

InVision

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

AHEAD OF THE CROWD
Using Innovation to Break from the Pack





The only way out of a tough situation is making a tough decision.

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Bill Lear was an inventor with more than 150 patents, including the automatic pilot, the car radio, and the eight-track tape...ok, you can't win 'em all! But his most famous design was the Learjet.

Lear produced his first jets in 1963, and, by the end of that year, he had sold 55. A short time later, Lear learned that two of his planes had crashed under mysterious circumstances. He immediately sent word to all owners to ground their planes until he and his team could determine what had caused the crashes. Preventing further loss of life was far more important to him than losing sales or any adverse publicity.

After intense around-the-clock efforts, Lear and his team discovered the apparent cause of the accidents and felt they had a solution. But, they couldn't verify the technical problem on the ground; a test flight was needed to be sure. Several team members volunteered, but Lear would have none of it.

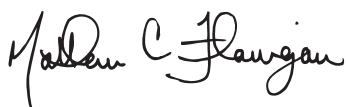
Lear himself climbed into the cockpit. Once airborne, he nearly lost control three different times but managed to make it through a series of tests that verified the original defect and confirmed a new part would fix the problem. And, the Learjet would go on to become one of the safest in aviation history.

Bill Lear certainly did the right thing, even when it wasn't easy to do so. That's the very essence of our culture here at Leggett & Platt: we strive to Do the Right Thing.

Certainly, we are not perfect and there are situations where it can be difficult to even know what the right thing is exactly. It can become even more complicated when perspectives of customers, suppliers, auditors, regulators and foreign agencies are all in the mix.

Yet, when the time comes to take action, we embrace this overriding principle from the very top of our organization to every partner in every Branch around the world.

We greatly appreciate everyone's efforts to Do the Right Thing!



Matt Flanigan
Executive Vice President and CFO



LEGGETT GOES TO MARKET

Residential Furnishings Rolls Out New and Innovative Products

Leggett & Platt has a strong track record of innovation in the furniture and bedding industries. But, as important as developing leading-edge products is, we also have to convince our customers of their benefits and gain consumer awareness.

Many businesses within our Residential Furnishings Segment coordinate their product roll-outs with the world's largest home furnishings trade shows in High Point, North Carolina, and Las Vegas, Nevada. Generally known as "Market," these trade shows bring together thousands of retailers and suppliers to introduce new products and to establish visibility with a wide customer base.

"There's a lot of buzz around what's new at each Market," said Perry Davis, President of the Residential Furnishings Segment. "Since Leggett is constantly working to develop innovative products we can take to our customers, it's good for us to see who's buying our products and what's specifically appealing to them."

The scale of these events is enormous. Over a million square feet of showroom space, more than 2,000 exhibitors and 50,000 to 75,000 attendees. Kara Dixon with Leggett's Creative Services team has attended Market several times. "Streets close and traffic directors are everywhere. The entire city practically shuts down."

Las Vegas Market

Bedding brands dominate Las Vegas Market, which is held each January and July. The most recent Market was quite successful for Leggett's Consumer Products and Adjustable Bed Groups. They occupied a joint showroom that highlighted the new Premier Series adjustable bed, along with sheets, pillows and comforters being introduced by Consumer Products.

Leggett was able to get these new product offerings in front of dealers and retailers from across the U.S. and around the world. A team from Leggett's Creative Services built out the showroom as a high-tech bedroom to showcase the functionality of the Premier Series bed. Creative Services also develops marketing materials that retailers can use in reaching consumers.

High Point Market

Predominantly a furniture trade show, High Point Market takes place each April and October. Leggett's Home Furniture Components (HFC) group has a permanent showroom at its High Point, North Carolina, facility. The folks at HFC are exceedingly busy during Market, as they make the rounds at the trade show and shuttle customers back to their showroom to experience new products or those in the design phase.

Perhaps the most valuable aspect of Market is networking and gaining feedback from customers. For example, many customers requested more seating options for tall people. Based on this feedback, Leggett now offers an option for reclining chairs with an extended flipper to accommodate longer legs.



With so much to see at Las Vegas Market, attendees are constantly moving from showroom to showroom. "You spend a lot of time in the elevator," joked Kara Dixon. Leggett featured the Premier Series bed at Las Vegas Market.



The Home Furniture Components showroom draws in customers who can experience the look and feel of concept products on display.

Depending on their product development cycles, the businesses within Residential Furnishings may introduce quite a few products during one Market, or they might want to highlight a particular product line. The following products, all of which include patent-pending technologies, were recently featured at Las Vegas Market in January and at High Point Market in April.

Premier Series™ Adjustable Beds

The high-end Premier Series Adjustable Bed makes the bedroom a retreat. Advanced technologies, all controlled by the industry's first ever touch-screen tablet, make the bed more customizable than ever before.

Our exclusive LP Connect™ technology allows the user to control music, lighting and fans, program favorite bed positions, or set up room scenes – all directly from the touch-screen tablet. The bed also features LP Sense™ technology, which can turn on under-bed lighting when someone gets out of the bed and offers a safety feature to stop the bed's movement when it detects resistance.

Many amenities are based on consumer preferences and feedback. Features such as USB ports, under-bed lighting, and a wake-up alarm contribute to the bed's functionality.

premier
S E R I E S ™



InNova™



InNova™

The InNova motion mechanism is designed for contemporary love seats, sofas, and recliners. Its compact design allows it to fit unseen into sleek, modern furniture.

InNova's versatility can accommodate a wide range of our customers' furniture designs. Beyond providing comfort and durability, it can be installed in seats with varying leg heights and offers several reclining positions.

Response to InNova has been very strong in Europe, and rollout in the United States is gaining momentum.

Comfort Core™ Mattresses

Comfort Core mattresses offer restorative sleep through fabric-encased coils. The fabric is specially designed to reduce friction and noise within the mattress.

The mattresses stand out due to their core support and conformability. The coils' bottom sections provide firm and responsive support, and they also shape to the unique contours of a person's body.

Leggett's bedding team has developed additional products to complement Comfort Core: Quantum® Edge Steel Perimeter, which offers extra support on the edge of the bed, and NanoCoil™ Comfort Layer, which provides a luxurious top comfort layer.



comfort core™
fabric-encased innerspring technology



NanoCoil



Quantum Edge

INNOVATION

THE FUTURE OF LEGGETT & PLATT

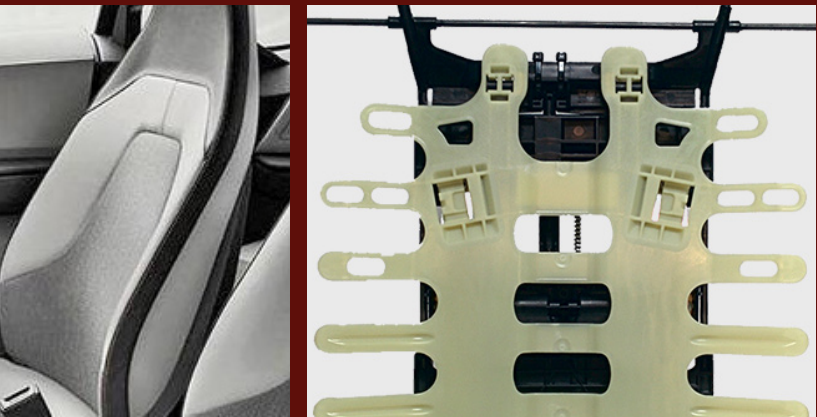
New product innovation has always been a mainstay of Leggett & Platt, but as global competition increases, it has become a more vital emphasis for the Company. “Our strategy is to provide a constant stream of innovative product developments that exceed customer expectations,” said Vincent Lyons, Vice President of Engineering & Technology. “As you know, our CEO is an engineer, and advanced R&D is demanded and supported from the top level down.”

Innovation = Competitive Advantage.

Innovation provides Leggett with competitive advantage by offering differentiated products—products with features and functions only Leggett can provide. Our engineers and designers focus on developing products with unique qualities that will be valuable in the market and patentable. “When we patent an invention, that prevents others from using the same technology, which is a good defensive strategy,” explained Paul O’Brien, Senior IP Counsel.

Innovation = Focusing on Customers.

A new product is only valuable if it fills a customer need, whether or not the customer has communicated that need to Leggett. “Successful innovation requires Leggett to deeply understand our customers and to focus development efforts on products that provide a distinct value to our customers” said CEO David Haffner.



New lumbar products developed by our Automotive Group were driven by its customers’ desire for lighter, fuel-efficient vehicles and thinner, modern seats. Leggett’s mechanical lumbar designs had been highly successful products, but Automotive Group leaders believed they would be too large and heavy for next-generation cars.

Leggett engineers went to work to develop three new product families that are 30-50% thinner and over 40% lighter than previous designs. “We believe these designs will serve us through the next two generations of vehicle platforms,” said Mitch Dolloff, President of the Automotive Group. “But we are looking forward to the third and fourth generations, trying to anticipate the next trend, the next revolutionary design.”

Innovation = Worldwide Challenges.

As L&P expands its market and manufacturing base, protecting our innovations becomes increasingly complex and expensive. “It’s rarely an open-and-shut case, but most companies in the U.S. are sensitive to patent rights and are willing to change their actions when presented with clear rights to a technology,” said Paul O’Brien.

However, intellectual property rights are much less respected in many parts of the world, and it’s more challenging to protect our products from knock-offs. According to Perry Davis, President of the Residential Furnishings Segment, “Year after year we discover exact copies of our products being made by Asian competitors. One was even advertising product with our ‘L&P’ logo, claiming it stood for ‘Lucky & Pretty’.”

Thirty years ago, L&P filed patents almost exclusively in the U.S. “Now we regularly file in Europe, China and Japan,” explains Paul. “As emerging markets develop, we will consider pursuing patents in India, Korea, Vietnam, African states and South America. With every country maintaining its own patent system, balancing the breadth of our patent protection and the expenses involved is an ongoing struggle.”

Despite the challenges, L&P will continue to invest time and resources in innovation—developing new technology, using it to our competitive advantage and protecting it as best we can. Going as far back as the invention of our bedspring in 1883, innovation was essential to the foundation of the Company and is essential to our future.

INSIDE INVESTOR RELATIONS

SERVING LEGGETT SHAREHOLDERS

If you were considering buying a local business, such as a fast food joint or a flower boutique, you'd want to make sure you knew everything you could about that company. You'd also research the local market and size up similar companies in your area. You'd find out what pitfalls could affect your suppliers or customers. You'd ask the managers about initiatives for increasing profits. You'd want to know everything, good and bad, about the business to feel confident about your investment decision.

Potential investors in Leggett & Platt need to know these same things before they buy Leggett stock. With hundreds of thousands of shares trading each day among thousands of buyers and sellers, those questions are never ending.

That's where Susan McCoy comes in. Susan is the Staff Vice President of Investor Relations and works in the three-person department alongside Janna Fields and Dave DeSonier, the Senior VP of IR and Strategy.

Investor Relations acts as an information middleman between those looking to invest in our business and those who currently manage it. Managing the massive quantities of information isn't an easy task.

Susan needs to know the company inside and out, with all its strengths and weaknesses. She spends a lot of time in meetings alongside Dave Haffner, Karl Glassman, and other executives, talking with the Segment Heads and the Business Unit Presidents about their respective strategies and performance. This allows her to maintain a broad understanding of the forces at work in Leggett's global enterprise.

Combining all this information, Susan tries to provide investors with "a 10,000-foot view" of the business and Leggett's markets. "I try to help them focus on what is most important—how we're generating profit and growth—and I try to be as straightforward as I can," Susan said. "That's where credibility comes from."

Much of Susan's work serves shareholders through general informational releases such as SEC filings, press releases, earnings releases, shareholder letters, annual reports, and quarterly conference calls.

On top of that, there are potential investors and analysts that want to drill down and discover those not-so-obvious opportunities. Leggett's complexity—with twenty Business Units across four Segments on five continents—can make the business difficult for outsiders to comprehend. Susan spends hours on phone calls, presentations, and face-to-face meetings to answer questions and explain Leggett's story to the investing public.

"Honestly, it can be challenging," Susan laughed. "But I love the interaction with our shareholders. To me, it's worth it."



"I try to be as straightforward as I can. That's where credibility comes from."

Susan McCoy

Staff Vice President of Investor Relations

Shareholders:

The Customers of Investor Relations

—Leggett & Platt has 140 million shares outstanding, owned by about 39,000 shareholders.

—Roughly 75% of Leggett's shares are held by institutions (pensions, mutual funds, etc.), 10% by individuals, and 15% by Leggett Partners, retirees, and family members.

—Most of IR's interactions tend to be with stock analysts and portfolio managers, rather than individual shareholders



Leggett employees on the floor of the New York Stock Exchange.

PURSuing QUALITY FOR A LOWER COST

At Leggett & Platt, we continuously pursue higher performance. Reaching that next level sometimes seems unattainable, but as we press on, we find ourselves outpacing competitors and beating our own records. Leggett's work in recent years to reduce cost of quality is another step in the chase for excellence—to improve profits and better serve customers.

Understanding Our Position

In 2009, Steve Willis, Staff VP of Quality, and Perry Davis, President of Residential Furnishings, took the first step to improve Leggett's cost of quality—measuring it. "Branches generally knew their own quality costs, but didn't track them uniformly," explained Steve. "Leggett also didn't collect the information centrally. We lacked an overall cost profile."

With support from Leggett's Continuous Improvement Council, a centralized tracking system was created in 2010 using a simple online reporting tool. "Branches quickly embraced the program and began reporting costs," said Steve. "Today we have an accurate, up-to-date metric across the company."

Gaining Ground

Leggett's total cost of quality has run just over 1% of net sales since 2010. As we pursue the goal of 1% or less, huge dollars are at stake—reducing cost of quality by just 0.1% company-wide would have saved us \$3.7 million in 2013.

Not only do we want to reduce the total dollars spent on cost of quality, we want to shift those expenses from failure costs (currently about two-thirds of our cost of quality) to control costs. The money we invest to prevent a problem from happening in the first place makes us more efficient and a more reliable supplier for our customers. While we can't eliminate these costs entirely, we can certainly reduce them by improving quality controls.

That's the purpose of The Quality Way, a new program from Steve Willis' Continuous Process Improvement (CPI) group. Beginning with nine branches this year, the program will help operations with high quality costs to reduce expenses through stronger quality management. The combined branch and corporate efforts are expected to prove very effective in moving Leggett toward the finish line.

“Perfection is not attainable, but if we chase perfection we can catch excellence.”

-Vince Lombardi

\$ **Cost of quality is our total expense to prevent or resolve quality problems.**

Costs fall into two main categories:

Control Costs are expenses to ensure we make products correctly, including costs for quality systems, staff, and technology; product testing; and inspections.

Failure Costs are expenses or losses due to problems, including scrap, products remade or reworked, and credit issued to customers for defects.

The Goal: To reduce cost of quality for the Company and each branch to 1% of net sales, with no more than half in failure costs. Branches must achieve these standards to earn Leggett's Best in Class certification.



In Control of Quality Costs at L&P Machine Products

Four years in a row, L&P Machine Products in Carthage has improved its cost of quality—reaching 1.1% with just 1/3 in failure costs in 2013. That's remarkable for a branch that does so much custom work, machining specialty parts mainly for Leggett branches and the oil and gas industry.

"Strong planning and prevention have been key," said branch Quality Manager, Mark Danielson. "The quality systems we've put in place require us to plan each part and process to precise specifications. Doing that work on the front end saves us from mistakes later on."

"It goes beyond programs — it's our mentality and culture," said Branch Manager, Jerald Swarnes. "We're personally committed to quality and encourage every employee to contribute ideas for improvement. Setting high expectations for quality and giving our partners a say and sense of ownership keep us moving forward."