

InVision

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

Foundations for
the Future

When it comes to the future, there are three kinds of people:



Those who let it happen.



Those who wonder what happened.



Those who make it happen.

When asked to write this letter, I was a bit apprehensive since I recently announced my retirement. However, I realized it would be a wonderful opportunity to reflect upon my 21 years at Leggett & Platt and reiterate what this great Company has always done throughout its 135-year history . . . that is, to continue to learn, grow, and prepare for a future that can be even more successful.

As some of you know, I enjoy looking back at what was happening years ago, particularly during anniversary and retirement celebrations. Well, since my time is now drawing to a close, I thought I'd compare some notable L&P characteristics in early 1997 (when I joined the Company) with who we are today.

	1997	2018
Employees	21,000	22,000
Sales	\$2.5 Billion	Estimated \$4.3 Billion
Business Units	29	14
Major Facilities	130	120
Countries	4	18
Key Strategic Priorities	Bedding, Furniture, Aluminum Die Casting, Fixtures & Displays	Bedding, Furniture, Automotive, Steel Production
Senior Executives	Bradshaw, Calhoon, Cornell, Crusa, Gaddy, Gladden, Glassman, Glauber, Griffin, Haffner, Hale, Hauser, Hudkins, Jeffries, Jett, LaFerla, Park, Potter, Ross, Wells, Womble, Wright	Blinzler, Burns, Davis, DeSonier, Dolloff, Douglas, Dunn, Glassman, Gorham, Greene, Ford, Henderson, Iorio, McCoy, McKinzie, Rhea, Trent

When I gathered this information, it really highlighted for me that . . . things change, times change, people change! Other than Karl, all of the senior executives in 1997 have passed their batons on to those listed, and certainly to many additional men and women not shown above. In addition to this transition of leadership, just think of the many activities that have occurred since 1997 to truly pave the way for our future:

Business Process Transformation, Continuous Improvement, Corporate Development Department, Cybersecurity, Digital Commerce, Dividend Record (47 years and counting!), Dynamics AX, Emerging Leader Academy, Enterprise Risk Management, Growth Identification Process, LEAN, Private Label Projects, Role-Based Portfolio Management, S&OP, Strategic Planning, Styles of Competition, Succession Planning, and TSR.

I believe that these **Foundations for the Future** have never been more thoughtfully created and firmly established, and they will help L&P achieve even greater success.

While indeed things change, times change, and people change, there are three key ingredients of our Company's success that will *never* change: integrity, mutual respect, and our genuine belief that we are all members of one special team. That's why when it comes to the future, I know you won't just let it happen, or wonder what happened. You will each most assuredly **make it happen!**

I'll close with this famous saying, which applies to each and every one of us:

"I am most interested in the future because I am going to spend the rest of my life there."

Very best wishes,

Matt Flanigan
Executive Vice President & Chief Financial Officer



Aspiring to Reach the Summit: Leggett's Investment in Emerging Leaders

At Leggett & Platt, we've always encouraged our employees to keep learning. In fact, our core value of continuous improvement depends on it. "As our company continues to change and grow, we realize more than ever the value of investing in our people," says CEO Karl Glassman.

The Emerging Leader Academy (ELA) is a 3-year investment in employees identified by senior leadership as demonstrating budding leadership qualities and a desire to grow. "Simply put, strong and capable leaders are the lifeblood of this company," says Alissa Owsley, Director of Learning & Development. "Being intentional about their development helps us maintain a competitive advantage, supports L&P's TSR goals, and meets diverse market demands."

"It's incredibly important to develop our future leaders," agrees Jason Gorham, VP of Human Resources. "Prior to the ELA, Leggett didn't have a formal leadership program, and we knew it was an obvious gap. We prioritized the need to start developing Leggett's future leaders, and we wanted a program with a long-term focus and global reach. The ELA was created as one way to meet the leadership development need."

Sonia Smith, President of Automotive Europe, manages several employees who participate in the program. "The ELA is the perfect foundation for our people to unlock their entrepreneurial spirit," she says. "It aligns perfectly with my belief that we can't simply go to the market and recruit good people; we have to build up our own and teach them all we know about the mechanics of our business."

As part of their development, participants dive into activities and learning assignments under three core tenets: Leading People, Leading Business, and Leading Change. ELA activities run from February through November and include exposure to senior management, unique networking opportunities with other leaders, and a monthly curriculum. Because participants live and work all over the world, ongoing collaboration occurs within an internal, online social tool called JAM.

Who is an emerging leader?

1. A promising employee who is early- or mid-career.
2. An employee who demonstrates a keen intellect and strong work ethic.
3. An employee who aspires to advance in their career and takes personal initiative to grow their skills and knowledge.
4. An employee who has strong advancement potential and would benefit from executive exposure, targeted development, and cross-functional networking.
5. An employee who is well respected by their manager, peers, and direct reports.

How are employees nominated?

Each fall, senior managers are asked to nominate up to 4 emerging leaders from their business or department. They may also communicate with managers within their reporting chains, asking for feedback and rationale as to whom they would nominate from their team. They support their final 4 nominations by submitting answers to these questions:

1. Why should we intentionally invest in developing these individuals as leaders? Can you provide specific examples of how they demonstrate advancement potential?
2. How would their career path benefit from being a part of the ELA?
3. How would this individual's peers describe their leadership skills? Are they well respected?

After all nominations have been considered, Jason Gorham and Alissa Owsley work with Karl Glassman and senior leaders to select a cross-section of employees who best represent the company.

The Summit: Onsite Learning and Networking

The program's pinnacle event each year is called The Summit, a 3-day conference at our Corporate Headquarters that involves keynote speakers, curriculum from leading experts, panel discussions, and breakout sessions within the core tenets.

"The best part of The Summit is watching connections happen at the speed of light," says Alissa. "It's remarkable to listen to employees from across the company, who wouldn't have likely met otherwise, begin to change the company one conversation at a time."

"The Summit affords us the opportunity to meet and work with exceptional people across the organization," says participant Ryan Fathers, VP of Finance for the Automotive Group. "We're able to break across local and regional lines, all to gain a broader perspective of the L&P business landscape."

Leggett's executive leaders also attend The Summit, so networking opportunities are abundant. "After hearing from our senior leaders, I'm more informed about the bigger-picture strategy of L&P and the role that each of us plays in executing it," says participant Chris DiPentima, President of Pegasus Manufacturing. Key leaders serve as panelists in discussions or even deliver keynote addresses, so participants are able to hear their perspectives firsthand.



The ELA Class of 2019 and Class of 2020 at this year's Summit.

Developing Leaders at Every Level

With two full years of the program now complete, the ELA will launch once again next February, with a new class of participants and under a new tenet of Leading Change.

"Our dream is for Leggett's next generation of leaders to be better equipped with skills to drive change, grow our business, and lead and develop our people," says Stephanie Elliott, Learning & Development Program Manager. "Our long-term vision is for the program to continue to drive deeper into the organization and help to identify and develop leaders at every single level of the company."

Leadership in Action: Participant Projects

As part of each year's curriculum, participants are required to complete a months-long project. Following a general framework, projects can range each year from individual projects to group projects within smaller ELA teams.

"The true value of participant projects isn't within the outcomes, although it's a nice bonus," says Alissa. "Rather, some of L&P's brightest minds are being asked to step outside their day-to-day work and the 'tyranny of the urgent' to intentionally focus their minds on something else. The projects challenge them to work outside of their comfort zone, which is where true leadership skills have the best chance of survival!"



One example of a robust Leading People project is the Sales Excellence Academy (SEA), essentially a scaled-down version of the ELA for sales teams. Ben Cuthbert, who manages Prelog Springs and implemented the project, now also serves as SEA Lead.

"Shortly after participating in the inaugural year of the ELA," says Ben, "I recognized real potential to apply a similar learning model to our sales teams, particularly for remote or international groups. Starting a learning platform specifically for sales-related skills seemed like a logical next step in helping us gain profitable growth within our business."

Although the SEA originated to develop the International Sales Team, the goal is for the SEA to be rolled out to the entire divisional sales team including Customer Service, Sales Representatives, and Sales Managers as an ongoing learning and development program.



Currently, ELA participants are based in 11 different countries across the globe.

United States • Canada • Mexico
France • Belgium • United Kingdom
Poland • Austria • Croatia
Switzerland • China



In the Driver's Seat at L&P Automotive

Building an empowered, global, results-driven organization

For a vehicle to achieve maximum performance, certain parts need to work in unison, with wheels aligned and ready to respond at the tap of an accelerator pedal. When parts aren't working together, poor responsiveness can be enough to put even the best driver in a ditch or repair shop. Businesses can be similarly impacted if employees' roles aren't aligned with strategy.

Since 2016, L&P Automotive (LPA) has been optimizing its processes and technologies through Business Process Transformation (BPT) to support its aggressive, long-term growth strategy. One element is to ensure alignment of the group's organizational foundation – its people.

Setting the Course

The first step to arriving at a destination is planning the best way to get there. LPA first took a hard look at how employees work day to day. Focused on strategic alignment and efficiency, LPA is mapping the best ways to operate, defining roles and responsibilities, and building the path to an optimized global organization.

"We are rolling out a new people strategy," explains Sonia Smith, President of Automotive Europe. "L&P already has a great employee culture, but the Automotive Group wants to go further, building on our competitive mindset by changing how we set goals and convey expectations to ensure we're all focused on delivering the best results."

"Each employee's goals need to align with our overall strategic objectives in order to make a difference to bottom-line performance," says LPA President Steve Henderson. "Like a vehicle, when our systems are all working efficiently and in concert, we gain speed, maintain control, and get to our destination."

LPA's efforts are not a one-way street – leadership is meeting with subsets of the whole team to determine what works well, review policies and procedures, and build training and development opportunities at all levels. Steve adds, "Ultimately, our employees will better understand their accountabilities and be more empowered within their areas of oversight and expertise. We're willing to devote significant resources to developing our people because we are so confident in their capabilities."

Shifting Gears

As another part of its strategic realignment, the Automotive Group is also embracing a "branded house" mindset. Since it was formed through several acquisitions over a handful of years, LPA has long operated as a house of individual brands, with each facility largely retaining its own operating procedures, systems, and even name.

According to Kousay Said, Director of North American Sales and Global Marketing, "Our new motto is One Team, One Voice, One L&P Automotive. Both internally and externally, LPA is moving away from a regional mindset to become a truly global organization, with consistent and clear management, messaging, and metrics."

A unified LPA will provide many strategic benefits, including increasing consumer recognition and opportunity, cross-regional collaboration to improve similar and connected processes, and visibility across the organization to ensure the best information is available to lead to the best decisions.

Members of Leggett & Platt Automotive collaborated to develop its new global Brand Foundation:



Compelling. Comfort. Convenience.

Brand expression: Making award-winning innovation look effortless.

Core attributes:

UNQUESTIONABLE AMBITION: We apply determination in facing new challenges, and we create our future from countless possibilities. We inspire each other to define our personal paths, realize our fullest potential, and make an impact on sustainable mobility.

PROFOUND EMPATHY: We are interconnected, engaged, and inclusive – dedicated to creating a vibrant and welcoming atmosphere at every facility and in every location.

GLOBAL PERSPECTIVE: We draw our identity and our strength from a rich diversity of people and ideas from around the world.

FEARLESS PARTICIPATION: We seize opportunities. Our openness and ambition create a culture of participation and encourages each of us to engage with our peers in creating the future of mobility.



Bringing It All Together

Finished goods manufacturing at Work Furniture

Leggett & Platt has historically provided critical components to other manufacturers and assemblers – starting over a century ago with supplying innersprings and most recently with building hydraulic cylinders for heavy machinery manufacturers. Until recently, our Work Furniture business focused on this same model, so much so that the business unit was known as Office Furniture Components until 2014.

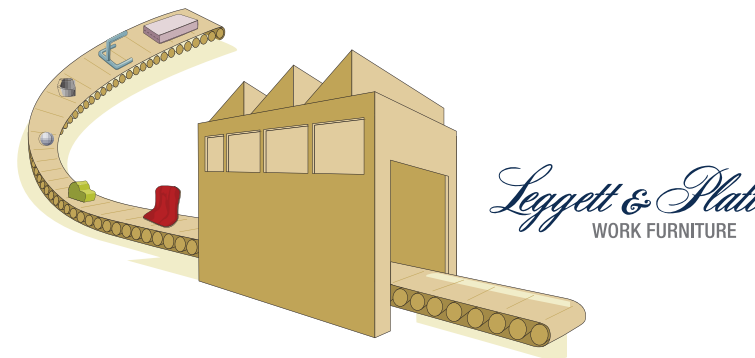
Expanding Our Capabilities

About five years ago, the Work Furniture group made a strategic shift to focus on private-label manufacturing, in which they not only provide key components but also complete, finished goods. The business had some experience in this arena, as Davidson Plyforms (a company Leggett acquired in 2001) made some finished products for a key customer, Herman Miller.

According to Kyle Williams, President of Work Furniture, "We find that many companies in this industry focus on building their brand, design, and retailing – whether it's one of the big players like Herman Miller or a high-end, boutique firm. Outsourcing to Leggett as a private-label manufacturer offloads supply-chain management and allows them to bring products to market more quickly.

"Leggett benefits by being more of a collaborator with the customer, and not simply providing physical components, where the cheapest option typically wins out." Kyle continues, "By offering the complete product, we're involved in design, sourcing components, production management, and order fulfillment, which are the more profitable aspects of the business."

- CUT, SEW, AND UPHOLSTERY
- TUBE BENDING
- STEEL STAMPING
- PLASTIC INJECTION MOLDING
- ALUMINUM DIE CASTING
- PLYWOOD COMPRESSION MOLDING



The businesses that make up Work Furniture offer a broad range of manufacturing capabilities as component suppliers. But taken together, and with additional product design, supply chain management, and finished goods assembly, Work Furniture can offer comprehensive private-label solutions to its customers.

Expanding Our Reach

In addition to offering a wide array of capabilities, Leggett is expanding its geographic footprint to stand out from other private-label manufacturers. Kyle explains, "In this business, our customers offer a high degree of customization, require a quick turnaround to market, and want to carry minimal inventory. As a result, they need their suppliers to be close to their end-markets to rapidly fulfill orders."

Two major customers each recently acquired a high-end European brand, and they've both engaged Leggett as their private-label manufacturer as they introduce those European offerings to the U.S. "Initially we wanted to produce these goods at our Genesis facility in Michigan," explains Kyle, "but we were already at capacity and faced a dire labor shortage in the area. So, we discovered an opportunity to launch a new Work Furniture operation in Monterrey, Mexico, sharing space with Branch 5510 from the Bedding Group."

Luis Ramos joined Leggett in May as the first Branch Manager for the Monterrey facility. "We're building our team and this operation from the ground up," says Luis. "It's definitely a challenge, but it's an exciting opportunity to get things right from the start and establish best practices in safety, quality, and efficiency."

Luis and his team have been training with experienced craftsmen from our Trio Line operations in Poland. "This is very skilled and challenging work, especially the upholstery for our high-end products. Very few people in this area have this kind of experience, so we're looking for partners with a great work ethic and willingness to learn and be developed."



Luis assembled a team of 25 employees as operations began in October, which he hopes to double by the end of the year. With the business's current growth prospects, he believes the operation could grow to 300 employees in three years.



Leggett's Focus on Cybersecurity

Keeping up in a constantly connected world

These days, virtually any smart device can connect to the internet and exchange data. Although this technological evolution has its benefits, it also brings associated risks – especially for an organization like Leggett & Platt. With such a reliance on data and technology, we have a greater responsibility to remain vigilant against cyberattacks.

Averted Disaster

In February, Leggett's Cyber Threat Team was alerted to ransomware attacks on the Leggett network. As they quickly worked to patch the infection, the ransomware spread to the global network and various machinery. The possibility of the attack damaging equipment and interrupting production became increasingly real. Surprisingly, the Cyber Threat Team ultimately traced the initial infection to a factory vending machine.

Many wouldn't necessarily think of a vending machine as a source for cyberattacks, but in this case, the infection spread through file-sharing technology once connected to Leggett's internal network. A digital forensic examination revealed that the vending machine had been infected with a WannaCry variant – a worldwide cyberattack targeting operating systems by encrypting data and demanding ransom payments in Bitcoin cryptocurrency.

Due to the quick response of the Cyber Threat Team, the threat was resolved before it caused any major disruptions or financial damage. Other companies were not so lucky, as it disrupted operations across the globe with over \$4B in financial damage. Consequences like these remind us why robust cybersecurity is vital – even to the most seemingly innocuous of sources.

Our Cybersecurity Team

Keeping up with technology is not an easy job. Not only is the cyber ecosystem expanding with internet-connected devices, but cyberattacks are becoming more sophisticated. According to Scott Douglas, Senior Vice President – General Counsel and Secretary as well as Chair of the Cyber Oversight Committee, "It's a constantly moving target, but L&P has made significant strides and invests appropriately in resources to mitigate cyber risks and defend against threats." Some of our recent improvements include developing a Cyber Incident Response Plan and investing in additional layers of monitoring and defense.

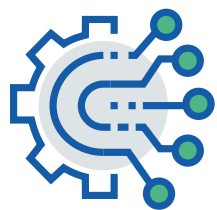
Leggett also recently assigned a dedicated group of employees to cybersecurity efforts. The Cybersecurity Team works behind the scenes to protect our systems, networks, and data while also staying knowledgeable on current trends and risks. Each team member plays a critical role in the Cyber Incident Response Plan – a framework on how to handle attempted and successful intrusions as well as mitigate the damages.

A Shared Responsibility

Despite the Cybersecurity Team's best efforts to protect us, cyber attackers often rely on *human error* to accomplish their digital mission. To educate and inform our employees of potential cyber risks, the Cybersecurity Team is launching a global training initiative on various cybersecurity topics.

"We need increased employee awareness to recognize and react to potential threats," according to Jeff Bean, Senior Technical Specialist. "Cybersecurity is every employee's responsibility," agrees Heather Couk, Senior IT Manager. "We put in as many layers of technology as possible to protect Leggett & Platt, but we need employees to also act as a layer of defense and stay aware of the risks and proper protocol. We rely heavily on employees to use good judgment to maintain a safe cyber environment."

CYBERSECURITY TEAM



Cyber Threat Team

Subject matter experts that monitor and address potential cyberattacks and will escalate events to the Cyber Response Team that warrant additional attention.



Cyber Response Team

Representatives from IT and other business areas who manage escalated events and trigger the Company's Cyber Incident Response in high-risk situations.



Cyber Oversight Committee

Members from IT and other business areas who monitor cyber risks, provide guidance to the Response and Threat teams, and keep the Audit Committee informed.