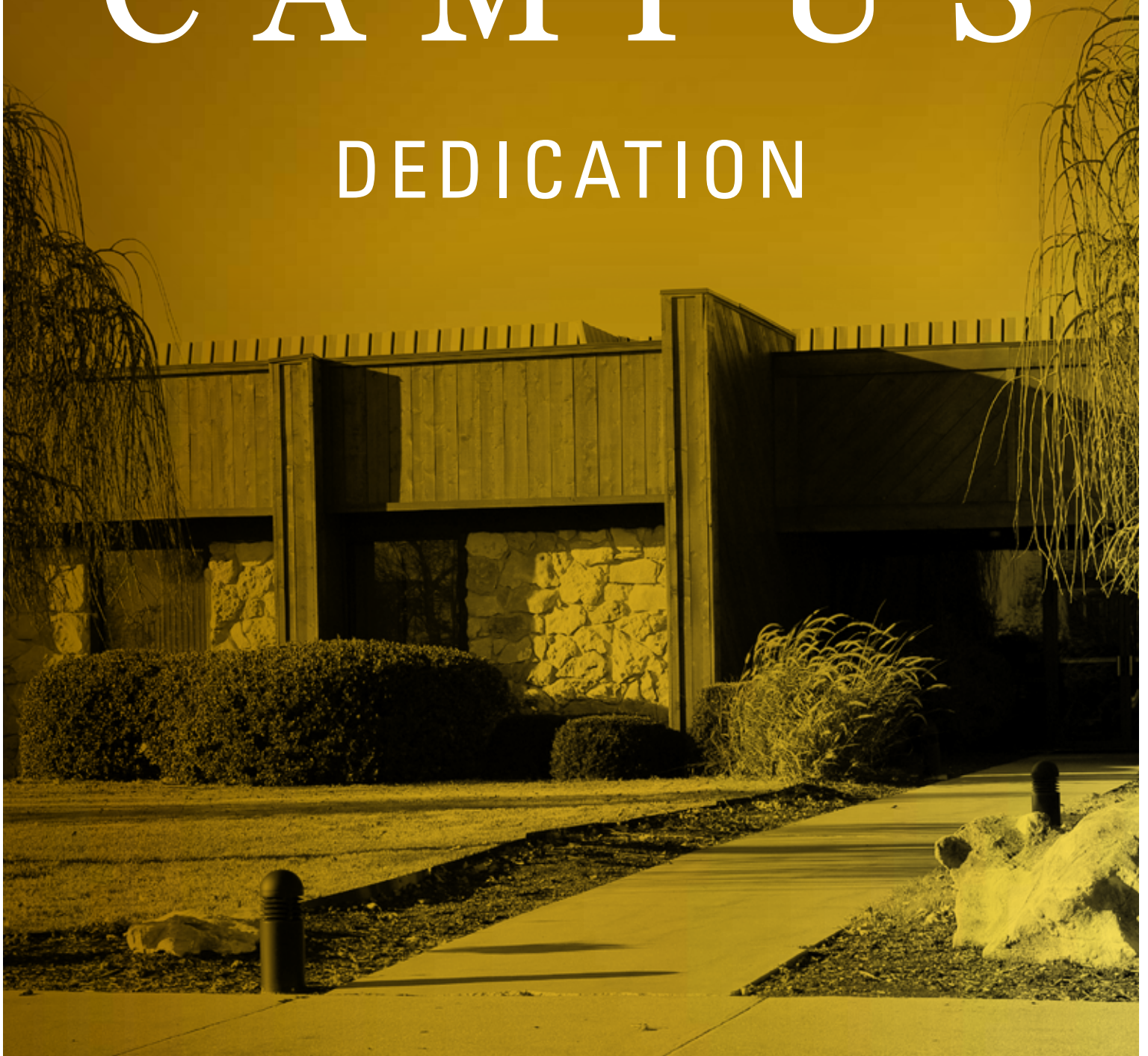
The Legacy of Leadership



CORNELL

CAMPUS

DEDICATION



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Our Company bears the name of its co-founders J.P. Leggett and C.B. Platt. But the leader responsible for making *Leggett & Platt* a name known around the world is Harry M. Cornell, Jr. So, it's entirely fitting that on May 16, 2016, Harry will be honored with the dedication of the Company's world headquarters in Carthage, Missouri, as the **CORNELL CAMPUS**.



I've had the privilege to know Harry for over 50 years. When we met, Harry was in his first few years as Leggett's CEO—up to his elbows in executing his vision to dramatically grow the Company by consolidating a fragmented American innerspring market. After accomplishing that goal, he turned his focus to extending Leggett's reach into other countries and other industries.

Over his four decades as CEO, Harry led by example and established the culture our Company is known for today. Harry was direct with his managers—when he asked a question, he expected a straight answer and gave candid feedback. Harry was accountable to his customers and to Leggett's Board of Directors—when he made a commitment, you could trust that he'd deliver on it. Harry was tenacious in overcoming any obstacle—when a sale was in danger of going to a competitor, he'd motivate the team to create a better product, offer a better price, or both.

Harry played an unequalled role in making Leggett & Platt what it is today, and I couldn't be more pleased to have my dear friend and colleague recognized by the dedication of the **CORNELL CAMPUS**. Not only is this a well-deserved honor for Harry, but it will remind all our visitors of the values that continue to make our Company successful—honesty, accountability, and the highest expectations.

A handwritten signature in black ink that reads "R. Ted Enloe III". The signature is written in a cursive, flowing style.

R. Ted Enloe, III
Board Chair

Harry M. Cornell, Jr.:

A LIFETIME OF LEADERSHIP



Harry Cornell knew “L&P” before he learned his ABCs. As the grandson of co-founder J.P. Leggett and the son of former President Mack and director Marjorie Cornell, there was never a time that L&P wasn’t part of his life. From high school summers spent unloading rail cars to his post-college years as a traveling salesman, from plant manager to his eventual role as long-standing Chief Executive Officer and Chairman of the Board, Harry has had a lifelong commitment to Leggett & Platt.

Committed to Success. In 1960, L&P was a private spring company with four U.S. factories generating \$7 million in annual sales. As the new CEO, Harry envisioned five steps to L&P growth:

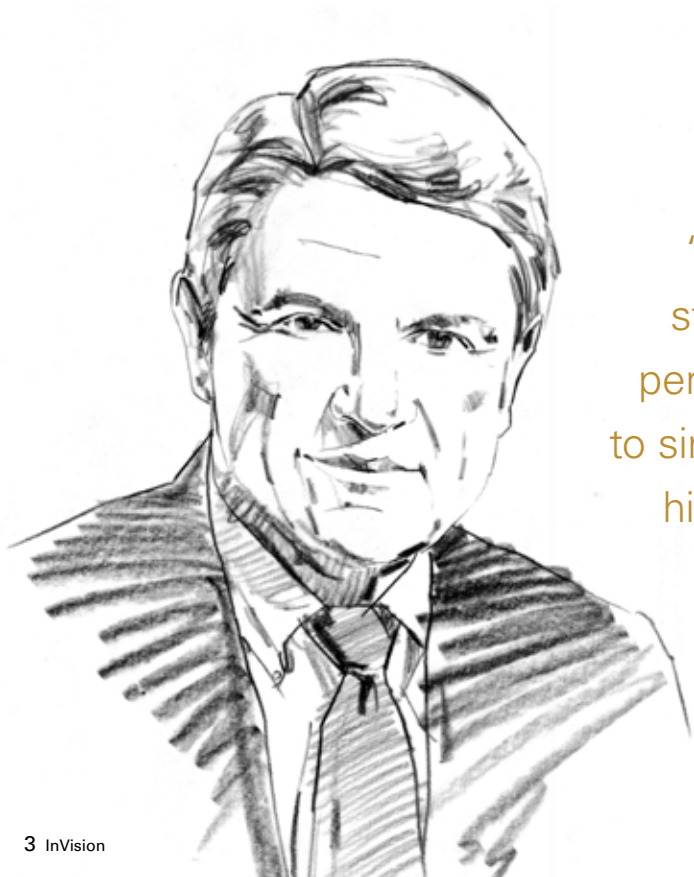
- Build long-term relationships with employees, customers, and potential partners
- Invest in maintaining and upgrading existing facilities
- Broaden the product lineup
- Extend geographically
- Acquire new businesses

Harry’s system worked. At the end of his tenure as CEO in 1999, L&P’s annual sales had exploded to \$3.5 billion from nearly 200 factories in 18 countries manufacturing a diverse group of products found throughout the home, the office, and in automobiles.

Committed to Improvement. It took more than just his five-point plan to accomplish such growth – Harry had the drive to never stop at “good enough.” Harry constantly encouraged L&P to improve and innovate, often making our own products obsolete. He recognized how satellite distribution centers could serve customers on a “just in time” basis, even before the term was invented. Harry also oversaw 196 acquisitions, breaking L&P into new markets geographically, across product lines, and through vertical integration. His example endures to this day in L&P’s ongoing focus on continuous improvement.

Committed to Culture. Beyond his business acumen, Harry also recognized that a company is only as good as its people. His dedication to team building and his ownership mentality set the standard for L&P’s ongoing corporate culture.

L&P’s current CEO, Karl Glassman, had the honor of working with Harry for many years. “Harry exemplifies what it is to be discontent with the status quo, demanding the highest standards from everyone, himself included. But L&P was always something more personal to Harry, as evidenced by the way he cared about each of his employees.”



“Most employees from Harry’s tenure have stories about the CEO dropping in for a personal introduction, to check on a project, or to simply see how they were doing. He invested himself in L&P’s people – inspiring us to work that much harder to meet our goals.”

– Karl Glassman

STRATEGIC TALENT REVIEWS: Developing Leggett's Future Leaders

At Leggett & Platt, we rely on the strength of our people for our long-term success. According to CEO Karl Glassman, "Developing the next generation of leaders is a top priority. And with several of our senior leaders likely within five years of retirement, succession planning is more important than ever."

With so much riding on having the right people in the right roles with the necessary skills, Leggett has dedicated resources and manpower to address the Company's ongoing talent needs. Strategic Talent Reviews (STR) are the cornerstone of the succession-planning process.

Assessing Our Strengths and Discovering Opportunities

Talent Manager Rachel Heisten guides several Business Units (BUs) a year through the STR process. "The group typically includes the BU and division presidents, operations managers, and executives – all of whom know the business inside and out," said Rachel. "By examining their operations through the STR lens, the leaders can walk away with an analysis of their people needs and have a clear blueprint to take action."

International Bedding Division President Davor Gecic found that the process gave him a "structured and documented approach to managing people." With two divisions and just over 1,100 people under his leadership, Davor discovered a number of existing talent gaps. "Several key functions would not have been covered had key personnel left, which was both surprising and beneficial to discover during the process."

Strategic Talent Reviews also reinforce the need for individual goal-setting and formalized performance reviews to challenge future leaders. "With our structured talent management process," Karl added, "we are able to more clearly define career paths, resulting in greater engagement and retention of our strongest performing individuals."

Future Goals for Long-Term Succession Planning

The STR process has reached nearly all corners of the company, with BUs accounting for 83% of our sales now involved. Once a BU has gone through an STR and baseline data is established, the process will be repeated every two or three years.

"Our first time taking the reviews to the BUs has laid a strong foundation," said Rachel. "In 2016, we will build upon that and develop a longer-term succession planning strategy that we hope will include development plans, mentoring opportunities, and targeted training for key positions."

Karl also believes there is room to expand our efforts and better develop the next set of Leggett leaders. "Succession planning goes far beyond the ranks of senior management," he said. "We need to continue identifying and developing high-potential individuals throughout the company to ensure our long-term success."



STRATEGIC TALENT REVIEWS

according to Rachel Heisten,
Talent Manager

Our four-part process:

- 1. Assess the business's current bench strength.** We measure the "readiness" of a business to fill key position vacancies with strong internal talent. For example, of the key positions within a BU, how many have ready-now successors? How many have no internal successors? These metrics help a business understand its succession risk and how prepared it is to meet its future talent needs.
- 2. Identify employees with development potential.** Employees could range from a 20-year Leggett veteran to a new hire who is already distinguishing herself among her peers.
- 3. Select potential successors for key positions.** While assessing their readiness to assume the position in question, we also identify their development needs. This helps managers focus on preparing their best talent for advancement opportunities.
- 4. Create an action plan to address people needs.** Several items may appear on a BU's action plan, such as addressing succession risk, attending to performance issues, adding key positions to Team Talent, and utilizing Corporate Learning and Development to build the skills and competencies of key talent.

ANOTHER SIDE OF THE BEDDING BUSINESS

Global Systems Group

Leggett & Platt is the worldwide market leader in components for the bedding industry, such as innersprings, pocket coils, foundations, and bed frames. Providing these parts to mattress manufacturers has been a mainstay of our business since 1883.

Leggett's Global Systems Group (GSG) serves many of these same customers, but in an entirely different way – by providing the capital machinery bedding manufacturers use to make their products. "Approaching the industry from this angle, we've developed a business model that differs greatly from our friends in the components business," said Tony Garrett, President of the Global Systems & Machinery Unit. "From sales to support to product innovation – it's quite a different game."

Machines that Pay for Themselves

GSG provides machinery and systems solutions for every stage of the bedding manufacturing process. GSG equipment can handle the process from start to finish, including computerized machinery that quilts mattress tops; tufts materials; manufactures mattress borders; adds labels; cuts material to size; adds zippers, handles, and decorative borders; assembles components into a finished product; and packages mattresses at the end of the line.

One of the key challenges of selling capital equipment is that unless a customer is moving or expanding, GSG's opportunity for repeat business may be years away. Rather than wait for their customers' equipment to wear out to make the next sale, GSG drives demand through product innovation that improves quality, adds new features, and/or lowers cost. "We convince them that the return on investment for GSG equipment has significant value," said Tony.

Capitalizing on Expertise

As their name implies, GSG has a global reach with more than 20 regional centers providing sales support, parts, and service. "Our worldwide customer base requires us to be on top of bedding trends around the world," explained Tony. "For U.S. manufacturers, the equipment has to handle six mattress sizes, while in Europe it needs to accommodate around 50."

GSG also generates revenue by offering robust plant layout services and joint project development for its customers. According to Tony, "Our experience in solving issues for so many customers over the years has become one of our greatest assets."

GSG reveals the future at ISPA EXPO

The International Sleep Products Association (ISPA) held its largest and most successful trade show in Orlando in March. Visitors to the ISPA EXPO were awed by GSG's display of a new overhead material-conveying system that stretched to the rafters.

GSG partnered with ETON SYSTEMS to develop a new system that automatically retrieves quilted panels from the panel cutter behind Gribetz quilters, carries it overhead to the Porter flanger, and then moves it all to a tape-edge operation. The modular format offers flexibility, reduces labor, increases through-put and efficiency, and adds value.

GSG's demonstration of new mattress roll-packing technology also drew a lot of attention. This roll-pack machinery can compress and fold a king-size mattress into a roll from 10 to 21 inches in diameter—roughly 20% of its original volume. When the rolling is complete, the machine automatically pushes the rolled unit into a box ready for shipping.



GLOBAL SYSTEMS GROUP®

The Long Road to **ENFORCE**

On February 24, 2016, President Obama signed the ENFORCE Act into law, marking a great victory for L&P and many other American manufacturers fighting the rampant evasion of government-imposed duties on unfairly traded imports.



“When I got the call from Amy DeArmond, announcing ‘The ENFORCE Act is on its way to the president’s desk,’ my first thought was...finally!” laughed Leigh Salyer, VP of Bedding Components Demand Management. “That day was a long time coming and real important to us in the Bedding Group. Amy’s call marked the culmination of a decade of hard work, and we were ready to celebrate.”

“It was like most legislation – two steps forward and one step back. Although some days it felt like one step forward and three steps back,” recalled Amy DeArmond, Government Policy and Legal Affairs Specialist. “But the team was really motivated to change the law. Not just for the good of L&P, but because the old system for policing imports was so ineffective.”

The Problem

In the mid-2000s, foreign companies began flooding the market with dumped innersprings, cutting into Leggett’s profitability and market share. The fight was on, and our initial efforts resulted in steep duties imposed on multiple Asian countries, but importers quickly found ways around paying. Leggett tried time and again to take action against the cheaters, but U.S. Customs failed to investigate and American manufacturers continued to suffer the effects of competing with dumped products.

The Solution

The *Enforcing Orders and Reducing Customs Evasion (ENFORCE) Act* establishes clear procedures for Customs to investigate evasion of antidumping orders. “Customs had always been a total black hole. We’ve submitted dozens of allegations with no response,” said Amy. “Now, Customs

will be required to implement a transparent, timeline-driven process that gives a voice to all interested parties while holding Customs accountable for its actions.”

At each step in the investigation, Customs will be required to notify participants of its decisions and intended course of action. Customs’ final decisions in the investigation will also be appealable to the Court of International Trade.

The Payoff

Upon implementation of ENFORCE, Leggett expects to recoup some costs lost to evasion while gaining a strengthened competitive position in the marketplace. Most importantly, the new law will help preserve jobs at our innerspring and drawn wire facilities, as well as at our steel mill.

According to CEO Karl Glassman, “We want our employees to know we’re fighting for them, and driving through the ENFORCE Act is just one more way of proving that.”

A Decade of Work Pays Off

- 2007: Dumped innerspring imports spike to 3 million units. L&P files antidumping cases against China, South Africa, and Vietnam.
- 2008: Steep duties imposed on innersprings from those countries; duty evasion schemes crop up immediately.
- 2009: L&P partners with U.S. manufacturers to create the Coalition to Enforce AD/CVD Orders.
- 2010: Coalition works with members of Congress to draft the ENFORCE Act.
- 2012: ENFORCE approved by the Senate Finance Committee.
- 2015: ENFORCE passes in the House.
- 2016: February 11 – ENFORCE passes in the Senate.
- 2016: February 24 – ENFORCE signed into law.



Amy DeArmond and Karl Glassman discuss the ENFORCE Act with Congressman Paul Ryan, then Chair of the House Ways and Means Committee, in May, 2015.

BEST IN CLASS

Fort Worth Foam and seven other branches achieve the honor for the third straight year in 2015. The total number of award-winning branches reaches 23 as the program gains momentum.

Leggett & Platt's Best in Class program is an all-encompassing evaluation of a branch's operational performance – from Financial Returns to Safety to Environmental to Continuous Improvement. "It's great to see branches from five different business groups achieve the distinction this year," said Steve Willis, Staff Vice President – Quality and Product Liability. "We have Best in Class branches in the Bedding, Furniture, Machinery, Consumer, and Fabric & Carpet Underlay groups."

Twenty-three branches met the Best in Class criteria in 2015, including eight branches that have achieved the distinction each of the three years since the introduction of the program.

Each of the Best in Class branches receives a banner to display at their facility and a plaque to be displayed at the Wright Conference Center at corporate headquarters.



Internal Audit
Safety
Environmental
Financial Returns
Quality Management System Audit
Cost of Quality
Continuous Improvement
Sales & Operational Planning
Total Productive Manufacturing

Staying at the Head of the Class: Teamwork at Fort Worth Foam

"Teamwork is the key to Fort Worth Foam's Best in Class success," according to Lisa Dieckmann, who works with the branch in her role as a Regional Quality Manager, where she oversees environmental, safety, and LP9000 compliance. "We have teams for everything from continuous improvement, safety, environmental...everything."



On the floor at Fort Worth Foam, Lisa Dieckmann consults with branch personnel Jamie Martinez and Marvin Mathis. Also pictured Dion Harris, Brian Sanders and Jose Moctezuma.

Most team members are volunteers, but, she admitted, "Some have been drafted! Sometimes we say, 'You're the best at this, and we need you involved with this group.'"

Like most Leggett branches, Fort Worth Foam implemented the team approach prior to the introduction of Best in Class, but the program has provided enhanced incentive and intensity for the teams. "Everyone looks forward to it," said Lisa. "Employees know that the audits are coming, and they want to be involved on the teams. They want to pass. They want to keep that Best in Class. And every year, we've gotten better."

For Fort Worth Foam, increased employee involvement may be the biggest reward from the Best in Class program. "For me, as a manager involved with this facility, employee involvement is everything," said Lisa. "If we don't have their buy-in, their willingness to improve, it just won't work. But when employees are respected and their voice matters – and they feel that – you can accomplish anything."