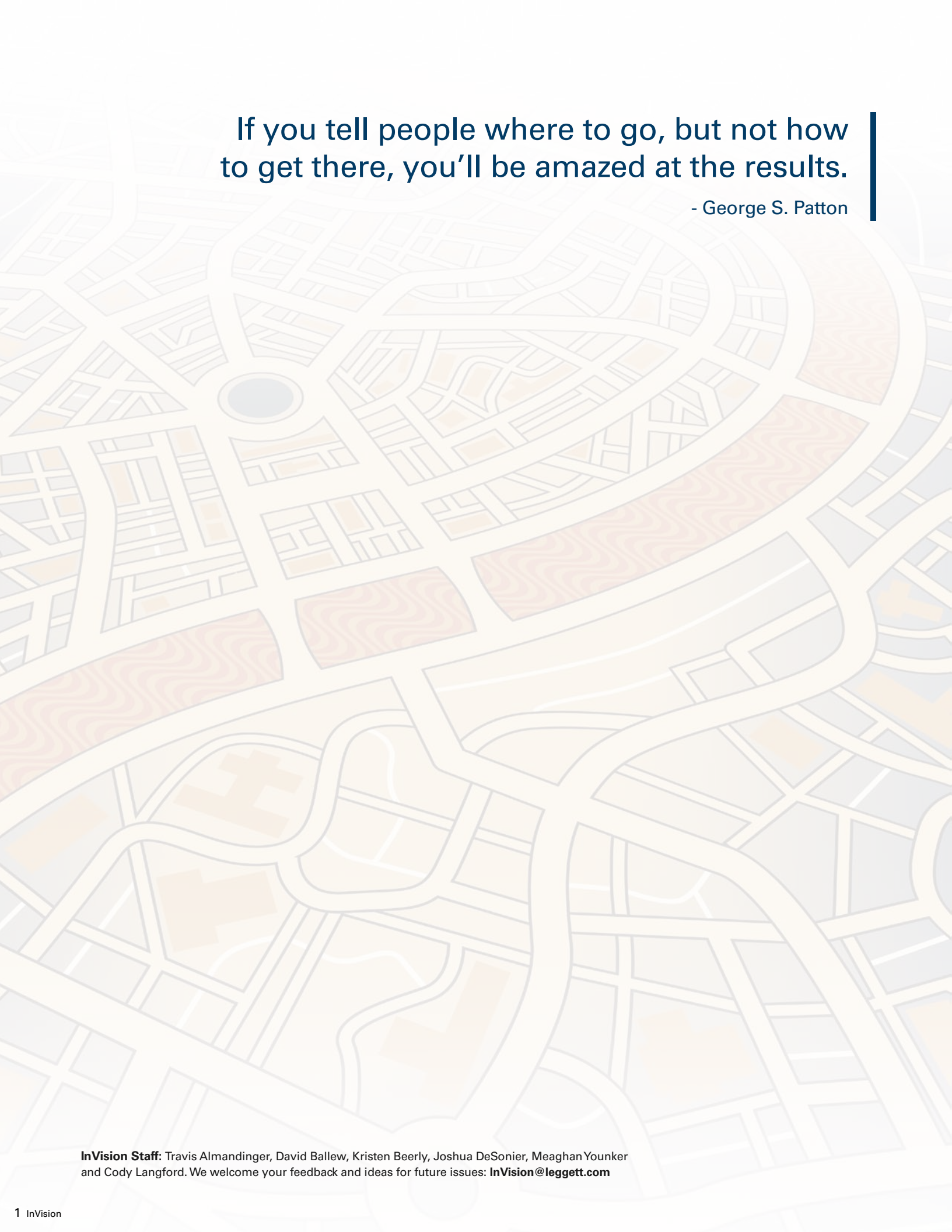


InVision

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

LEGGETT'S OWNERSHIP MENTALITY RESPONSIBILITY – INITIATIVE – RESULTS





If you tell people where to go, but not how
to get there, you'll be amazed at the results.

- George S. Patton

I'm often asked by investors and the press what sets Leggett & Platt apart from other companies, what drives our sustained success? And I always credit our employees. From product innovation, to operating efficiency, to customer satisfaction—Leggett's people make it happen.

Many times the interviewer will dig a little deeper, asking what it is about our employees in particular. That's when I stress that, at Leggett, we're all employee-partners. We each have different roles to fulfill, but we approach those jobs with an ownership mentality. This cornerstone of the company's culture motivates our people to look beyond the task before them and search for new ways to create value.

That makes our workforce an incredible asset. Instead of having 20,000 people that complete "their job" on any given day, we can have an additional 20,000 troubleshooters, 20,000 public relations representatives, 20,000 safety monitors, and on and on.

Our managers play an especially important part in promoting Leggett's ownership mentality. To unlock the full potential of our people, team leaders need to:

- Clearly communicate the businesses' goals and the big picture—if our people know where they fit in and where we're headed, they'll have the appropriate frame of reference to act beyond their specific responsibilities.
- Ask for feedback and remain open to new approaches—there's no use in trying to be innovative if there's no one listening to our ideas.
- Effectively delegate responsibility—"owning" their part of the project motivates our partners to develop innovative solutions and exceed expectations.

The ownership mentality of our employee-partners continues to produce great results. We're experiencing significant growth across many parts of the Company, and we expect to set a new record for earnings in 2014.

Thanks to your efforts, Leggett & Platt is as strong as ever.



David Haffner
Board Chair and CEO



LEGGETT AND TEMPUR SEALY: A Partnership for Innovation and Growth

You might have heard how “spring-time” came to Leggett & Platt this summer. This July we announced a major deal to buy the spring-making plants of Tempur Sealy. The acquisition significantly expands Leggett’s bedding business, as we became the sole supplier of innersprings in the United States and Canada for the world’s largest bedding brand.

Also taking root through this acquisition is a creative partnership where Leggett and Tempur Sealy will work jointly on product development. It’s a budding opportunity to serve a customer by not only supplying products, but helping to conceive and develop them.

An Acquisition Cultivated Over 50 Years

“Leggett’s interest in Sealy’s innerspring business goes back to the 1960s,” said Perry Davis, President of Residential Furnishings. “All these years, they’ve been a good customer of many Leggett components, but always chose to manufacture their own innersprings and viewed that as a core competency.”

That perspective began to change when Tempur-Pedic merged with Sealy in 2013. Despite the advantages of in-house production, CEO Mark Sarvary saw that Sealy’s innerspring facilities lacked the latest capabilities to compete and innovate. He faced a tough decision: would the company invest millions to upgrade their facilities, or would they look for a new supplier that was both reliable and able to support product development?

“That’s when our longtime relationship with Sealy made all the difference,” said Bedding Group President Eric Rhea. “Mark was from Tempur-Pedic and didn’t know Leggett very well, but he trusted the advice of Sealy’s management and approached us on their recommendation.”

The Tempur Sealy CEO wasn’t disappointed. A visit to Carthage to meet with our leaders and witness our capabilities convinced Mark that Leggett was the supplier and innovation partner they were looking for.

RIGHT: Leggett’s new innerspring plants are located in (1) Delano, Pennsylvania; (2) Rensselaer, Indiana; and (3) Colorado Springs, Colorado.

Quality Growth for L&P

Purchased for \$48 million, taking over the Sealy facilities was Leggett’s second largest acquisition since 2007, when we redefined the criteria for buying businesses. We target businesses with a sustainable competitive advantage, a strong fit with the company, and an attractive and growing market. Our strategic plan calls for annual revenue growth of 4-5%, and the newly acquired plants will add roughly half of that in the first year, at approximately \$80 million in sales.

But the additional sales volume isn’t the end of the story. “As you’d expect, we’re giving these facilities a lot of attention and making resources available to modernize,” said Perry Davis. Key resources now available to the plants include US Spring’s operations expertise, manufacturing systems, and vertically integrated supply chain—from steel rod to wire to machinery to springs. The new plants will gain from the optimized supply chain, and also generate some incremental volume for Leggett’s rod and wire mills.



Moving Forward Together

"We're excited about the joint development opportunities that the Tempur Sealy partnership represents," said Perry Davis. "Both companies will continue their R&D efforts independently, but we'll also exchange ideas and work collaboratively on products."

Each side brings strengths to the collaboration. Leggett will gain additional insight through Tempur Sealy's close connections to bedding retailers and consumers. This will better align our efforts with customers' wants and needs.

Similarly, Tempur Sealy will benefit from Leggett's versatile and responsive manufacturing capabilities. "When a customer comes to us with a concept, we're particularly good at turning it into a reality," said Eric Rhea. "But our capabilities also allow us to suggest ideas the customer might not have considered."

The joint development efforts are already underway and yielding results, the first of which will hit the market in 2015. Over the long term, the co-development cycle will let us plan more accurately for product specifications, life cycles, demand, and supply. In turn, this will enable us to service Tempur Sealy as efficiently as possible, supplying them on-time and keeping their inventories under control.

Leggett's production capacity and reach will be key to expanding the relationship with Tempur Sealy. As the world's largest bedding provider, Tempur Sealy requires a supplier that can take a newly developed product and manufacture it on a large or growing scale—not only in North America, but globally.

"Our initial supply agreement is for the United States and Canada, but Tempur Sealy sees us as an international growth partner," said Eric. "They're seeking global expansion, and whether it's in Asia, Europe, or South America, we're already there to grow with them."

As notable as the Tempur Sealy deal is, it's by no means a unique customer relationship for Leggett. According to Perry, "We are always interested in new opportunities to meet a customer's needs and grow along with them."

WIDE-RANGING CONTRIBUTIONS FOR A SUCCESSFUL INTEGRATION

When faced with the tall task of integrating the newly acquired branches, Leggett's people rose to the challenge. "Partners in operations and corporate have willingly carried an extra workload in order to minimize the impact to Tempur Sealy and the new Leggett employees at the acquired branches," said Eric Rhea.

Mergers & Acquisitions and Legal

Negotiating the terms of the acquisition and contracts included in the deal.

US Spring Operations Management

Integrating the new plants into the Eastern and Western Divisions, executing the overall business plan, and making sure Tempur Sealy is serviced in the most efficient manner.

Accounting, IT, and Shared Services

Migrating the new facilities onto Leggett systems and ensuring we have adequate internal controls.

Quality/Continuous Improvement, Risk, and Environmental

Establishing quality improvement processes and ensuring the new operations are free of safety and environmental risks.

HR and Payroll

Ensuring our new employees were paid without interruption and enrolled in benefits.

Demand Management, Manufacturing Services, and Purchasing

Forecasting customer demand, optimizing manufacturing systems, and arranging for the most efficient service and supply.

Sales and Product Development

Working with Tempur Sealy to create new products to meet consumer needs.

THE INTERNET OF THINGS

Imagine waking up in a house where every object is in constant communication. Your bed senses the proper point in your sleep cycle to wake you with a gentle vibration. You slide your feet to the floor, and sensors in the carpet padding activate the room lights, signal your coffee to start brewing, and activate a music playlist.

The music follows you through the hallway and into the kitchen, where you pick up your coffee and sit on your recliner, which registers your presence and adjusts the lumbar support and temperature specifically to your preference.

This scenario may sound like science fiction, but it's estimated that in the next 10 years, 50 billion objects will be connected to the internet. This evolution, a mega-trend known as the Internet of Things, is expected to generate over \$14 trillion in revenue across the globe. Leggett & Platt wants to capture a sliver of that, and our product diversity positions us nicely to jump into the smart-product market.



The Premier Series Adjustable Bed uses LP Connect to allow interaction with smart phones or tablets.

Connecting "Smart" Products to One Another

The IDEA Center is hard at work to make the Internet of Things a reality for Leggett by developing a strategy to enable our products to collect data and communicate with other objects. To this end, they've developed **LP Connect**, a proprietary platform for online communication, which has already seen use with the Premier Series Adjustable Bed.

- LP Connect provides internet-connected functionality
- Safety sensors activated by human or pet presence
- Under-bed lighting responds to users' needs



LP Connect will continue to be used in future L&P smart products—for instance, in machinery security cages with touch-sensitive wire, and in alarm clocks that can sync with hotel networks and smart phones. The connectivity of smart objects will be a major step forward in the comfort and ease of living by monitoring health and eating habits and improving home security.

Changing the Way We Work

The Internet of Things can also bring change to production facilities. Installing LP Connect into manufacturing equipment allows remote monitoring and control of each machine's maintenance and output. The data collected by LP Connect will allow us to spot and correct efficiency gaps and potential problems with ease, potentially saving companies millions of dollars.

Entering the Market

Because L&P sells few products for the end-user, Leggett's major market-entry plan is to add the platform for smart-product capability to the components we sell, allowing our customers to create the full end-user smart products. Enhancing our existing products by giving them a platform for online communication will firmly establish Leggett in the smart-product trend.

Vincent Lyons, President of Machinery and Technology, is enthusiastic about Leggett's prospects for this market. "This is without doubt one of the biggest and most exciting organic opportunities for Leggett & Platt in recent history."



The IDEA Center Team spearheading the Internet of Things project: Jason Turner, Vincent Lyons, Caleb Browning, and Ryan Chacon

GETTING TO KNOW INTERNAL AUDIT

At Leggett & Platt, we put a lot of effort into quality control for the products we ship to customers. Similarly, Internal Audit focuses on the systems and controls that ensure the quality of the financial results we report. We need accurate information to run the business, and our shareholders depend on reliable financials.

“The work we do in Internal Audit is wide-ranging,” explains Ben Burns, Vice President of Internal Audit and Due Diligence. “We break it into four main areas: compliance, controls, culture and consulting.”

Compliance. Internal Audit became an independent department in 2003, reporting to the Audit Committee of Leggett’s Board of Directors. According to Ben, “The Enron scandal in 2001 and the stock market crash that followed was a real game-changer. Congress stepped in to pass the Sarbanes-Oxley Act, which overhauled the public disclosure and internal controls for public companies. Verifying our compliance with Sarbanes and other laws is a huge part of our job.”

Controls. Our financial reporting system is built around internal controls—those processes in place to both minimize the risk of fraud and to protect our assets. For example, our internal controls require two authorized individuals to approve all cash disbursements. “Testing those controls can be tedious and time-consuming,” said Ben, “but confirming their effectiveness is absolutely essential to the integrity of our reporting.”

Culture. Leggett places high importance on taking ownership and doing the right thing, and Internal Audit reinforces those values. From examining anti-corruption practices to enforcing a zero-tolerance policy for bribery or fraud, Internal Audit bolsters our legal compliance and supports Leggett’s culture of integrity.

Consulting. With their unique perspective as a go-between for the branches and Corporate, Internal Audit often acts in a consulting capacity to find opportunities for continuous process improvement. Nathan Dalton, an Internal Audit Director, has worked with branches to solve redundancy issues by replacing cumbersome manual processes with software solutions that save time and money.

Audit is partnering with other corporate departments to consolidate the information they request from operations. Recently, Audit teamed up with Corporate HR to include the affirmative action request into the audit, which minimizes interruptions to our branches.

“Internal Audit isn’t a ‘check box’ exercise,” according to Karl Glassman, Leggett’s President and Chief Operating Officer. “These audits are key to our reliability as a public company, and a solid indicator of the health of our businesses. We see it year after year with our best-run operations passing their audits with flying colors, and those that struggle to be profitable often having issues in their audit.”



“How can we help?”

The Internal Audit team conducts financial and operational audits at about 65 Leggett locations every year. Odds are, you’ve seen auditors around your branch.

Nathan Dalton and Patsy Middleton are two of the well-traveled members of the department. In Nathan’s nine years as an Internal Auditor, he has visited around 75 Leggett locations in 12 countries. In Patsy’s first year, she’s been to 15 different facilities. “During an audit, we take genuine interest in what the branch has been up to. We want them to know that we’re there to help,” she said.

“I’m a people person,” Patsy said. “I love to hear each person’s story, how long they have been working at Leggett, where they are from, what they like to do for fun, and what their family is like.” Nathan has found that employees all over the world demonstrate the Leggett culture. “No matter where we travel,” he said, “every Leggett partner has been welcoming and helpful.”

HONORING THE BEST IN CLASS



2014 Best in Class Branches

Branch	Manager	Division
Branch 002 Winchester	Chuck Denisio	U.S. Spring
Branch 008 Denver	Dean Nelson	U.S. Spring
Branch 0012 St. Paul	Terry Braaten	U.S. Spring
Branch 0042 Clearfield	Dean Nelson	U.S. Spring
Branch 0062 Seattle	Dean Nelson	U.S. Spring
Branch 0341 Tupelo Sleeper	Stewart McKell	Furniture
Branch 1702 Ft. Worth	Jacinto Ramos	Carpet Cushion
Branch 5301 Oxford	Paul Napieralski	U.S. Spring
Branch 0N09 Batavia	Jim Zaerr	U.S. Spring
Branch 0N64 High Point	Murray Catton	Seating

Ten Leggett branches can now boast they are “Best in Class,” having met the criteria of the Best in Class program rolled out this year. The program recognizes branches that excel in each of nine ongoing Company-wide initiatives, including audit, cost of quality, continuous improvement, safety, planning, and EBIT achievement.

Each of the ten Best in Class branches will receive a banner to display at their facility, a plaque at the Wright Conference Center, and a recognition celebration to be held at the branch. Best in Class award-winner Branch ON64, a furniture seating components facility in High Point, North Carolina, will be hosting a catered cookout for employees and distributing gift certificates, with Leggett senior executives on hand to offer their congratulations.

Working Together to Become the Best

Achieving Best in Class takes a consistent and united effort of employees and management. At High Point, Branch Manager Murray Catton sets the tone. But, as is typical of all Best in Class branches, employee-led teams take responsibility for day-to-day work toward meeting the Best in Class criteria. For example, nearly 49% of branch employees are safety team members at High Point.

Setting Priorities

The challenge of Best in Class is achieving excellence across a wide range of performance categories. Over the years, Murray has learned that he simply has to find the time to work toward the goals of the corporate initiatives. “There is a real struggle for time, but we make the time,” said Murray. “A ten-minute meeting to focus on an issue will come back to you a hundred times in improved performance.”

Motivating Employees

According to Murray, another key element is engaging employees so that they take ownership of the projects. “By treating our employees right, we have an engaged, committed workforce who understands we’re all responsible for quality—from taking orders to making the product to shipping.”

Emphasizing Training

Continuous and frequent training helps keep High Point employees focused on the various initiatives. “Train, train and retrain,” is Murray’s mantra. “You’ve got to refresh that training all the time.” At High Point, employee team leaders are often responsible for training new employees and retraining throughout the year in short weekly or bi-weekly “toolbox” sessions.

For example, High Point created eight employee-run teams to train employees on improved safety practices. These teams worked cooperatively with OSHA, and the branch recently met stringent requirements to become one of North Carolina’s Rising Star Safety Programs

“While we congratulate the 2014 Best in Class award winners, there are many other branches doing outstanding things in their performance for the Company,” said Steve Willis, Staff VP of Quality & Product Liability. “I look forward to seeing continued improvements to put these branches in the Best in Class.”

You can see more about employee participation at High Point in the video produced by Leggett Operations Services at <http://goo.gl/vF8372>.