

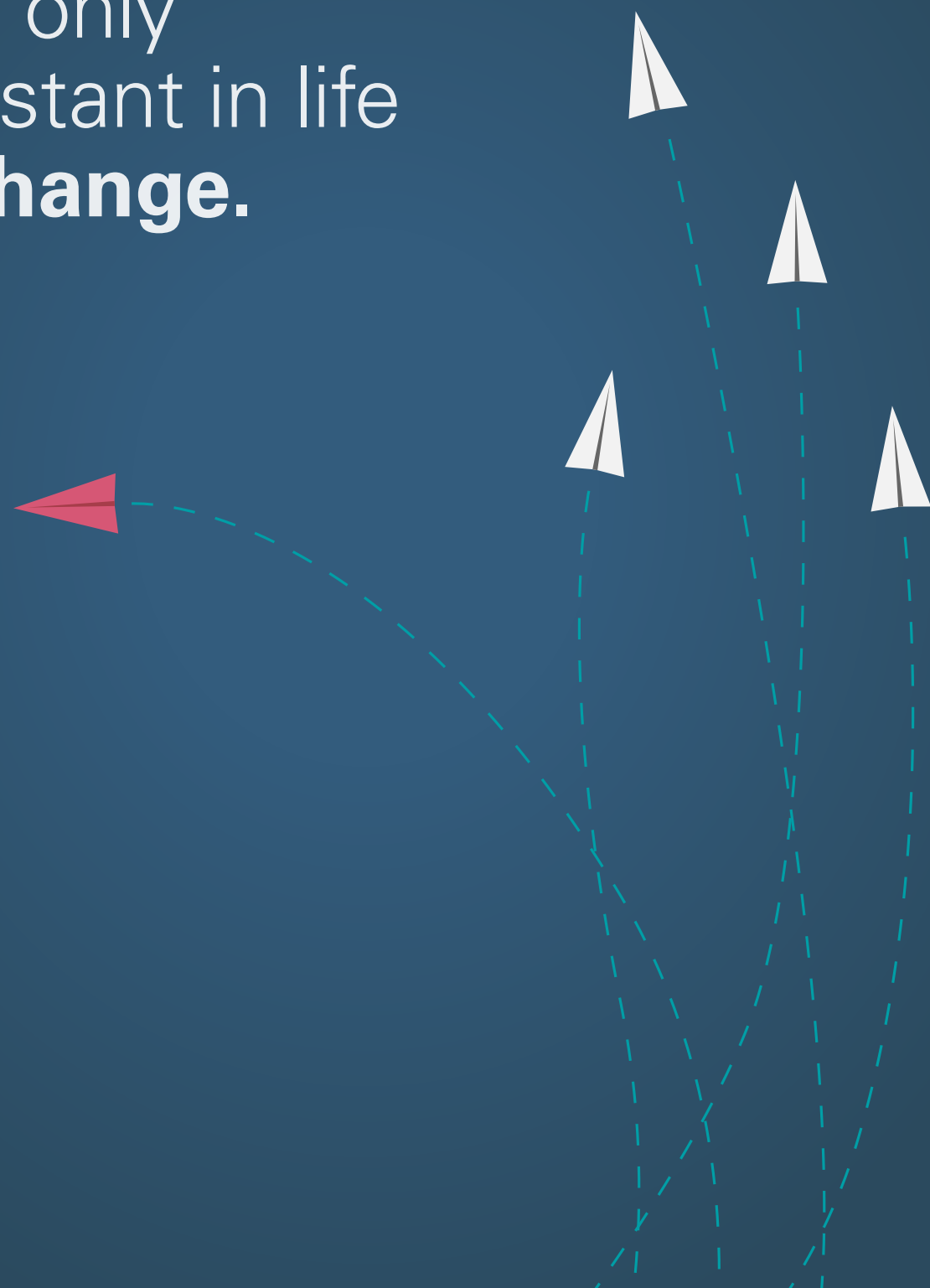
InVision

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



NEW VENTURES

The only constant in life is **change**.



We've all heard the saying *the only constant in life is change*. Truer words have never been spoken. Change can come with challenges, but more importantly, change often presents terrific new ventures. We have several great examples unfolding at Leggett & Platt.

In January, we acquired Elite Comfort Solutions (ECS) for \$1.25 billion. Why did we do it? A couple of years ago, we noticed several changes emerging in the bedding market. After extensive research, we projected strong growth in hybrid (foam combined with innersprings) and specialty foam mattresses, that online mattress sales will double to 30% of the market by 2022, and that compressed mattresses (bed-in-a-box) will make up half of the market by 2026.

Given these trends, we recognized a huge opportunity to further increase our leading position in the bedding industry by adding proprietary and patented foam technologies to our innerspring capabilities. ECS was clearly the leader in this space and the strategic combination with L&P will position us to grow and capitalize on numerous opportunities! You'll read more about ECS later in this issue.

And on the subject of change and opportunity, I'm embarking on my own new venture as I assume the newly created role of Vice President – Business Support Services. Business Support Services is comprised of Logistics, Marketing + Creative, and the departments in Operations Services: Continuous Improvement, Environmental Affairs, Facilities Management, LBSO, and Risk Management.

These departments' primary mission is to provide value-added services to our business units. Placing them directly within the COO organization will better align their activities with key stakeholders, enhance our ability to support our operations, and help us more quickly adapt to changing business needs. For my part, I am very excited to take on this new role and for the opportunity to work with so many talented people!

Baseball legend Babe Ruth once said, "Yesterday's home runs don't win today's games." Our company has a wonderful history of success, but we must vigorously look for and seize new opportunities to ensure L&P continues to win!



Ben Burns
Vice President – Business Support Services & Treasurer

Operation Excellence: L&P's Continuous Improvement Council

In business, you can't stand still. You must constantly improve and seize new opportunities to move ahead – and Leggett & Platt is no exception. We're continually changing as we adjust to market conditions, develop new products, and reinvent processes. According to CEO Karl Glassman, "If an entity, or person for that matter, is not continuously improving, there is no chance for sustained success."

With this same mindset 22 years ago, L&P leaders initially formed the Continuous Improvement Council (CIC). In the early years, the group's primary focus was to improve employee safety and product quality. Executive leadership worked to develop a mission statement and objectives which strongly emphasized their desire to imbed continuous improvement into the very culture of L&P.

Initial Wins and Continued Success

One of the CIC's first major initiatives was to reduce workplace injuries by 50% in the first 5 years. Through a collaborative approach to risk assessment, training, and operational improvements, they met the goal. Encouraged by the plan's success, the team decided to replicate it and achieved another 50% reduction in incidents by 2005.

Since then, the CIC has continually readapted itself to communicate new ideas and to find better solutions to ineffective processes. Subcommittees were formed to improve working environments, develop incentives for sustained performance, and implement training programs. Some of the committee efforts resulted in highly successful L&P programs, such as Eco Initiative and SafeGuard.

Critical to the success of these initiatives has been the involvement and commitment from employees at all levels within the company. "Continuous improvement really helped us create a culture at L&P that wasn't there before," says Dan Baldwin, VP of Operations Services. "You can see it reflected in a lot of different ways and it has made us a better company."

Sharing of Best Practices

The CIC continues to find new ways to further support improvements to our operations. Last year, they tasked Steve Henderson, Automotive Group President, to



champion efforts around the sharing of best practices at L&P. He partnered with Howard DeCelis, Staff VP of Continuous Improvement, to form a cross-functional team and help improve the methods used to share operational successes globally, particularly across business units. This also includes developing a culture that embraces the importance of sharing that information.

"Things are changing so fast, and we need a culture at L&P that changes fast too. We can't reinvent the wheel all the time. Learning from our peers is a wonderful practice because they've already paved the way for solutions," says Steve.

To facilitate the communication of ideas and improvements, the team launched L&P's Sharing of Best Practices List in early February. This repository is located on the Continuous Improvement intranet site at MyLeggett and offers a new approach to document effective solutions to operational challenges. It's intended as a way for all employees to share, discover, and implement our most effective best practices around the world.

Ideally, the system will lead to more creative solutions, higher productivity, better work environments, and a stronger foundation for growth. According to Steve, "We want to celebrate successes with our employees. We also want to measure who is engaging and how, so we can support that collaborative process."

Improving Interactions Across the Business

Another project stemming from the CIC is to improve interactions between Corporate and our operations. Organizational changes can sometimes create bureaucracies or impede communications, leading to reduced innovation or agility within the company. So last May, the CIC asked Ben Burns, VP – Business Support Services & Treasurer, to lead a committee to address this challenge.

Ben and his team solicited feedback from representatives of 14 business units, who then generated a list of ineffective or unnecessarily complicated business processes. Ultimately, this "definition and assessment phase" resulted in over 180 pain points – or opportunities for process improvement throughout the company.

The team then assessed these opportunities based on their value and the overall effort required to resolve them. Several problems were corrected immediately through internal communications, and the remainder were categorized into 17 themes for improvement. The first four of these themes – Approvals, Balance Sheet Reviews, Audit Compliance, and Duplicative Corporate Requests – have been assigned to subcommittees already generating solutions.



According to Ben, the efforts aren't going unnoticed. "We're seeing a willingness by Corporate employees to support these process improvements, and it is very appreciated by those in operations. Even small adjustments can make their work lives easier. With these changes, we are reinforcing our culture, and we are reinforcing teamwork."

Progress for the Future

The last 22 years of improvements have made Leggett & Platt a better company, but there is still work to do. As the CIC prepares for future challenges, they're encouraged by the support from employees at every level. According to Dan, "There's a lot of passion for continuous improvement throughout the entire company. It's not just driven by committees or employees with it in their title. That level of commitment is great to see."

"We're working to better leverage our improvements across the whole company," agrees Karl. "Our people are knowledgeable, capable, and able to solve problems. As we work to do a better job of soliciting their input, they are our best opportunity to succeed in the future."



CIC Goals:



1. Safety: A safe and healthy work environment that produces safe products



2. Quality: To be recognized as the top-quality producer in all segments of our business



3. Customer Satisfaction: To consistently exceed our customer's expectations



4. Financial Performance: Optimize shareholder value by consistently meeting or exceeding growth and return objectives



5. Employee Performance: Create a work environment that attracts and retains diverse, high-performing, high-quality employees

Elite Comfort Solutions: Bringing Advanced Foam Technology to L&P

After perfecting innerspring designs for more than 135 years, Leggett & Platt is widely known as a pioneer in sleep comfort technology. In 2016, we entered the finished mattress market, adding another link to our integrated supply chain. Still, the Bedding Group's growth targets over the next 10 years required an even bigger vision.

Recognizing the growth potential in the hybrid mattress and boxed bed markets, L&P sought a partnership with another pioneer in the industry – Elite Comfort Solutions (ECS). With 16 facilities across the United States, ECS is a quickly growing mattress manufacturer known for its proprietary foam technology. The acquisition to join L&P was finalized this past January.

The Journey to Become ECS

ECS was formed in 2016 through the consolidation of four companies: Pacific Urethanes, Elite Foam, Peterson Chemical Technology, and Hickory Springs. Each of these companies brought with them decades of unique experience in the bedding industry.

Peterson Chemical Technology, for example, helped solve a problem unique to foam. Historically, foam products have suffered from poor heat retention or compression issues, but Peterson Chemical Technology's innovative foam additives significantly improved the comfort and performance of these products.

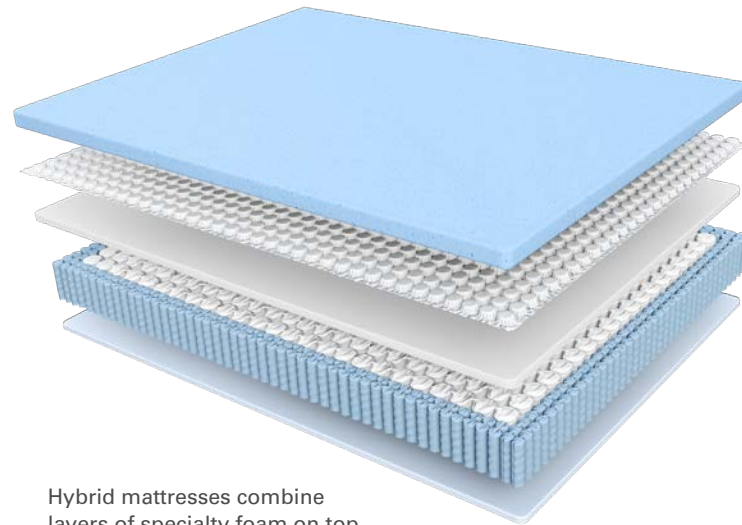
"I saw a need to advance foam technology, from both a performance standpoint and processing standpoint," explains Bruce Peterson, founder of Peterson Chemical Technology. "I used the problems of the industry as my guide in how to address changes to polyols design and changes in the formulations of foam compositions." Bruce ultimately invented the proprietary CoolFlow™ technology, a new polyol design, that solved many of these problems including compression recovery.

Solving the problem of compression recovery enabled ECS to join the growing mattress-in-a-box market. "The biggest market for our technology-advanced foam is as a reliable supply chain for private-label, finished mattresses, either packaged in a box or flat-packed," explains ECS CEO Chris Chrisafides. "Last year, we made close to 1 million mattress-in-a-box units!"



Similar to L&P's innerspring mattresses, ECS acts as a complete fulfillment provider for foam mattress customers, receiving and processing customer orders in real time, as well as shipping the mattresses direct to the end consumer's doorstep.

But ECS doesn't just stop at making foam mattresses. Within their operations today, ECS combines polyurethane additive technology with foam-pouring and converting capabilities, resulting in multiple industry-changing foam products such as mattress toppers, pillows, and cushions and foam buns for furniture.



Hybrid mattresses combine layers of specialty foam on top of a fabric-encased innerspring core.

Future Fit with L&P

The market for foam and hybrid mattresses is growing as consumers become more comfortable making these types of purchases online. Hybrid mattresses, with exclusive layer combinations, are especially desirable. "ECS's foam capabilities complement our innerspring business and will make it possible for us to offer new high-demand, hybrid mattress products," says Perry Davis, President of Residential and Industrial Products.

Chris agrees, "L&P and ECS is a marriage made in heaven. Every mattress uses some quantity of foam, innersprings, or a combination of both, so consolidating our expertise in those areas makes us extremely powerful and the envy of the industry."

The future looks bright for ECS. With plans to develop their successful US business model globally, ECS plans to leverage L&P's strong presence in Europe to introduce their proprietary foam bedding products to a market ripe for growth. Chris reveals, "The opportunity that's in front of us right now is very, very significant and we're very excited to be a part of it."

Leggett & Platt Automotive: Growing in Mexico

Everyone knows the three rules of real estate are location, location, location. As a components supplier for a business as complex as the automotive industry, location is also a key factor for the success of Leggett & Platt Automotive (LPA). Recently establishing a presence in the Bajío region of central Mexico is another significant step in LPA's strategy to thrive as a vital supplier to this global industry.

The automotive industry in the Bajío has rapidly matured in the past 15 years, such that Mexico has become one of the world's largest manufacturers of passenger vehicles. Nearly all the world's major OEMs have production facilities in the region, including GM, Ford, Toyota, Nissan, BMW, and Audi. As a result, hundreds of suppliers are located nearby to better serve the OEMs, including significant LPA customers like Strattec and Faurecia. According to Steve Henderson, President of LPA, "Opening our new facility in the city of Silao allows us to collaborate more directly with customers, respond to needs more quickly, and drastically reduce delivery time and expense."

In late 2015, LPA leadership initiated plans to establish "L&V5" in Mexico as the fifth LPA facility to produce small, electric motors and actuators. In early 2016, Hector Moreno (at that time, Leggett's Director of Shared Services in Mexico) moved to Silao and started assembling the management team as plans for the new facility were underway.

Occupying a small office situated 100 meters from the construction site, the future leaders of L&V5 oversaw the building's construction as they coordinated the transfer of production lines from L&V facilities in China and strategized on capturing additional opportunities that would soon be available.

(Below) A brand-new facility offering a safe, clean workplace helps L&V5 attract and retain skilled employees in the Bajío's competitive job market.

The L&V5 team received crucial support from the LPA partners around the world, most importantly from their counterparts in China. Initial production at L&V5 consisted of fulfilling orders for customers in Mexico previously serviced out by L&V in China. Experienced LPA partners from China in safety, quality, and production were alongside the L&V5 team throughout the transition, and many L&V5 managers received onsite training in China. By January 2018, the first two lines were in place and production was underway at L&V5. By the end of 2018, two more lines were up and running, with the facility employing nearly 200 people.

Staffing L&V5 with skilled workers was helped by a state-sponsored program that ran prospective employees through a five-week training program at a local technical center. Once the workers finished this training, the government supplemented their wages as they completed five additional weeks of on-the-job training at L&V5. According to Hector, "These types of programs are vital in a region growing as rapidly as the Bajío, with dependable, skilled workers being the key to our success."

Opening Ceremony

In October 2018, L&V5 hosted an opening ceremony to recognize the hard work behind establishing the new branch, which is Leggett's first greenfield operation in Mexico. LPA executives were on hand to mark the occasion, to congratulate the local leadership in executing the plan, and to recognize the ongoing efforts of the entire staff in providing excellent service to our customers.



Leadership on the Front Lines:

Supervisor Essentials Training

We care about learning at Leggett & Platt. It's how we adapt, grow, and continually reinvent ourselves to succeed in our jobs. We've worked to foster a culture of learning for employees at every level, and at the core of our operations are hundreds of frontline supervisors who are ready to learn.

Supervisor Essentials is a new training program geared specifically toward our frontline supervisors at manufacturing locations. "Frontline supervisors have a tremendous amount of influence on the culture of L&P," says Stephanie Elliott, Learning & Development Program Manager. "It's essential that we help equip them with the skills to be great leaders of people."

A Successful Pilot Program

For many years, a training program for frontline supervisors has been highly requested from our operations. Frontline supervisors juggle multiple demands throughout their workday. While facing deadlines and urgencies within their operations, they also often lead a team of people – which requires a different skillset altogether.

In response to this request, the Corporate Learning & Development team held a series of "think tanks" with Branch Managers, HR Managers, and the Corporate Risk team to generate ideas for a pilot program. These brainstorming sessions were critical to highlight some of the first-hand experiences and learning needs of frontline supervisors.

The pilot program launched last fall, with a total of 65 participants completing a trial of the training at Flex-O-Lators in Carthage, Missouri; Ennis Spring in Ennis, Texas; and Fort Worth Rebond in Ft. Worth, Texas. The feedback was overwhelmingly positive as participants found the training to be relevant and impactful. One participant shared, "I learned how to look at both sides of an issue when working with my team, as well as how to be fair in my decision-making."



The onsite training employs unique methods of collaborative learning. Pictured are participants from March's regional training in Winston-Salem, NC, as they illustrate what effective communication looks like.

Extending the Training

This year, the same training from the pilot program will become much more widely accessible to our operations and several onsite trainings are currently underway. During the training, participants explore topics such as effective communication, leadership, safety, handling difficult interactions and conflict, and respect in the workplace.

The program takes a blended learning approach of both eLearning and instructor-led training. This means participants will guide themselves through a series of online modules at their own pace, then also attend onsite training sessions to further explore the material.

"Our goal is for supervisors to apply this material to their everyday work environment," explains Rob Sotlar, L&D Program Manager. "To help with long-term recall of the information, we'll deliver post-training materials to participants every month for a year following the live session."

Regional Locations

The goal is to train all frontline supervisors on the foundations of leadership, and this year's launch is a great start to achieving that goal. In 2019, Supervisor Essentials will be offered at eight regional locations:



Supervisor Essentials



- Hanes in Winston-Salem, NC
- Super Sagless Hardware in Tupelo, MS
- Aurora in Chicago, IL
- Corporate Headquarters in Carthage, MO
- Davidson Plyforms in Grand Rapids, MI
- Georgetown in Georgetown, KY
- Ontario Rebond in Ontario, CA
- Ennis Spring in Ennis, TX

Between the pilot locations and regional locations, over 350 supervisors will have gone through the training by the end of 2019. While this year's rollout of Supervisor Essentials is available within the United States, a global program is expected to launch in the future. Similarly, while training is currently offered in English, additional languages, beginning with Spanish, will be added soon.

"Ultimately, Supervisor Essentials is a long-term investment in the careers of our tireless frontline supervisors," explains CEO Karl Glassman. "By participating in the training, they'll gain critical knowledge, improve their diverse skillset, and ultimately create a stronger foundation for Leggett & Platt's future."