UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number 001-07845

LEGGETT & PLATT, INCORPORATED
(Exact name of registrant as specified in its charter)

Missouri	**44-0324630**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
No. 1 Leggett Road	
Carthage, Missouri	**64836**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (417) 358-8131

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, $.01 par value	LEG	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant (based on the closing price of our common stock on the New York Stock Exchange) on June 28, 2019 was $4,912,200,000.

There were 132,137,026 shares of the registrant's common stock outstanding as of February 5, 2020.

DOCUMENTS INCORPORATED BY REFERENCE

Part of Item 10, and all of Items 11, 12, 13 and 14 of Part III are incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 15, 2020.

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LEGGETT & PLATT, INCORPORATED—FORM 10-K
FOR THE YEAR ENDED December 31, 2019

Forward-Looking Statements

This Annual Report on Form 10-K and our other public disclosures, whether written or oral, may contain “forward-looking” statements including, but not limited to: profitable growth, operating performance and cash flow; projections of Company revenue, income, earnings, capital expenditures, dividends, capital structure, cash from operations, cash repatriation, restructuring-related costs, tax impacts or other financial items, effective tax rate; maintenance of indebtedness under the commercial paper program; litigation exposure; LIFO reserve; our ability to deleverage; possible plans, goals, objectives, prospects, strategies or trends concerning future operations; statements concerning future economic performance, possible goodwill, intangible or other asset impairments; and the underlying assumptions relating to the forward-looking statements. These statements are identified either by the context in which they appear or by use of words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should”, "guidance" or the like. All such forward-looking statements, whether written or oral, and whether made by us or on our behalf, are expressly qualified by the cautionary statements described in this provision.

Any forward-looking statement reflects only the beliefs of the Company or its management at the time the statement is made. Because all forward-looking statements deal with the future, they are subject to risks, uncertainties and developments which might cause actual events or results to differ materially from those envisioned or reflected in any forward-looking statement. Moreover, we do not have, and do not undertake, any duty to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement was made. For all of these reasons, forward-looking statements should not be relied upon as a prediction of actual future events, objectives, strategies, trends or results.

Readers should review Item 1A Risk Factors in this Form 10-K for a description of important factors that could cause actual events or results to differ materially from forward-looking statements. It is not possible to anticipate and list all risks, uncertainties and developments which may affect the future operations or performance of the Company, or which otherwise may cause actual events or results to differ materially from forward-looking statements. However, the known material risks and uncertainties include the following:

- inability to fully realize the benefits of the Elite Comfort Solutions, Inc. (ECS) acquisition;
- inability to “deleverage” in the expected timeframe, due to increases or decreases in our capital needs, which may vary depending on a variety of factors, including, without limitation, acquisition or divestiture activity and our working capital needs;
- inability to comply with the restrictive covenants in our credit agreement that may limit our operational flexibility and our ability to pay our debt when it comes due;
- factors that could affect the industries or markets in which we participate, such as growth rates, market demand for our products, and opportunities in those industries;
- adverse changes in consumer confidence, housing turnover, employment levels, interest rates, trends in capital spending and the like;
- factors that could impact raw materials and other costs, including the availability and pricing of steel scrap and rod, chemicals and other raw materials, the availability of labor, wage rates and energy costs;
- our ability to pass along raw material cost increases through increased selling prices;
- our ability to maintain necessary supplies, maintain appropriate labor levels and ship finished products to customers due to the coronavirus named COVID-19;
- a decline in the long-term outlook for any of our reporting units or assets that could result in impairment;
- price and product competition from foreign (particularly Asian and European) and domestic competitors;
- our ability to maintain profit margins if our customers change the quantity and mix of our components in their finished goods;
- our ability to maintain and grow the profitability of acquired companies;
- adverse changes in foreign currency, customs, shipping rates, political risk, and U.S. or foreign laws, regulations or legal systems (including tax law changes);
- our ability to realize deferred tax assets on our balance sheet;
- tariffs imposed by the U.S. government that result in increased costs of imported raw materials and products that we purchase;
- our ability to maintain the proper functioning of our internal business processes and information systems through technology failures or otherwise;
- our ability to avoid modification or interruption of our information systems through cybersecurity breaches;

- the loss of business with one or more of our significant customers;
- our ability to collect debts due to customer bankruptcy, financial difficulties or insolvency;
- our borrowing costs and access to liquidity resulting from credit rating changes;
- business disruptions to our steel rod mill;
- risks related to operating in foreign countries, including, without limitation, credit risks, increased customs and shipping rates, disruptions related to the availability of electricity and transportation during times of crisis or war, and political instability in certain countries;
- uncertainty related to the governing trade provisions between the United States, Mexico and Canada;
- risks relating to the United Kingdom's exit from the European Union (commonly known as "Brexit");
- the amount and timing of share repurchases;
- the costs of restructuring-related activities, including our ability to realize gain from the sale of real estate;
- changes or elimination of the London Interbank Offered Rate ("LIBOR") on our borrowing costs;
- risks associated with climate change and related regulations;
- risks associated with environmental, social and governance regulations or requirements; and
- litigation accruals related to various contingencies including antitrust, intellectual property, product liability and warranty, taxation, environmental and workers' compensation expense.

PART I

Item 1. Business.

Summary

Leggett & Platt, Incorporated ("Leggett & Platt," "Company," "we," "us" or "our") was founded as a partnership in Carthage, Missouri in 1883 and was incorporated in 1901. The Company, a pioneer of the steel coil bedspring, has become an international diversified manufacturer that conceives, designs and produces a wide range of engineered components and products found in many homes and automobiles. As discussed below, our operations are organized into 15 business units, which are divided into 10 groups under our four segments: Residential Products; Industrial Products; Furniture Products; and Specialized Products.

See the discussion on page 8 which provides a revised segment structure of the Company effective as of January 1, 2020.

Overview of Our Segments

Residential Products Segment

BEDDING GROUP
U.S. Spring
International Spring
Specialty Foam [1]

FABRIC & FLOORING PRODUCTS GROUP
Fabric Converting
Geo Components
Flooring Products

MACHINERY GROUP
Machinery

[1] Formed January 2019 with the acquisition of ECS

Our Residential Products segment began in 1883 with the manufacture of steel coil bedsprings. Today, we supply a variety of components and machinery used by bedding manufacturers in the production and assembly of their finished products, as well as produce private-label finished mattresses for bedding brands and retailers. Our range of products offers our customers a single source for many of their component and finished product needs. We also produce or distribute carpet cushion, hard surface flooring underlayment, fabric, and geo components.

Innovative proprietary products and low cost have made us the largest U.S. manufacturer in many of these businesses. We strive to understand what drives consumer purchases in our markets and focus our product development activities on meeting end-consumer needs. We believe we attain a cost advantage from efficient manufacturing methods, internal production of key raw materials, purchasing leverage, and large-scale production. Sourcing components from us allows our customers to focus on designing, merchandising and marketing their products.

In January 2019, we completed the acquisition of ECS for cash consideration of approximately $1.25 billion. ECS, headquartered in Newnan, Georgia, is a leader in proprietary specialized foam technology, primarily for the bedding and furniture industries. With 16 facilities across the United States, ECS operates a vertically-integrated model, developing many of the chemicals and additives used in foam production, producing specialty foam, and manufacturing private-label finished products. These innovative specialty foam products include finished mattresses sold through both traditional and online channels, mattress components, mattress toppers and pillows, and furniture foams. ECS has a diversified customer mix and a strong position in the high-growth compressed mattress market segment.

Products

Bedding Group

- Innersprings (sets of steel coils, bound together, that form the core of a mattress)
- Proprietary specialty foam for use primarily in bedding and furniture
- Private-label finished mattresses, often sold compressed and boxed
- Ready-to-assemble mattress foundations
- Wire forms for mattress foundations
- Machines that we use to shape wire into various types of innersprings

Fabric & Flooring Products Group

- Structural fabrics for mattresses, residential furniture and industrial uses
- Carpet cushion and hard surface flooring underlayment (made from bonded scrap foam, fiber, rubber and prime foam)
- Geo components (synthetic fabrics and various other products used in ground stabilization, drainage protection, erosion and weed control)

Machinery Group

- Quilting machines for mattress covers
- Industrial sewing/finishing machines
- Conveyor lines
- Mattress packaging and glue-drying equipment

Customers

- Manufacturers of finished bedding (mattresses and foundations)
- Bedding brands and mattress retailers
- Big box retailers and home improvement centers
- Flooring retailers and distributors
- Contractors, landscapers, road construction companies, and government agencies using geo components
- Manufacturers of upholstered furniture, packaging, filtration and draperies

Industrial Products Segment

WIRE GROUP
Drawn Wire
Steel Rod

The quality of our products and services, together with low cost, have made Leggett & Platt a leading U.S. supplier of high-carbon drawn steel wire. Our Wire Group operates a steel rod mill with an annual output of approximately 500,000 tons, of which a substantial majority is used by our own wire mills. We have two wire mills that supply virtually all the wire consumed by our other domestic businesses. We also supply steel wire to trade customers that operate in a broad range of markets.

Products

Wire Group

- Drawn wire
- Steel rod

Customers

We used about 70% of our wire output to manufacture our own products in 2019, with the majority going to our bedding components operations.

The Industrial Products segment also has a diverse group of trade customers that include:

- Mechanical spring manufacturers
- Wire distributors
- Packaging and baling companies

Furniture Products Segment

HOME FURNITURE GROUP
Home Furniture

WORK FURNITURE GROUP
Work Furniture

CONSUMER PRODUCTS GROUP
Consumer Products

In our Furniture Products segment, we design, manufacture, and distribute a wide range of components and finished products for the residential furniture, office and commercial furniture, and specialty bedding markets. We supply components used by home and work furniture manufacturers to provide comfort, motion and style in their finished products, as well as select lines of private-label finished furniture. We are also a major supplier of adjustable beds, with domestic manufacturing, distribution, e-commerce fulfillment and global sourcing capabilities.

Products

Home Furniture Group

- Steel mechanisms and motion hardware (enabling furniture to recline, tilt, swivel, rock and elevate) for reclining chairs, sofas, sleeper sofas and lift chairs
- Springs and seat suspensions for chairs, sofas and loveseats

Work Furniture Group

- Components and private-label finished goods for collaborative soft seating
- Bases, columns, back rests, casters and frames for office chairs, and control devices that allow chairs to tilt, swivel and elevate

Consumer Products Group

- Adjustable beds
- Fashion beds and bed frames (business exited in 2019)

Customers

- Manufacturers of upholstered furniture
- Office furniture manufacturers
- Mattress and furniture retailers
- Department stores and big box retailers
- E-commerce retailers

In 2017 and 2018 our Fashion Bed and Home Furniture businesses underperformed expectations primarily from weaker demand and higher raw material costs. Accordingly, we began to exit low margin business, reduce operating costs and eliminate excess capacity. In 2018, we incurred restructuring-related charges of $16 million ($7 million cash and $9 million non-cash) primarily attributable to the Fashion Bed and Home Furniture businesses. In 2019, we incurred an additional $15 million ($8 million cash and $7 million non-cash) in restructuring-related charges primarily attributable to these businesses. The restructuring activity was substantially complete by the end of 2019, including the closure of the Fashion Bed business.

Specialized Products Segment

AUTOMOTIVE GROUP

Automotive

AEROSPACE PRODUCTS GROUP

Aerospace Products

HYDRAULIC CYLINDERS GROUP

Hydraulic Cylinders

Our Specialized Products segment designs, manufactures and sells products including automotive comfort and convenience components, tubing and fabricated assemblies for the aerospace industry, and hydraulic cylinders for the material handling, construction and transportation industries. In our automotive business, our technical capability and deep customer engagement allows us to compete on critical functionality, such as comfort, size, weight and noise. We believe our reliable product development and launch capability, coupled with our global footprint, makes us a trusted partner for our Tier 1 and OEM customers.

Products

Automotive Group

- Mechanical and pneumatic lumbar support and massage systems for automotive seating
- Seat suspension systems
- Motors and actuators, used in a wide variety of vehicle power features
- Cables

Aerospace Products Group

- Titanium, nickel and stainless-steel tubing, formed tube and tube assemblies, primarily used in fluid conveyance systems

Hydraulic Cylinders Group

- Engineered hydraulic cylinders

Customers

- Automobile OEMs and Tier 1 suppliers
- Aerospace OEMs and suppliers
- Mobile equipment OEMs, primarily serving material handling and construction markets

Revised Segment Structure

Our reportable segments are the same as our operating segments, which also correspond with our management organizational structure. To reflect how we manage our newly aligned businesses and in conjunction with the change in executive officer leadership, our management organizational structure and all related internal reporting changed effective January 1, 2020. As a result, our segment reporting will change to reflect the new structure beginning with our 2020 first quarter 10-Q. The modified structure will consist of three segments, seven business groups, and 15 business units organized as follows:

Bedding Products [1]	Specialized Products	Furniture, Flooring & Textile Products [2]
BEDDING GROUP	**AUTOMOTIVE GROUP**	**HOME FURNITURE GROUP**
Steel Rod	Automotive	Home Furniture
Drawn Wire		
U.S. Spring	**AEROSPACE PRODUCTS GROUP**	**WORK FURNITURE GROUP**
Specialty Foam	Aerospace Products	Work Furniture
Adjustable Bed		
International Spring	**HYDRAULIC CYLINDERS GROUP**	**FLOORING & TEXTILE PRODUCTS GROUP**
Machinery	Hydraulic Cylinders	Flooring Products
		Fabric Converting
		Geo Components

[1] The new segment consists of the Residential Products and Industrial Products segments, plus the current Consumer Products Group (which is renamed the Adjustable Bed business unit), minus the Fabric & Flooring Products Group (which is renamed the Flooring & Textile Products Group)

[2] The new segment consists of the Furniture Products segment, plus the Fabric & Flooring Products Group (which is renamed the Flooring & Textile Products Group) minus the Consumer Products Group (which is renamed the Adjustable Bed business unit).

Strategic Direction

Primary Financial Metric

Total Shareholder Return (TSR), relative to peer companies, is a primary financial measure that we use to assess long-term performance. TSR = (Change in Stock Price + Dividends)/Beginning Stock Price. Our goal is to achieve TSR in the top third of the S&P 500 companies over rolling three-year periods through an approach that employs four TSR drivers: revenue growth, margin expansion, dividends, and share repurchases.

Our incentive programs reward return and cash generation, and profitable growth. Senior executives participate in a TSR-based incentive program (based on our performance compared to a group of approximately 300 peers).

For information about our TSR targets, see the discussion under "Total Shareholder Return" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations on page 29.

Disciplined Growth

The expected long-term contribution to TSR from revenue growth is 6-9%. Over the last three years, we generated combined unit volume and acquisition growth of 7% per year on average. We also benefited slightly from commodity inflation, resulting in total revenue growth of 8% per year on average.

We will continue to make investments to support expansion in current businesses and product lines where sales are growing profitably. We also envision periodic acquisitions that add capabilities in these businesses or provide opportunities to enter more diverse, faster-growing, and higher margin markets. We expect all acquisitions to have a clear strategic rationale, a sustainable competitive advantage, a strong fit with the Company, and be in attractive and growing markets.

Returning Cash to Shareholders

During the past three years, we generated $1.55 billion of operating cash, and we returned much of this cash to shareholders in the form of dividends ($584 million) and share repurchases ($286 million). Our top priorities for use of cash are organic growth (capital expenditures), dividends, and strategic acquisitions. Historically, after funding those priorities, we generally repurchased stock with remaining available cash. Currently, because of the debt level increases in connection with the ECS acquisition, we expect to focus instead on deleveraging by temporarily limiting share repurchases, controlling the pace of acquisition spending, and using operating cash flow to repay debt.

For information about dividends and share repurchases, see the discussion under "Pay Dividends" and "Repurchase Stock" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page 43.

Acquisitions

2019

In January 2019, we completed the acquisition of ECS for cash consideration of approximately $1.25 billion. ECS is a leader in proprietary specialized foam technology, primarily for the bedding and furniture industries. ECS operates a vertically-integrated model, developing many of the chemicals and additives used in foam production, producing specialty foam, and manufacturing private-label finished products. These innovative specialty foam products include finished mattresses sold through both traditional and online channels, mattress components, mattress toppers and pillows, and furniture foams. ECS operates as a new business unit titled Specialty Foam within the Residential Products segment.

In December 2019, we acquired a manufacturer and distributor of a wide range of geosynthetic fabrics, grids and erosion control products for cash consideration of approximately $21 million. The acquisition is reported in our Geo Components business unit within the Residential Products segment.

2018

In January 2018, we acquired Precision Hydraulic Cylinders (PHC), a leading global manufacturer of engineered hydraulic cylinders primarily for the materials handling market. The total consideration paid was $87 million. PHC serves a market of mainly large OEM customers utilizing highly engineered components with long product life-cycles that represent a small part of the end product’s cost. PHC represents a new growth platform and formed a new business group titled Hydraulic Cylinders within the Specialized Products segment.

We also acquired two small Geo Components businesses for total consideration of $22 million. They manufacture and distribute silt fencing and home and garden products.

2017

We acquired three businesses and the remaining interest in a joint venture for total consideration (including cash and stock) of $56 million. The first was a Canadian geosynthetic products distributor and installer for civil engineering and construction applications. The second was a U.S.-based surface-critical bent tube manufacturer supporting our private-label seating strategy in Work Furniture. We also acquired a U.S. manufacturer of rebond carpet cushion. Finally, we acquired the remaining 20% ownership in an Asian joint venture in our Work Furniture business.

For more information regarding our acquisitions, please refer to Note S on page 117 of the Notes to Consolidated Financial Statements.

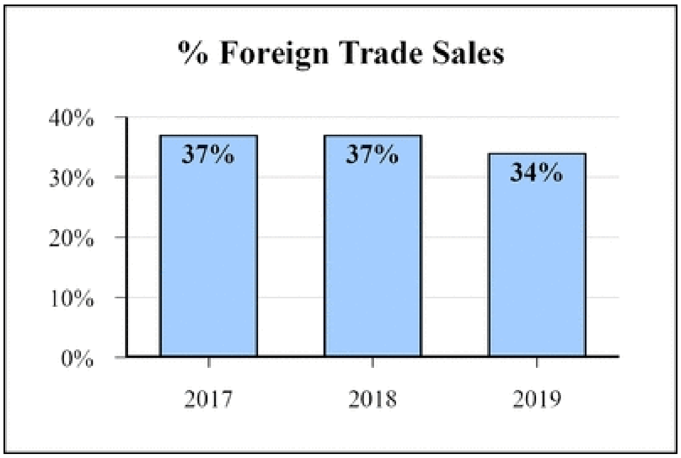
Divestitures and Discontinued Operations

There were no divestitures in 2019 or 2018. In 2017, we divested our final Commercial Vehicle Products (CVP) business for total consideration of $9 million, and it did not meet the discontinued operations criteria. This business unit was engaged in the manufacture of van interiors, including the racks, shelving and cabinets installed in service vans. Also, in 2017, we completed the sale of real estate formerly associated with this operation, realizing a pretax gain of $23 million.

For further information about divestitures and discontinued operations, seeNote C on page 80 of the Notes to Consolidated Financial Statements.

Foreign Operations

The percentages of our trade sales related to products manufactured outside the United States for the previous three years are shown below. Sales by ECS (acquired in January 2019) are not included in 2017 and 2018 in the table below. Substantially all ECS sales are in the United States.



Our international operations are principally located in Europe, China, Canada and Mexico. Our products in these foreign locations primarily consist of:

Europe

- Innersprings for mattresses
- Lumbar and seat suspension systems for automotive seating and actuators for automotive applications
- Seamless and welded tubing and fabricated assemblies for aerospace applications
- Select lines of private-label finished furniture
- Machinery and equipment designed to manufacture innersprings for mattresses

China

- Lumbar and seat suspension systems for automotive seating
- Cables, motors, and actuators for automotive applications
- Recliner mechanisms and bases for upholstered furniture
- Work furniture components, including chair bases and casters
- Innersprings for mattresses

Canada

- Lumbar supports for automotive seats
- Fabricated wire for the furniture and automotive industries
- Work furniture chair controls and bases

Mexico

- Lumbar and seat suspension systems for automotive seating
- Adjustable beds
- Innersprings and fabricated wire for the bedding industry
- Select lines of private-label finished furniture

Geographic Areas of Operation

As of December 31, 2019, we had 140 manufacturing facilities; 87 located in the U.S. and 53 located in 17 foreign countries, as shown below. We also had various sales, warehouse and administrative facilities. However, our manufacturing plants are our most important properties.

	Residential Products	Industrial Products	Furniture Products	Specialized Products
North America				
Canada	■		■	■
Mexico	■	■	■	■
United States	■	■	■	■
Europe				
Austria				■
Belgium				■
Croatia	■			
Denmark	■			
France				■
Hungary				■
Italy	■			
Poland			■	
Switzerland	■			
United Kingdom	■			■
South America				
Brazil	■			
Asia				
China	■		■	■
India				■
South Korea				■
Africa				
South Africa	■			

Sales by Product Line

The following table shows our approximate percentage of trade sales by product line for the last three years:

Product Line	2019	2018	2017
Bedding Group [1]	32 %	21 %	21 %
Automotive Group	17	19	20
Fabric & Flooring Products Group	16	17	18
Consumer Products Group	9	11	10
Home Furniture Group	8	9	10
Wire Group	6	9	7
Work Furniture Group	6	7	7
Aerospace Products Group	3	4	4
Hydraulic Cylinders Group [2]	2	2	—
Machinery Group	1	1	2
Commercial Vehicle Products Group [3]	—	—	1

[1] The Company acquired ECS, a leader in proprietary specialized foam technology, primarily for the bedding and furniture industries, in January 2019.

[2] Formed in January 2018 with the acquisition of a manufacturer of hydraulic cylinders.

[3] The remaining Commercial Vehicle Products operation was sold in 2017.

Distribution of Products

In each of our segments, we sell and distribute our products primarily through our own personnel. However, many of our businesses have relationships and agreements with outside sales representatives and distributors. We do not believe any of these agreements or relationships would, if terminated, have a material adverse effect on the consolidated financial condition, operating cash flows or results of operations of the Company.

Raw Materials

The products we manufacture require a variety of raw materials. We believe that worldwide supply sources are readily available for all the raw materials we use. Among the most important are:

- Various types of steel, including scrap, rod, wire, sheet and stainless
- Chemicals used in foam production
- Foam scrap
- Woven and non-woven fabrics
- Titanium and nickel-based alloys and other high strength metals
- Electronic systems

We supply our own raw materials for many of the products we make. For example, we produce steel rod that we make into steel wire, which we then use to manufacture innersprings and foundations for mattresses.

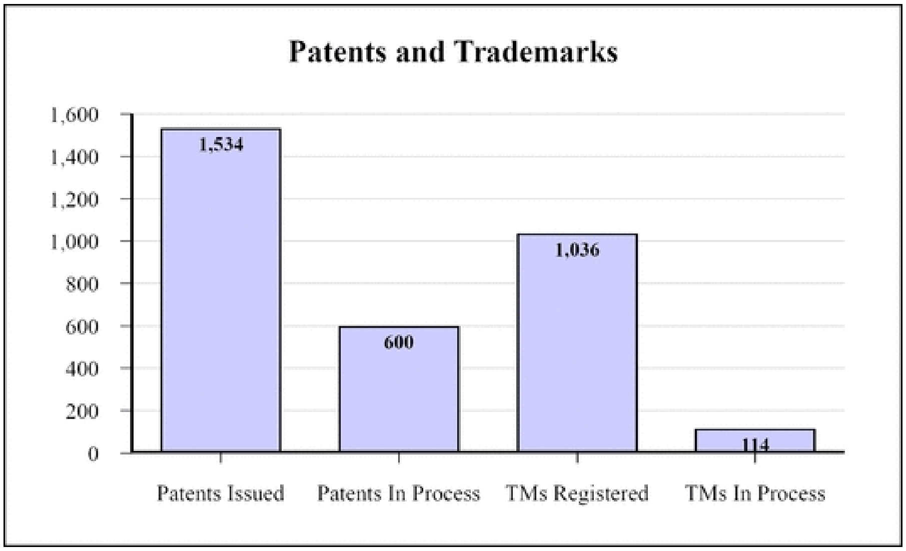
We supply a substantial majority of our domestic steel rod requirements through our own rod mill. Our wire drawing mills supply nearly all of our U.S. requirements for steel wire.

Customer Concentration

We serve thousands of customers worldwide, sustaining many long-term business relationships. In 2019, our largest customer accounted for approximately 5% of our consolidated revenues. Our top 10 customers accounted for approximately 34% of these consolidated revenues. The loss of one or more of these customers could have a material adverse effect on the Company as a whole, or on the respective segment in which the customer's sales are reported, including our Residential Products, Specialized Products and Furniture Products segments.

Patents and Trademarks

The chart below shows the number of patents issued, patents in process, trademarks registered and trademarks in process held by our operations as of December 31, 2019. No single patent or group of patents, or trademark or group of trademarks, is material to our operations as a whole. Substantially all of our patents relate to products manufactured by the Specialized Products, Furniture Products, and Residential Products segments, while over half of our trademarks relate to products manufactured by the Residential Products segment.



The above patents and trademarks include intellectual property acquired with ECS in January 2019 related to the protection of technology around various foam applications. These include specialty polyols and additives that enhance foam performance by reducing heat retention, improving durability and diminishing odor.

Some of our most significant trademarks include:

- **ComfortCore®**, **Mira-Coil®**, **VertiCoil®**, **Quantum®**,**Nanocoil®**,**Softech®**, **Lura-Flex®**,**Superlastic®** and **Active Support Technology®** (mattress innersprings)
- **Energex® Coolflow®** (specialty foam products)
- **Semi-Flex®** (box spring components and foundations)
- **Spuhl®**and **Fides®**(mattress innerspring manufacturing machines)
- **Wall Hugger®** (recliner chair mechanisms)
- **No-Sag®** (wire forms used in seating)
- **LPSense®** (capacitive sensing)
- **Hanes®** (fabric materials)
- **Schukra®** (automotive seating products)
- **Gribetz®**and **Porter®** (quilting and sewing machines)

Product Development

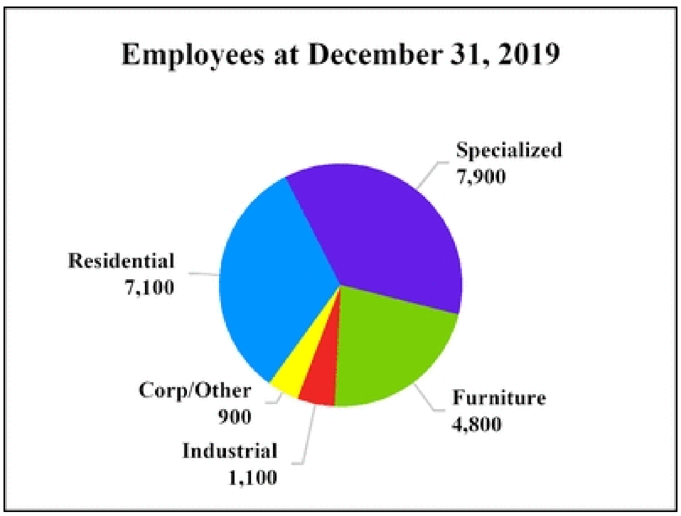
One of our strongest performing product categories across the Company is ComfortCore®, our fabric-encased innerspring coils used in hybrid and other mattresses. Our ComfortCore® volume continues to grow, and represented over 55% of our U.S. innerspring units in 2019. A growing number of our ComfortCore® innersprings contain a feature we call Quantum® Edge. These are narrow-diameter, fabric-encased coils that form a perimeter around an innerspring set, replacing a rigid foam perimeter in a finished mattress. In 2019, over 45% of our ComfortCore® innersprings in the U.S. had the Quantum® Edge feature, and Quantum® Edge continues to grow.

With the January 2019 acquisition of ECS, we gained important proprietary technologies in the production of specialty foams, primarily for the bedding and furniture industries. ECS formulates many of the chemicals and additives used in foam production. These branded, specialty polyols and additives enhance foam performance by reducing heat retention, improving durability and diminishing odor. These innovations enable us to create quality mattresses that can be compressed, and we have a significant amount of intellectual property around these specialty chemical formulations.

Many of our other businesses are engaged in product development activities to protect our market position and support ongoing growth.

Employees

At December 31, 2019, we had approximately 22,000 employees, of which 15,700 were engaged in production. Approximately 12,000 were international employees (5,200 in China). Also, 16% of our employees are represented by labor unions that collectively bargain for work conditions, wages or other issues. We did not experience any material work stoppage related to contract negotiations with labor unions during 2019. Management is not aware of any circumstances likely to result in a material work stoppage related to contract negotiations with labor unions during 2020.



At December 31, 2018, we also had approximately 22,000 employees.

Competition

Many companies offer products that compete with those we manufacture and sell. The number of competing companies varies by product line, but many of the markets for our products are highly competitive. We tend to attract and retain customers through innovation, product quality, competitive pricing and customer service. Many of our competitors try to win business primarily on price but, depending upon the particular product, we experience competition based on quality and performance as well. In general, our competitors tend to be smaller, private companies.

We believe we are the largest U.S.-based manufacturer, in terms of revenue, of the following:

- Bedding components
- Automotive seat support and lumbar systems
- Specialty bedding foams and private-label finished mattresses
- Components for home furniture and work furniture
- Flooring underlayment
- Adjustable beds
- Bedding industry machinery

We continue to face competitive pressure as some of our customers source a portion of their components and finished products from low cost countries. In addition to lower labor rates, competitors benefit (at times) from lower raw material costs. They may also benefit from currency factors and more lenient regulatory climates. We typically remain price competitive, even versus many foreign manufacturers, as a result of our efficient operations, automation, vertical integration in steel and wire, logistics and distribution efficiencies, and large scale purchasing of raw materials and commodities.

For information about antidumping duty orders regarding innerspring, steel wire rod and mattress imports, please see "Competition" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations on page 30.

Seasonality

As a diversified manufacturer, we generally have not experienced significant seasonality. However, unusual economic factors in any given year such as inflation and deflation, along with acquisitions and divestitures, can create sales variability and obscure the underlying seasonality of our businesses. Historically, our operating cash flows are stronger in the fourth quarter primarily related to the timing of cash collections from customers and payments to vendors.

Backlog

Our customer relationships and our manufacturing and inventory practices do not create a material amount of backlog orders for any of our segments. Production and inventory levels are geared primarily to the level of incoming orders and projected demand based on customer relationships.

Working Capital Items

We are not required to carry significant amounts of inventory to meet rapid delivery requirements of customers or to assure ourselves a continuous allotment of goods from suppliers. In addition, we have not provided rights to return merchandise or extended payment terms to customers where those activities could have a material impact on our business. For additional information regarding working capital items, please see the discussion of "Cash from Operations" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations on page 40.

Government Contracts

The Company does not have a material amount of sales derived from government contracts subject to renegotiation of profits or termination at the election of any government.

Environmental Regulation

Our operations are subject to federal, state, and local laws and regulations related to the protection of the environment. We have policies intended to ensure that our operations are conducted in compliance with applicable laws and regulations. While we cannot predict policy changes by various regulatory agencies or unexpected operational or other developments, management expects that compliance with these laws and regulations will not have a material adverse effect on our competitive position, capital expenditures, financial condition, liquidity or results of operations.

Internet Access to Information

We routinely post information for investors under the Investor Relations section of our website (www.leggett.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are made available, free of charge, on our website as soon as reasonably practicable after electronically filed with, or furnished to, the SEC. In addition to these reports, the Company's Financial Code of Ethics, Code of Business Conduct and Ethics, and Corporate Governance Guidelines, as well as charters for the Audit, Compensation, and Nominating & Corporate Governance Committees of our Board of Directors, can be found on our website under the Corporate Governance section. Information contained on our website does not constitute part of this Annual Report on Form 10-K.

Industry and Market Data

Unless indicated otherwise, the information concerning our industries contained in this Annual Report is based on our general knowledge of and expectations concerning the industries. Our market share is based on estimates using our internal data, data from various industry analyses, internal research, and adjustments and assumptions that we believe to be reasonable. We have not independently verified data from industry analyses and cannot guarantee their accuracy or completeness.

Item 1A. Risk Factors.

Investing in our securities involves risk. Set forth below and elsewhere in this report are risk factors that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this report. We may amend or supplement these risk factors from time to time by other reports we file with the SEC.

Inability to fully realize the benefit of the ECS acquisition could negatively impact our ability to achieve our anticipated cash flows, results of operations, earnings per share, and stock price.

We completed the acquisition of ECS for a cash purchase price of approximately $1.25 billion in January 2019. Our combined financial performance may not meet expectations due to a variety of factors, some of which may be outside of our control. We may fail to realize the anticipated benefits of the transaction. Moreover, we may experience difficulties and delays in achieving revenue synergies associated with the transaction, or we may not achieve these synergies at all. Our inability to successfully and fully realize the benefits of the ECS acquisition could negatively impact our cash flows, results of operations, earnings per share, and stock price.

Our credit agreement contains covenants that may limit our operational flexibility. Furthermore, if we default on our obligations under the credit agreement, our operations may be interrupted and our business, results of operations and financial condition could be adversely affected.

We entered into the Third Amended and Restated Credit Agreement among us, JPMorgan Chase Bank, N.A., as administrative agent ("JPMorgan") and twelve other lenders in our bank group (the "Credit Agreement") in 2018. The Credit Agreement is a five-year multi-currency credit facility providing us the ability, from time to time subject to certain customary conditions, to borrow, repay and re-borrow up to $1.2 billion. The Credit Agreement also provides for a one-time draw of up to $500 million under a five-year term loan facility, which we fully borrowed in January 2019 to consummate the ECS acquisition. The Credit Agreement acts as support for the marketability of our commercial paper program.

The Credit Agreement contains certain covenants, including a covenant that requires us to maintain, as of the last day of each quarter beginning March 31, 2019, a leverage ratio of consolidated funded indebtedness to consolidated EBITDA (each as defined in the Credit Agreement) for the trailing four fiscal quarters of not greater than 4.25 to 1.00, with a single step-down on March 31, 2020 and thereafter, to 3.50 to 1.00. This covenant may restrict our current and future operations, including (i) our flexibility to plan for, or react to, changes in our businesses and industries; and (ii) our ability to use our cash flows, or obtain additional financing, for future working capital, capital expenditures, acquisitions or other general corporate purposes.

Also, if we fail to comply with the covenants specified in the Credit Agreement, we may trigger an event of default, in which case the lenders would have the right to: (i) terminate their commitment to provide additional loans under the Credit Agreement, and (ii) declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. Additionally, our Senior Notes contain cross-default covenants, which could make outstanding amounts under the Senior Notes immediately payable in the event of a material uncured default under the Credit Agreement. If the debt under the Credit Agreement or Senior Notes were to be accelerated, we may not have sufficient cash to repay this debt, which would have an immediate material adverse effect on our business, results of operations and financial condition.

Costs of raw materials could negatively affect our profit margins and earnings.

Raw material cost increases (and our ability to respond to cost increases through selling price increases) can significantly impact our earnings. We typically have short-term commitments from our suppliers; accordingly, our raw material costs generally move with the market. When we experience significant increases in raw material costs, we typically implement price increases to recover the higher costs. Inability to recover cost increases (or a delay in the recovery time) can negatively impact our earnings. Conversely, if raw material costs decrease, we generally pass through reduced selling prices to our customers. Reduced selling prices combined with higher cost inventory can reduce our profit margins and earnings.

Steel is our principal raw material. The global steel markets are cyclical in nature and have been volatile in recent years. This volatility can result in large swings in pricing and margins from year to year.

With the acquisition of ECS, we now have greater exposure to the cost of chemicals, including TDI, MDI, and polyol. Our other raw materials include woven and non-woven fabrics and foam scrap. At times, these chemicals and other raw materials are subject to significant fluctuation and may negatively impact our profit margins and earnings.

As a producer of steel rod, we are also impacted by volatility in metal margins (the difference between the cost of steel scrap and the market price for steel rod). If market conditions cause scrap costs and rod pricing to change at different rates (both in terms of timing and amount), metal margins could be compressed and this would negatively impact our results of operations.

Higher raw material costs could lead some of our customers to modify their product designs, changing the quantity and mix of our components in their finished goods and replacing higher cost components with lower cost components. If this were to occur, it could negatively impact our results of operations.

Competition could adversely affect our market share, sales, profit margins and earnings.

We operate in markets that are highly competitive. We believe that most companies in our lines of business compete primarily on price, but, depending upon the particular product, we experience competition based on quality and performance. We face ongoing pressure from foreign competitors as some of our customers source a portion of their components and finished products from Asia and Europe. In addition to lower labor rates, foreign competitors benefit (at times) from lower raw material costs. They may also benefit from currency factors and more lenient regulatory climates. If we are unable to purchase key raw materials (such as steel) at prices competitive with those of foreign suppliers, our ability to maintain market share, sales, profit margins and earnings could be harmed by foreign competitors.

PART I

The coronavirus named COVID-19, which was first detected in China, could adversely impact our operations' ability to obtain necessary supplies, maintain appropriate labor levels and ship finished products to customers which could negatively impact our results of operations and cash flow.

Governments and health organizations have identified an outbreak of a respiratory illness caused by a new coronavirus which has been named COVID-19. The World Health Organization has declared the outbreak a global public health emergency. It was first detected in Wuhan City, Hubei Province, China, but has spread within China and to multiple other countries. Chinese officials have instituted a quarantine for parts of central China. We operate facilities in or near the Hubei Province, China which are subject to the quarantine. Since the outbreak, all of our Chinese facilities were temporarily closed for a period of time. Most of these facilities have been reopened. Depending on the progression of the outbreak, our ability to obtain necessary supplies and ship finished products to customers may be partly or completely disrupted not only in our Chinese facilities but globally. Also, our ability to maintain appropriate labor levels could be disrupted. If the coronavirus continues to progress, it could have a material negative impact on our results of operations and cash flow.

Our goodwill and other long-lived assets are subject to potential impairment which could negatively impact our earnings.

A significant portion of our assets consists of goodwill and other long-lived assets, the carrying value of which may be reduced if we determine that those assets are impaired. At December 31, 2019, goodwill and other intangible assets represented $2.17 billion, or 45% of our total assets. In addition, net property, plant and equipment, operating lease right-of-use assets, and sundry assets totaled $1.11 billion, or 23% of total assets. If actual results differ from the assumptions and estimates used in the goodwill and long-lived asset valuation calculations, we could incur impairment charges, which would negatively impact our earnings.

We review our reporting units for potential goodwill impairment in the second quarter as part of our annual goodwill impairment testing and more often if an event or circumstance occurs making it likely that impairment exists. In addition, we test for the recoverability of long-lived assets at year end and more often if an event or circumstance indicates the carrying value may not be recoverable. We conduct impairment testing based on our current business strategy in light of present industry and economic conditions, as well as future expectations. The annual goodwill review performed in the second quarter of 2019 indicated no goodwill impairments. However, three of our reporting units had fair value in excess of carrying value of less than 100%, and those units are discussed below.

- Fair value for our Machinery reporting unit only exceeded carrying value by approximately 12%. Machinery sales have been adversely impacted by rapid market shifts from traditional bedding to compressed mattresses. The goodwill associated with the Machinery reporting unit was $33 million at December 31, 2019.

- Fair value for our Hydraulic Cylinders reporting unit exceeded carrying value by 29%. We acquired this business in the first quarter of 2018, and it has goodwill of $26 million at December 31, 2019. This reporting unit is dependent upon capital spending for material handling equipment, and we have seen market softness in the industries served by this reporting unit.

- Fair value for our Bedding reporting unit exceeded carrying value by 50%. Our first quarter 2019 $1.25 billion acquisition of ECS is part of our Bedding reporting unit, and goodwill for our Bedding reporting unit was $723 million at December 31, 2019.

If we are not able to achieve projected performance levels, future impairments (particularly in our Machinery and Hydraulic Cylinders reporting units) may be possible, which would negatively impact our earnings.

For more information regarding potential goodwill and other long-lived asset impairment, please refer to Note D on page 81 of the Notes to Consolidated Financial Statements.

Interruption in our customers' businesses due to bankruptcy, financial difficulties or insolvency could result in their inability to pay their debts to us, and could adversely affect our sales, financial condition, results of operations or cash flows.

Bankruptcy, financial difficulties or insolvency can and has occurred with some of our customers which can impact their ability to pay their debts to us. We have extended trade credit to some of these customers in a material amount, particularly in our Bedding Group. Our bad debt reserve contains uncertainties because it requires management to estimate the amount of uncollectible receivables based upon the financial health and payment history of the customer, industry and macroeconomic considerations, and historical loss experience.

Some bedding manufacturers and retailers that use or sell our products or our customers' products may undergo restructurings or reorganizations because of financial difficulty. Also, certain of our customers have filed bankruptcy, and others, from time to time, have become insolvent and/or do not have the ability to pay their debts to us as they come due. If our customers suffer significant financial difficulty, they may be unable to pay their debts to us, they may reject their contractual obligations to us under bankruptcy laws or otherwise, or we may have to negotiate significant discounts and/or extend financing terms with these customers.

Any of these risks, if realized, could adversely affect our sales and increase our operating expenses by requiring larger provisions for bad debt, which could have a material adverse effect on our financial condition, results of operations or cash flows.

Tariffs by the United States government could result in increased costs of imports and could have a material adverse effect on our results of operations.

The United States government has imposed broad-ranging tariffs on imports of steel and aluminum products. The U.S. has also imposed tariffs on a broad variety of products imported from China. Additional tariffs may be imposed, or current tariffs increased, in the future. Any tariffs that result in increased costs of imported products and materials could require us to increase prices to our domestic customers or, if we are unable to do so, result in lowering our gross margins on products sold. As a result, the tariffs could have a material adverse effect on our results of operations.

We are exposed to litigation contingencies that, if realized, could have a material negative impact on our financial condition, results of operations and cash flows.

Although we deny liability in all currently threatened or pending litigation proceedings and believe that we have valid bases to contest all claims made against us, we have recorded an immaterial aggregate litigation contingency accrual at December 31, 2019. Based on current facts and circumstances, aggregate reasonably possible (but not probable) losses in excess of the recorded accruals for litigation contingencies (which include Brazilian value-added tax and other matters) are estimated to be $15 million. If our assumptions or analyses regarding these contingencies are incorrect, or if facts and circumstances change, we could realize loss in excess of the recorded accruals (and in excess of the $15 million referenced above) which could have a material negative impact on our financial condition, results of operations and cash flows. For more information regarding our legal contingencies, please see Note U on page 121 of the Notes to Consolidated Financial Statements.

We are exposed to foreign currency risk which may negatively impact our competitiveness, profit margins and earnings.

We expect that international sales will continue to represent a significant percentage of our total sales, which exposes us to currency exchange rate fluctuations. In 2019, 34% of our sales were generated by international operations. Certain of our operations experience currency-related gains and losses where sales or purchases are denominated in currencies other than the local currency. Further, our competitive position may be affected by the relative strength of the currencies in countries where our products are sold. Foreign currency exchange risks inherent in doing business in foreign countries may have a material adverse effect on our competitiveness, profit margins and earnings.

Technology failures or cybersecurity breaches could have a material adverse effect on our operations.

We rely on information systems to obtain, process, analyze and manage data, as well as to facilitate the manufacture and distribution of inventory to and from our facilities. We receive, process and ship orders, manage the billing of and collections from our customers, and manage the accounting for and payment to our vendors. Technology failures or security breaches of a new or existing infrastructure could create system disruptions or unauthorized disclosure of confidential information. If this occurs, our operations could be disrupted, or we may suffer financial loss because of lost or misappropriated information. Also, we may incur remediation costs, increased cybersecurity protection costs, lost revenues resulting from unauthorized use of proprietary information, litigation and legal costs, reputational damages, damage to our competitiveness, and negative impact on our stock price and long-term shareholder value. We cannot be certain that advances in criminal capabilities will not compromise our technology protecting information systems. If these systems are interrupted or damaged by these events or fail for any extended period of time, then our results of operations could be adversely affected.

We may not be able to realize deferred tax assets on our balance sheet depending upon the amount and source of future taxable income.

Our ability to realize deferred tax assets on our balance sheet is dependent upon the amount and source of future taxable income. Economic uncertainty or a reduction in the amount of taxable income or a change in the source of taxable income could impact our underlying assumptions on which valuation allowances are established and negatively affect future period earnings and balance sheets.

We have exposure to economic and other factors that affect market demand for our products which may negatively impact our sales, operating cash flows and earnings.

As a supplier of products to a variety of industries, we are adversely affected by general economic downturns. Our operating performance is heavily influenced by market demand for our components and products. Market demand for the majority of our products is most heavily influenced by consumer confidence. To a lesser extent, market demand is impacted by other broad economic factors, including disposable income levels, employment levels, housing turnover and interest rates. All of these factors influence consumer spending on durable goods and drive demand for our components and products. Some of these factors also influence business spending on facilities and equipment, which impacts approximately one quarter of our sales.

Demand weakness in our markets can lead to lower sales and earnings in our businesses. Several factors, including a weak global economy, low consumer confidence levels, or a depressed housing market could contribute to reduced spending by consumers around the world. Short lead times in most of our markets allow for limited visibility into demand trends. If economic and market conditions deteriorate, we may experience material negative impacts on our sales, operating cash flows and earnings.

Changes in tax laws or challenges to our tax positions could negatively impact our earnings and cash flows.

We are subject to the tax laws and reporting rules of the U.S. (federal, state and local) and several foreign jurisdictions. Current economic and political conditions make these tax rules (and governmental interpretation of these rules) in any jurisdiction, including the U.S., subject to significant change and uncertainty. There have been recent proposals, most notably by the Organization for Economic Cooperation and Development, to reform tax laws or change interpretations of existing tax rules. These proposals, if adopted, could significantly impact how multinational corporations are taxed on their earnings and transactions. Although we cannot predict whether or in what form these proposals will become law, or how they might be interpreted, such changes could have a material adverse effect on our earnings and cash flows.

On December 22, 2017, the U.S. government enacted the Tax Cuts and Jobs Act (TCJA), which resulted in significant changes to U.S. federal income tax law, including the reduction of the statutory federal income tax rate for corporations and the transition from a worldwide tax system to a modified territorial system. The U.S. Treasury continues to issue guidance relative to certain key aspects of the TCJA and when complete, recognized impacts on the Company could differ materially from our current interpretation of the legislation. Other factors, including actions the Company may take as a result of TCJA, could also have a material adverse effect on earnings and cash flows.

Business disruptions to our steel rod mill, if coupled with an inability to purchase an adequate and/or timely supply of quality steel rod from alternative sources, could have a material negative impact on our Residential Products and Industrial Products segments and Company results of operations.

We purchase steel scrap from third party suppliers. This scrap is converted into steel rod in our mill in Sterling, Illinois. Our steel rod mill has annual output of approximately 500,000 tons, a substantial majority of which is used by our two wire mills. Our wire mills convert the steel rod into drawn steel wire. This wire is used in the production of many of our products, including mattress innersprings.

A disruption to the operation of, or supply of steel scrap to, our steel rod mill could require us to purchase steel rod from alternative supply sources, subject to market availability. Ongoing trade action by the United States government, along with the existence of antidumping and countervailing duty orders against multiple countries, could result in reduced market availability and/or higher cost of steel rod.

If we experience a disruption to our ability to produce steel rod in our mill, coupled with a reduction of adequate and/or timely supply from alternative market sources of quality steel rod, we could experience a material negative impact on our Residential Products and Industrial Products segments and the Company's results of operations.

Our borrowing costs and access to liquidity may be impacted by our credit ratings.

Independent rating agencies evaluate our credit profile on an ongoing basis and have assigned ratings for our short-term and long-term debt. With the debt financing of the ECS acquisition, one rating agency lowered our long-term debt credit rating by one notch. Another rating agency has placed our long-term debt rating on negative outlook. If our credit ratings further decline, our borrowing costs could increase, including increased costs under our commercial paper program and costs and fees under our credit facility. Further, our access to future sources of liquidity may be adversely affected.

We are exposed to risks associated with operating in foreign countries that could result in cost increases, reduced profits, the inability to carry on certain foreign operations and may negatively impact our results of operations, financial condition and cash flows.

In 2019, 34% of our sales were generated by international operations. Further, many of our businesses obtain products, components and raw materials from global suppliers. Accordingly, our business is subject to the political, regulatory, and legislative risks inherent in operating in numerous countries. These laws and regulations are complex and may change. If the foreign governments adopt or change laws or regulations, this could negatively impact our results of operations, financial condition and cash flows. Our international locations also face risks associated with operating in a foreign country. These risks include:

- Credit risks
- Increased costs due to tariffs, customs duties and shipping rates
- Potential problems obtaining raw materials, and disruptions related to the availability of electricity and transportation during times of crisis or war
- Inconsistent interpretation and enforcement, at times, of foreign tax laws and regulations, and capital requirements
- Political instability in certain countries

Our Specialized Products segment, which derives roughly 82% of its trade sales from products manufactured in foreign countries, is particularly subject to the above risks. These and other foreign-related risks could result in cost increases, reduced profits, the inability to carry on certain foreign operations and other adverse effects on our business.

The governing trade provisions between the United States, Mexico and Canada may become less favorable to the Company resulting in increased costs, reduced competitiveness and a negative impact on our results of operations.

On November 30, 2018, the United States, Mexico, and Canada signed the United States-Mexico-Canada Agreement (USMCA), the intended successor agreement to the North American Free Trade Agreement (NAFTA). Each country must follow its domestic procedures before the agreement can be ratified and take effect. To date, both the United States and Mexico have ratified the agreement, but it is still under consideration by the Canadian Parliament. There is uncertainty as to (i) whether the United States will withdraw from NAFTA, (ii) whether the USMCA will be fully ratified, or (iii) if the United States withdraws from NAFTA, but the USMCA is not ratified, what trade provisions will govern the relationships between the countries. If the governing trade provisions between the United States, Mexico and Canada become less favorable to the Company, this could increase our costs, reduce our competitiveness and negatively impact our results of operations.

The United Kingdom's withdrawal from the European Union could adversely affect us.

In June 2016, the United Kingdom (UK) held a referendum in which voters approved an exit from the European Union (EU), commonly referred to as “Brexit.” In January 2020, the Withdrawal Agreement Act was passed by the UK Parliament and the Brexit deal was ratified by the EU Parliament. This allowed the UK to formally leave the EU on January 31, 2020, with a transition period through December 31, 2020, while the EU and UK negotiate a trade agreement, among other things. Because we conduct business in the UK and in the EU, the results of Brexit could cause disruptions and create uncertainty to our businesses, including affecting our relationships with customers and suppliers, altering tariffs and currencies, and fluctuating the value of the British Pound and the Euro relative to the U.S. Dollar and other currencies.

Such disruptions and uncertainties could adversely affect our financial condition, results of operations and/or cash flows from operations.

Changes affecting the availability of LIBOR may have a negative impact on our results of operations.

We have outstanding debt that contains variable interest rates based on LIBOR, which has been subject to regulatory proposals for reform. The U.K. Financial Conduct Authority announced that it intends to stop persuading or requiring banks to submit rates for calculation of LIBOR after 2021. These reforms may cause LIBOR to be performed differently and LIBOR may ultimately cease to exist after 2021. Alternative benchmark rates replacing LIBOR could affect some of the Company's debt agreements which terminate after 2021. In addition, any changes to benchmark rates may have an impact on our borrowing costs. These factors could negatively impact our results of operations.

Climate change laws and related regulations could negatively impact the Company’s business, capital expenditures, results of operations, financial condition and competitive position.

Climate change has received increased attention worldwide. Many scientists, legislators and others attribute global warming to increased levels of greenhouse gas emissions, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit such emissions. Either the enactment of, or change to existing laws and regulations could mandate more restrictive standards or require such changes on a more accelerated time frame. There continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty. To the extent our customers are subject to any of these or other similar proposed or newly enacted laws and regulations, additional costs by customers to comply with such laws and regulations could impact their ability to operate at similar levels in certain jurisdictions, which could adversely impact their demand for our products and services. Also, if these laws or regulations impose significant operational restrictions and compliance requirements on us, they could increase costs associated with our operations, including costs for raw materials and transportation. In either event, they could negatively impact our business, capital expenditures, results of operations, financial condition and competitive position.

Regulator, shareholder and customer focus on environmental, social and governance responsibility could expose us to additional costs or risks and adversely impact our business, the market value of our stock and our results of operations.

Regulators, shareholders and customers have focused increasingly on the environmental, social and governance practices of companies. This has led to an increase in regulations and may cause us to be subject to additional regulations in the future. Our customers or other interested parties may also require us to implement certain environmental, social or governance procedures or standards before doing or continuing to do business with us. This increased attention on environmental, social and governance practices could have a material adverse effect on our business, the market value of our stock, and our results of operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company’s corporate office is located in Carthage, Missouri. As ofDecember 31, 2019, we had 140 manufacturing locations, of which 87 were located across the United States and 53 were located in 17 foreign countries. We also had various sales, warehouse and administrative facilities. However, our manufacturing plants are our most important properties.

Manufacturing Locations by Segment

		Subtotals by Segment			
Manufacturing Locations	Company-Wide	Residential Products	Industrial Products	Furniture Products	Specialized Products
United States	87	56	4	21	6
China	16	2	—	4	10
Europe	15	6	—	1	8
Canada	8	3	—	2	3
Mexico	8	3	1	2	2
Other	6	3	—	—	3
Total	140	73	5	30	32

For more information regarding the geographic location of our manufacturing facilities refer to "Geographic Areas of Operation" under Item 1 Business on page 11.

Manufacturing Locations Owned or Leased by Segment

		Subtotals by Segment			
Manufacturing Locations	Company-Wide	Residential Products	Industrial Products	Furniture Products	Specialized Products
Owned	75	41	5	16	13
Leased	65	32	—	14	19
Total	140	73	5	30	32

Upon the acquisition of ECS in January 2019, we added 13 manufacturing facilities located across the United States, of which five are owned. All of these facilities are held within Residential Products and are included in the above totals.

We lease many of our manufacturing, warehouse and other facilities on terms that vary by lease (including purchase options, renewals and maintenance costs). For additional information regarding lease obligations, see Note L on page 94 of the Notes to Consolidated Financial Statements. Of our 140 manufacturing facilities, none are subject to liens or encumbrances that are material to the segment in which they are reported or to the Company as a whole.

None of our physical properties are, by themselves, material to the Company's overall manufacturing processes, except for our steel rod mill in Sterling, Illinois, which is reported in Industrial Products. The rod mill consists of approximately 1 million square feet of production space, which we own. It has annual capacity and output of approximately 500,000 tons of steel rod, of which a substantial majority is used by our own wire mills. Our wire mills convert the steel rod into drawn steel wire. This wire is used in the production of many of our products, including mattress innersprings. A disruption to the operation of, or supply of steel scrap to, our steel rod mill could require us to purchase steel rod from alternative supply sources, subject to market availability. Ongoing trade actions by the United States government, along with the existence of antidumping and countervailing duty orders against multiple countries, could result in reduced market availability and/or an increase in the cost of steel rod. If we experience a disruption to our ability to produce steel rod in our mill, coupled with a reduction of adequate and/or timely supply from alternative market sources of quality steel rod, we could experience a material negative impact on our Residential Products and Industrial Products segments and the Company's results of operations.

In the opinion of management, the Company's owned and leased facilities are suitable and adequate for the manufacture, assembly and distribution of our products. Our properties are located to allow timely and efficient delivery of products and services to our diverse customer base. Although our manufacturing facilities are generally operated at relatively high utilization rates, we do have excess production capacity in certain businesses.

PART I

Item 3. Legal Proceedings.

The information in Note U beginning on page 121 of the Notes to Consolidated Financial Statements is incorporated into this section by reference.

In September 2018, the Company, along with eight other domestic mattress producers, Corsicana Mattress Company, Elite Comfort Solutions (now a Leggett subsidiary), Future Foam, Inc., FXI, Inc., Innocor, Inc., Kolcraft Enterprises, Inc., Serta Simmons Bedding, LLC, and Tempur Sealy International, Inc., filed petitions with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (ITC) alleging that manufacturers of mattresses in China were unfairly selling their products in the United States at less than fair value (dumping) and seeking the imposition of duties on mattresses imported from China. In October 2019, the DOC made a final determination assigning duty rates between 57% - 1,732%. In November 2019, the ITC made a unanimous final determination that domestic mattress producers were materially injured by reason of the unfairly priced imported mattresses. The U.S. government will continue to impose duties on mattresses imported from China at the rate determined by the DOC for five years, through December 2024, at which time the DOC and ITC will conduct a sunset review to determine whether to extend the order for an additional five years.

Item 4. Mine Safety Disclosures.

Not applicable.

Supplemental Item. Information About Our Executive Officers.

The following information is included in accordance with the provisions of Part III, Item 10 of Form 10-K and Item 401(b) of Regulation S-K.

The table below sets forth the names, ages and positions of all executive officers of the Company. Executive officers are normally appointed annually by the Board of Directors.

Name	Age	Position
Karl G. Glassman	61	Chairman and Chief Executive Officer
J. Mitchell Dolloff	54	President and Chief Operating Officer, President—Bedding Products
Jeffrey L. Tate	50	Executive Vice President and Chief Financial Officer
Steven K. Henderson	59	Executive Vice President, President—Specialized Products and Furniture, Flooring & Textile Products
Scott S. Douglas	60	Senior Vice President, General Counsel & Secretary
Russell J. Iorio	50	Senior Vice President, Corporate Development
Susan R. McCoy	55	Senior Vice President, Investor Relations
Tammy M. Trent	53	Senior Vice President, Chief Accounting Officer

Subject to the severance benefit agreements with Mr. Glassman, Mr. Dolloff, Mr. Tate and Mr. Douglas listed as exhibits to this Report (and other immaterial agreements with other executive officers), the executive officers generally serve at the pleasure of the Board of Directors. Please see Exhibit Index on page 126 for reference to the agreements.

Karl G. Glassman was appointed Chairman of the Board effective January 1, 2020 and continues to serve as Chief Executive Officer since his appointment in 2016. He previously served as President from 2013 to 2019, Chief Operating Officer from 2006 to 2015, Executive Vice President from 2002 to 2013, President of the Residential Furnishings Segment from 1999 to 2006, Senior Vice President from 1999 to 2002, and in various capacities since 1982.

J. Mitchell Dolloff was appointed the Company's President and Chief Operating Officer, President—Bedding Products effective January 1, 2020. He has served the Company as Executive Vice President—Chief Operating Officer since January 1, 2019, President—Specialized Products and Furniture Products from 2017 to 2019, Senior Vice President and President of Specialized Products from 2016 to 2017, Vice President and President of the Automotive Group from 2014 to 2015, President of Automotive Asia from 2011 to 2013, Vice President of Specialized Products from 2009 to 2013, and in various other capacities for the Company since 2000.

Jeffrey L. Tate was appointed Executive Vice President and Chief Financial Officer of the Company effective September 3, 2019. He previously served as Vice President and Business CFO of the Packaging & Specialty Plastics Operating Segment of The Dow Chemical Company since 2017. He served The Dow Chemical Company as Chief Audit Executive from 2012 to 2017, as Division CFO of Performance Products from 2009 to 2012, and Director, Investor Relations from 2006 to 2009. Mr. Tate served Dow Automotive as Global Finance Director from 2003 to 2006, and he served The Dow Chemical Company as Global Finance Manager, Polyurethane Systems from 2000 to 2003 and in various controller and financial analyst positions from 1992 to 2000.

Steven K. Henderson was appointed Executive Vice President, President—Specialized Products and Furniture, Flooring & Textile Products, effective January 1, 2020. Mr. Henderson previously served the Company as Vice President, President—Automotive Group since 2017. He joined the Company after more than 30 years of experience in a variety of leadership positions at Dow Automotive Systems and served as Business President—Automotive Systems since 2009, where he was responsible for the global business, including profit and loss, business strategy, and organizational health.

Scott S. Douglas was appointed Senior Vice President and General Counsel in 2011. He was appointed Secretary of the Company in 2016. He previously served as Vice President and General Counsel from 2010 to 2011, as Vice President—Law and Deputy General Counsel from 2008 to 2010, as Associate General Counsel—Mergers & Acquisitions from 2001 to 2007, and as Assistant General Counsel from 1991 to 2001. He has served the Company in various legal capacities since 1987.

Russell J. Iorio was appointed Senior Vice President, Corporate Development in 2016. He previously served the Company as Senior Vice President, Mergers & Acquisitions from 2014 to 2016. He served the Company as Vice President, Mergers & Acquisitions from 2005 to 2014, and Director of Mergers, Acquisitions & Strategic Planning from 2002 to 2005.

Susan R. McCoy was appointed Senior Vice President, Investor Relations in 2019. She previously served as Vice President, Investor Relations from 2014 to 2019, Staff Vice President, Investor Relations from 2011 to 2014, and Director of Investor Relations from 2002 to 2011. She also served as Due Diligence Manager from 1999 to 2002, Manager of Financial Reporting in 1999 and in various financial capacities since 1986.

Tammy M. Trent was appointed Senior Vice President in 2017 and has served as Chief Accounting Officer since 2015. She previously served as Vice President from 2015 to 2017, and Staff Vice President, Financial Reporting from 2007 to 2015. She has served the Company in various financial capacities since 1998.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is traded on the New York Stock Exchange (symbol LEG).

Shareholders and Dividends

As of February 5, 2020, we had 8,094 shareholders of record.

Increasing the dividend remains a high priority. In 2019, we increased the quarterly dividend by $.02, or 5.3%, to $.40 per share. For over 30 years, we have generated operating cash in excess of our annual requirement for capital expenditures and dividends. We expect this again to be the case in 2020. We have no restrictions that materially limit our ability to pay such dividends or that we reasonably believe are likely to limit the future payment of dividends. Future dividends will be determined based on our earnings, capital requirements, financial condition, and other factors considered by our Board of Directors. However, our current expectation is to continue paying cash dividends on our common stock at the same or higher rate.

For more information on dividends see "Pay Dividends" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations on page 43.

Issuer Purchases of Equity Securities

The table below is a listing of purchases of the Company's common stock by us or any affiliated purchaser during each calendar month of the fourth quarter of 2019.

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs [2]
October 2019	138,817	$ 49.90	14,256	9,944,019
November 2019	12,424	$ 54.01	6,962	9,937,057
December 2019	—	$ —	—	9,937,057
Total	**151,241**	**$ 50.23**	**21,218**	

[1] This number includes 130,023 shares which were not repurchased as part of a publicly announced plan or program, all of which were shares surrendered in transactions permitted under the Company's benefit plans. It does not include shares withheld for taxes on option exercises and stock unit conversions, which totaled 70,582 shares in the fourth quarter.

[2] On August 4, 2004, the Board authorized management to repurchase up to 10 million shares each calendar year beginning January 1, 2005. This standing authorization was first reported in the quarterly report on Form 10-Q for the period ended June 30, 2004, filed August 5, 2004, and will remain in force until repealed by the Board of Directors. As such, effective January 1, 2020, the Company was authorized by the Board of Directors to repurchase up to 10 million shares in 2020. No specific repurchase schedule has been established.

Item 6. Selected Financial Data.

(Unaudited) (Dollar amounts in millions, except per share data)	2019 [1]	2018 [2]	2017 [3]	2016 [4]	2015 [5]
Summary of Operations					
Net Sales from Continuing Operations	**$ 4,753**	$ 4,270	$ 3,944	$ 3,750	$ 3,917
Earnings from Continuing Operations	**334**	306	294	367	328
(Earnings) Attributable to Noncontrolling Interest, net of tax	**—**	—	—	—	(4)
Earnings (loss) from Discontinued Operations, net of tax	**—**	—	(1)	19	1
Net Earnings attributable to Leggett & Platt, Inc. common shareholders	**334**	306	293	386	325
Earnings per share from Continuing Operations					
Basic	**2.48**	2.28	2.16	2.66	2.30
Diluted	**2.47**	2.26	2.14	2.62	2.27
Earnings (Loss) per share from Discontinued Operations					
Basic	**—**	—	(.01)	.14	.01
Diluted	**—**	—	(.01)	.14	.01
Net Earnings (Loss) per share					
Basic	**2.48**	2.28	2.15	2.80	2.31
Diluted	**2.47**	2.26	2.13	2.76	2.28
Cash Dividends declared per share	**1.58**	1.50	1.42	1.34	1.26
Summary of Financial Position					
Total Assets	**$ 4,816**	$ 3,382	$ 3,551	$ 2,984	$ 2,964
Long-term Debt, including finance leases	**$ 2,067**	$ 1,168	$ 1,098	$ 956	$ 942

All amounts are presented after tax.

1 In January 2019 we acquired ECS for approximately $1.25 billion and increased our debt levels as discussed in Note S and Note K to the Consolidated Financial Statements on pages 117 and 93, respectively. Earnings from Continuing Operations for 2019 includes a $13 million charge for restructuring; and a $1 million charge for ECS transaction costs.

2 Earnings from Continuing Operations for 2018 includes a $14 million charge for restructuring; $12 million charge for note impairment; $6 million charge for ECS transaction costs; and a $2 million benefit associated with TCJA.

3 Earnings from Continuing Operations for 2017 includes a $50 million charge associated with TCJA; $13 million of net gains on sales of a business and real estate; an $8 million tax benefit from a divestiture; a $10 million pension settlement charge; and a $3 million charge for an impairment of a wire business.

4 Earnings from Continuing Operations for 2016 includes $16 million of gains on sales of businesses; a $3 million goodwill impairment charge; and a $5 million gain on a foam litigation settlement. Discontinued operations primarily consists of a gain on a foam litigation settlement.

5 Earnings from Continuing Operations for 2015 includes $4 million of impairments; $3 million associated with litigation accruals; and an $8 million pension settlement charge.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

HIGHLIGHTS

Two substantial activities affected our sales and earnings in 2019. First, in January 2019 we acquired ECS and gained critical capabilities in proprietary foam technology along with scale in the production of private-label finished mattresses. ECS is the largest acquisition in our history, with a purchase price of approximately $1.25 billion. ECS increased sales 13% in 2019 and contributed to our earnings growth over 2018. Second, in late 2018 we initiated restructuring activity, primarily in Fashion Bed and Home Furniture, in order to exit low margin business, reduce operating costs, and eliminate excess capacity (the "2018 Restructuring Plan"). This resulted in the closure of Fashion Bed and the restructuring of our Home Furniture business. In 2019, our sales were reduced 3% by business we exited in connection with the 2018 Restructuring Plan. By the second half of 2019, we began to see an earnings improvement in the Furniture Products segment from restructuring activity.

Sales increased 11% in 2019. Acquisitions, primarily ECS, added 14% to sales. Organic sales (as defined below) were down 3%, on 3% lower volume. Raw material-related selling price increases added 1% to sales, offset by a 1% negative currency impact. Sales growth in most businesses, including U.S. Spring, Automotive, Work Furniture, and Aerospace, was offset primarily by the planned exit of business in Fashion Bed and Home Furniture which reduced sales 3% and weak trade demand for steel rod and wire.

Earnings increased from the non-recurrence of a note impairment charge in 2018 and lower restructuring-related and acquisition-related transaction costs. Earnings further improved from lower raw material costs (including LIFO benefit), the ECS acquisition, and improved earnings performance in our Furniture Products segment.

In 2019, we generated record operating cash flow of $668 million, a $228 million increase over 2018. The improvement was driven by a significant reduction in working capital across the company and strong operating cash generation in many of our businesses, including ECS. We generated more than enough operating cash flow to fund dividends and capital expenditures, something we have accomplished each year for over 30 years.

In January, we expanded the size of our revolving credit facility from $800 million to $1.2 billion, increased permitted borrowings, subject to covenant restrictions, under our commercial paper program in a corresponding amount, and added additional borrowing capacity in the form of a 5-year $500 million term loan primarily to finance the ECS transaction. After completing the ECS acquisition in January 2019, our debt levels increased. We focused on deleveraging in 2019 by limiting share repurchases, controlling the pace of further acquisition spending, and using operating cash flow to repay debt. We expect to further reduce debt levels in 2020. Our financial base remains strong.

We raised the quarterly dividend by 5% in 2019 and extended our record of consecutive annual increases to 48 years. Consistent with our deleveraging plan, share repurchases were limited in 2019. For the full year, we repurchased only 700,000 shares of our stock, primarily surrendered for employee benefit plans.

Portfolio management remains a strategic priority. Over the past several years we have enhanced our business portfolio and improved margins by growing our stronger businesses and exiting or restructuring businesses that consistently struggled to deliver acceptable returns. During 2019 we acquired two businesses: ECS and a small geo components operation. We also continued investing capital to support organic growth opportunities. Total capital expenditures were $143 million, 10% lower than 2018, reflecting a balance of investing for the future and controlling our spending.

We incurred the following restructuring and ECS-related charges in 2019:

(Dollar amounts in millions)	Cash	Non-Cash	Total
Restructuring-related charges	$ 8	$ 7	$ 15
ECS acquisition costs	1	—	1
Total charges	$ 9	$ 7	$ 16

The restructuring-related charges are primarily attributable to the Fashion Bed and Home Furniture businesses. The restructuring activity is substantially complete.

These topics are discussed in more detail in the sections that follow.

INTRODUCTION

Total Shareholder Return

Total Shareholder Return (TSR), relative to peer companies, is a primary financial measure that we use to assess long-term performance. TSR = (Change in Stock Price + Dividends) ÷ Beginning Stock Price. Our goal is to achieve TSR in the top third of the S&P 500 companies over the long term through an approach that employs four TSR sources: revenue growth, margin expansion, dividends, and share repurchases.

We monitor our TSR performance relative to the S&P 500 on a rolling three-year basis. We believe our disciplined growth strategy, portfolio management, and prudent use of capital will support achievement of our goal over time.

The table below shows the components of our TSR targets. Long-term, accomplishing this level of performance over rolling three-year periods should enable us to consistently attain our top-third TSR goal.

	Current Targets
Revenue Growth	6-9%
Margin Increase	1%
Dividend Yield	3%
Stock Buyback	1%
Total Shareholder Return	**11-14%**

In connection with the acquisition of ECS, our debt levels increased. We are currently focused on deleveraging and are temporarily limiting share repurchases, controlling the pace of acquisition spending and using operating cash flow to repay debt. The ECS transaction did not change our long-term TSR targets and framework. In the near-term, revenue growth will benefit significantly from the initial impact of the acquisition. At the same time, increased interest expense from the transaction negatively impacted TSR in 2019. As we pay down the acquisition debt, the corresponding reduction in interest expense should have a positive impact on TSR. The stock buyback component is expected to be slightly negative to TSR due to the temporary limiting of share repurchases while we focus on deleveraging. Longer-term, the ECS acquisition is expected to benefit all four TSR sources through profitable growth and strong operating cash flow.

Senior executives participate in an incentive program with a three-year performance period based on two equal measures: (i) our TSR performance compared to the performance of a group of approximately 300 peers, and (ii) the Company or segment Earnings Before Interest and Taxes (EBIT) Compound Annual Growth Rate (CAGR).

Customers

We serve a broad suite of customers, with our largest customer representing approximately 5% of our sales in 2019. Many are companies whose names are widely recognized. They include bedding, residential and office furniture producers, automotive OEM and Tier 1 manufacturers, and a variety of other companies.

Organic Sales

This report contains the sales metric organic sales which we calculate identically to same location sales as used in our prior reports. We calculate organic sales as net sales excluding sales attributable to acquisitions and divestitures consummated within the last twelve months. Management uses the metric, and it is useful to investors, as supplemental information to analyze our underlying sales performance from period to period in our legacy businesses.

Major Factors That Impact Our Business

Many factors impact our business, but those that generally have the greatest impact are market demand, raw material cost trends, and competition.

Market Demand

Market demand (including product mix) is impacted by several economic factors, with consumer confidence being the most significant. Other important factors include disposable income levels, employment levels, housing turnover, and interest rates. All of these factors influence consumer spending on durable goods, and therefore affect demand for our products and components. Some of these factors also influence business spending on facilities and equipment, which impacts approximately one quarter of our sales.

Raw Material Costs

Our costs can vary significantly as market prices for raw materials (many of which are commodities) fluctuate. We typically have short-term commitments from our suppliers; accordingly, our raw material costs generally move with the market. Our ability to recover higher costs (through selling price increases) is crucial. When we experience significant increases in raw material costs, we typically implement price increases to recover the higher costs. Conversely, when costs decrease significantly, we generally pass those lower costs through to our customers. The timing of our price increases or decreases is important; we typically experience a lag in recovering higher costs, and we also realize a lag as costs decline.

Steel is our principal raw material. At various times in past years, we have experienced significant cost fluctuations in this commodity. In most cases, the major changes (both increases and decreases) were passed through to customers with selling price adjustments. Over the past few years we have seen varying degrees of inflation and deflation in U.S. steel pricing. In 2017 and through the first half of 2018 steel costs inflated, then became relatively stable in the back half of 2018. In 2019, steel costs decreased through most of the year.

As a producer of steel rod, we are also impacted by changes in metal margins (the difference in the cost of steel scrap and the market price for steel rod). Metal margins within the steel industry expanded in the first half of 2018. Although steel scrap costs increased early in 2018, rod prices increased to a much larger degree. Both stabilized by mid-2018. In 2019, although steel prices decreased through the year, a wider than usual metal margin persisted. Because of these factors, our steel rod mill experienced enhanced profitability in 2018 and 2019.

With the acquisition of ECS, we now have greater exposure to the cost of chemicals, including TDI, MDI, and polyol. The cost of these chemicals has fluctuated at times, but ECS has generally passed the changes through to its customers, with a lag that varies based on customer contract terms. In 2019, ECS experienced a negative effect on sales due to chemical deflation. Our other raw materials include woven and non-woven fabrics and foam scrap. We have experienced changes in the cost of these materials in past years and generally, have been able to pass them through to our customers.

When we raise our prices to recover higher raw material costs, this sometimes causes customers to modify their product designs and replace higher cost components with lower cost components. We must continue providing product options to our customers that enable them to improve the functionality of their products and manage their costs, while providing higher profits for our operations.

Competition

Many of our markets are highly competitive, with the number of competitors varying by product line. In general, our competitors tend to be smaller, private companies. Many of our competitors, both domestic and foreign, compete primarily on the basis of price. Our success has stemmed from the ability to remain price competitive, while delivering innovation, better product quality, and customer service.

We continue to face pressure from foreign competitors as some of our customers source a portion of their components and finished products offshore. In addition to lower labor rates, foreign competitors benefit (at times) from lower raw material costs. They may also benefit from currency factors and more lenient regulatory climates. We typically remain price competitive in most of our business units, even versus many foreign manufacturers, as a result of our highly efficient operations, automation, vertical integration in steel and wire, logistics and distribution efficiencies, and large scale purchasing of raw materials and commodities. However, we have also reacted to foreign competition in certain cases by selectively adjusting prices, developing new proprietary products that help our customers reduce total costs and shifting production offshore to take advantage of lower input costs.

Since 2009, there have been antidumping duty orders on innerspring imports from China, South Africa and Vietnam, ranging from 116% to 234%. In September 2019, the Department of Commerce (DOC) and the International Trade Commission (ITC) concluded a second sunset review, and determined the orders should be extended for an additional five years, through October 2024; at which time, the DOC and ITC will conduct a third sunset review to determine whether to extend the orders for an additional five years.

Antidumping and countervailing duty cases filed by major U.S. steel wire rod producers have resulted in the imposition of antidumping duties on imports of steel wire rod from Brazil, China, Belarus, Indonesia, Italy, Korea, Mexico, Moldova, Russia, South Africa, Spain, Trinidad & Tobago, Turkey, Ukraine, United Arab Emirates, and the United Kingdom, ranging from 1% to 757%, and countervailing duties on imports of steel wire rod from Brazil, China, Italy and Turkey, ranging from 3% to 193%. In June 2019, the ITC and DOC initiated a third sunset review to determine whether to extend the orders on Brazil, Indonesia, Mexico, Moldova, and Trinidad & Tobago for an additional five years, and, in December 2019, the ITC and DOC initiated a first sunset review to determine whether to extend the orders on China for an additional five years. Duties will continue through December 2022 for Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom. At that time the DOC and the ITC will conduct a sunset review to determine whether to extend those orders for an additional five years.

In September 2018, the Company, along with other domestic mattress producers, filed petitions with the DOC and the ITC alleging that manufacturers of mattresses in China were unfairly selling their products in the United States at less than fair value (dumping) and seeking the imposition of duties on mattresses imported from China. In October 2019, the DOC made a final determination assigning duty rates between 57% to 1,732%. In November 2019, the ITC made a unanimous final determination that domestic mattress producers were materially injured by reason of the unfairly priced imported mattresses. An antidumping order on imports of Chinese mattresses will remain in effect for five years, through December 2024, at which time the DOC and ITC will conduct a sunset review to determine whether to extend the order for an additional five years. See Item 3 Legal Proceedings on page 24 for more information.

Acquisition of ECS

On January 16, 2019, we acquired ECS for a cash purchase price of approximately $1.25 billion. ECS, headquartered in Newnan, Georgia, is a leader in specialized foam technology, primarily for the bedding and furniture industries. With 16 facilities across the United States, ECS operates a vertically-integrated model, developing many of the chemicals and additives used in foam production, producing specialty foam, and manufacturing private-label finished products. These innovative specialty foam products include finished mattresses sold through both traditional and online channels, mattress components, mattress toppers and pillows, and furniture foams. ECS has a diversified customer mix and a strong position in the high-growth compressed mattress market segment. ECS formed a separate business unit and reported within the Residential Products segment in 2019.

For information on the financing of the ECS acquisition, please see the Commercial Paper Program onpage 46.

Change in Segment Reporting in 2020

Our reportable segments are the same as our operating segments, which also correspond with our management organizational structure. To reflect how we manage our newly aligned businesses and in conjunction with the change in executive officer leadership, our management organizational structure and all related internal reporting changed effective

January 1, 2020. As a result, the composition of our segments also changed to reflect the new structure. For information on the change in our segment reporting structure, please see Item 1 Business, Revised Segment Structure on page 8.

RESULTS OF OPERATIONS—2019 vs. 2018

Sales increased 11% in 2019. Acquisitions, primarily ECS, added 14% to sales. Organic sales were down 3%, on 3% lower volume. Raw material-related selling price increases added 1% to sales, offset by a 1% negative currency impact. Sales growth in most businesses, including U.S. Spring, Automotive, Work Furniture, and Aerospace, was offset primarily by the planned exit of business in Fashion Bed and Home Furniture which reduced sales 3% and weak trade demand for steel rod and wire.

Earnings increased from the non-recurrence of a note impairment charge in 2018 and lower restructuring-related and acquisition-related transaction costs. Earnings further improved from lower raw material costs (including LIFO benefit), the ECS acquisition, and improved earnings performance in our Furniture Products segment. Further details about our consolidated and segment results are discussed below.

Consolidated Results (continuing operations)

The following table shows the changes in sales and earnings from continuing operations during2019, and identifies the major factors contributing to the changes.

(Dollar amounts in millions, except per share data)	Amount	% 1
Net sales:		
Year ended December 31, 2018	$ 4,270	
Approximate volume losses	(112)	(3)%
Approximate raw material-related inflation and currency impact	(22)	—
Organic sales	(134)	(3)
Acquisition sales growth	617	14
Year ended December 31, 2019	$ 4,753	11 %
Earnings:		
(Dollar amounts, net of tax)		
Year ended December 31, 2018	$ 306	
Lower restructuring-related charges ($14 in 2018; $13 in 2019)	1	
Lower ECS transaction costs ($6 in 2018; $1 in 2019)	5	
Non-recurrence of note impairment	12	
Other items, including contribution from ECS, lower raw material costs (including LIFO benefit) and improved earnings in Furniture Products partially offset by higher interest expense and higher taxes	10	
Year ended December 31, 2019	$ 334	
2018 Earnings Per Diluted Share (continuing operations)	$ 2.26	
2019 Earnings Per Diluted Share (continuing operations)	$ 2.47	

1 Calculations impacted by rounding

Full-year sales grew 11%, to $4.75 billion, and organic sales decreased 3%. Volume declined 3%, with gains in most of our businesses, including U.S. Spring, Automotive, Work Furniture, and Aerospace, more than offset by the planned exit of business in Fashion Bed and Home Furniture which reduced sales 3% and weak trade demand for steel rod and wire. Raw material-related selling price inflation from increases implemented in late 2018 were offset by a negative currency impact. Acquisitions contributed 14% to sales growth.

As indicated in the table above, earnings increased from the non-recurrence of a note impairment charge in 2018 and lower restructuring-related and acquisition-related transaction costs. Operationally, earnings improved primarily from lower raw material costs (including LIFO benefit), the ECS acquisition, and improved earnings performance in Furniture Products from the 2018 Restructuring Plan.

LIFO Impact

Approximately 40% of our inventories are valued on the LIFO method. These are primarily our domestic, steel-related inventories. In 2019, decreasing steel costs resulted in a full-year pretax LIFO benefit of $32 million. In 2018, increasing steel costs resulted in a full-year pretax LIFO expense of $31 million.

For further discussion of inventories, see Note A to the Consolidated Financial Statements on page 73.

Interest and Income Taxes

Net interest expense in 2019 was higher by $30 million primarily due to debt increases in early 2019 to fund the ECS acquisition.

Our worldwide effective income tax rate was 22.4% in 2019, compared to 20.4% in 2018. The following table reflects how our effective income tax rate differs from the statutory federal income tax rate. See Note O to the Consolidated Financial Statements on page 110 for additional details.

	Year Ended December 31	
	2019	2018
Statutory federal income tax rate	21.0 %	21.0 %
Increases (decreases) in rate resulting from:		
State taxes, net of federal benefit	1.4	.9
Tax effect of foreign operations	(1.6)	(.7)
Global intangible low-taxed income	2.2	.7
Current and deferred foreign withholding taxes	1.2	3.8
Deemed repatriation of foreign earnings	—	(.3)
Deferred tax revaluation	(.1)	(.1)
Stock-based compensation	(1.1)	(.8)
Change in valuation allowance	.4	(2.0)
Change in uncertain tax positions, net	(.3)	(.3)
Other permanent differences, net	(.3)	(1.4)
Other, net	(.4)	(.4)
Effective tax rate	22.4 %	20.4 %

Segment Results

In the following section we discuss 2019 sales and EBIT (earnings before interest and taxes) for each of our segments. We provide additional detail about segment results and a reconciliation of segment EBIT to consolidated EBIT in Note G to the Consolidated Financial Statements on page 86.

(Dollar amounts in millions)	2019	2018	Change in Sales $	Change in Sales %	% Change Organic Sales 1
Sales					
Residential Products	$ 2,344	$ 1,721	$ 623	36 %	1 %
Industrial Products	595	662	(67)	(10)	(10)
Furniture Products	1,069	1,156	(87)	(8)	(8)
Specialized Products	1,070	1,059	11	1	—
Total segment sales	5,078	4,598	480		
Intersegment sales elimination	(325)	(328)	3		
Trade sales	$ 4,753	$ 4,270	$ 483	11 %	(3)%

	2019	2018	Change in EBIT 4 $	Change in EBIT 4 %	EBIT Margins 2 2019	EBIT Margins 2 2018
EBIT						
Residential Products	$ 171	$ 133	$ 38	28 %	7.3 %	7.7%
Industrial Products	98	68	30	43	16.4	10.3
Furniture Products	73	50	23	48	6.9	4.3
Specialized Products	171	189	(18)	(10)	15.9	17.8
Intersegment eliminations & other	—	(3)	3			
Total EBIT	$ 513	$ 437	$ 76	18 %	10.8 %	10.2%

	2019	2018
Depreciation and Amortization		
Residential Products	$ 104	$ 47
Industrial Products	11	10
Furniture Products	18	17
Specialized Products	42	39
Unallocated 3	17	23
Total Depreciation and Amortization	$ 192	$ 136

[1] This is the change in sales not attributable to acquisitions or divestitures in the last 12 months. Refer to the Residential Products discussion below for a reconciliation of the change in total segment sales to organic sales.

[2] Segment margins are calculated on total sales. Overall company margin is calculated on trade sales.

[3] Unallocated consists primarily of depreciation and amortization on non-operating assets.

[4] Calculations impacted by rounding.

Residential Products

Total sales grew 36%. Acquisitions added 35% to sales. Organic sales increased 1% with growth in U.S. Spring, European Spring and Geo Components offset by lower sales in other businesses, primarily Flooring Products and Machinery. Raw material-related selling price increases were offset by a negative currency impact.

EBIT increased $38 million, primarily from earnings from the ECS acquisition (including $45 million of amortization expense and a $5 million non-recurring charge related to acquired inventories) and the non-recurrence of a $16 million non-cash impairment charge related to a note receivable in the fourth quarter of 2018.

Industrial Products

Total sales in Industrial Products decreased 10%. Volume was down 13% from weak trade demand for steel rod and wire. Raw material-related selling price increases added 3% to sales.

EBIT increased $29 million, primarily from lower raw material costs (including LIFO benefit) partially offset by lower trade steel rod and wire volume.

Furniture Products

Total sales in Furniture Products decreased 8%. Volume decreased 8%, primarily from our decision to exit Fashion Bed and planned declines in Home Furniture, partially offset by growth in Work Furniture. Raw material-related selling price increases were offset by a negative currency impact.

EBIT increased $24 million, primarily from improved pricing and lower fixed costs attributable to restructuring activity and lower restructuring-related charges ($10 million in 2019 versus $15 million in 2018).

Specialized Products

In Specialized Products, total sales were up 1% from the PHC acquisition in early 2018. Organic sales were flat. Volume increased 2% from growth in Automotive and Aerospace. Currency impact, net of raw material-related selling price increases in Hydraulic Cylinders, decreased sales 2%.

EBIT decreased $18 million, with earnings from higher sales offset by higher operating costs in Aerospace and Hydraulic Cylinders, negative currency impact, and investment to support future growth in Automotive.

Results from Discontinued Operations

There was no significant discontinued operations activity in2019 or 2018. For further information about discontinued operations, seeNote C to the Consolidated Financial Statements on page 80.

RESULTS OF OPERATIONS—2018 vs. 2017

Sales increased 8% in 2018, from growth in volume, raw material-related selling price inflation, and currency impact. Acquisitions, net of divestitures completed in 2017, added 2% to sales. Sales growth came primarily from content gains and new program awards in Automotive, market share and content gains in Bedding, growth in Adjustable Bed and raw material-related selling price increases. Several other businesses, including Work Furniture, Aerospace, and International Spring contributed to sales growth.

Earnings from continuing operations increased from the non-recurrence of charges in 2017 associated with the Tax Cuts and Jobs Act (TCJA), and despite restructuring-related and impairment charges incurred in 2018. Earnings further improved primarily from improved metal margins at our steel rod mill and higher sales. However, these improvements were largely offset by higher raw material costs (including LIFO expense), the lag associated with passing along ongoing inflation, and weak performance in a few of our businesses. This led us to initiate restructuring activity late in 2018, primarily in Fashion Bed and Home Furniture, where we exited low margin business, reduced operating costs, and eliminated excess capacity. Further details about our consolidated and segment results are discussed below.

Consolidated Results (continuing operations)

The following table shows the changes in sales and earnings from continuing operations during2018, and identifies the major factors contributing to the changes.

(Dollar amounts in millions, except per share data)	Amount	% 1
Net sales:		
Year ended December 31, 2017	$ 3,944	
Divestitures	(25)	(1)%
2017 sales excluding divestitures	3,919	
Approximate volume gains	99	3
Approximate raw material-related inflation and currency impact	145	3
Organic sales	244	6
Acquisition sales growth	107	3
Year ended December 31, 2018	$ 4,270	8 %
Earnings from continuing operations:		
(Dollar amounts, net of tax)		
Year ended December 31, 2017	$ 294	
Restructuring-related charges	(14)	
Note impairment	(12)	
ECS transaction costs	(6)	
TCJA impact	2	
Non-recurrence of TCJA impact, net	50	
Non-recurrence of pension settlement charge	10	
Non-recurrence of real estate gain	(15)	
Non-recurrence of divestiture tax benefit	(8)	
Non-recurrence of divestiture loss	2	
Non-recurrence of impairment of small operation	3	
Other items offset	—	
Year ended December 31, 2018	$ 306	
2017 Earnings Per Diluted Share (continuing operations)	$ 2.14	
2018 Earnings Per Diluted Share (continuing operations)	$ 2.26	

1 Calculations impacted by rounding

Full-year sales grew 8%, to $4.27 billion, and organic sales increased 6%. Volume grew 3%, with gains in Automotive, Bedding, Adjustable Bed, Work Furniture, and Aerospace partially offset by declines in other businesses, primarily Home Furniture, Fashion Bed, and Flooring Products. Raw material-related selling price increases and currency impact added 3%. Acquisitions, net of 2017 divestitures, contributed 2% to sales growth.

As indicated in the table above, earnings from continuing operations increased primarily from the non-recurrence of the TCJA and other charges in 2017, despite restructuring-related and impairment charges incurred in 2018. Operationally, earnings improved primarily from increased metal margins at our steel mill and higher sales, offset by higher raw material costs (including LIFO expense), the lag associated with passing along ongoing inflation, and underperformance in a few of our businesses.

LIFO Impact

Prior to the ECS acquisition, approximately 50% of our inventories were valued on the LIFO method. These were primarily our domestic, steel-related inventories. In 2018, increasing steel costs resulted in a full-year pretax LIFO expense of $31 million. In 2017, increasing steel costs resulted in a full-year pretax LIFO expense of $19 million.

For further discussion of inventories, see Note A to the Consolidated Financial Statements on page 73.

Interest and Income Taxes

Net interest expense in 2018 was higher by $17 million, primarily due to the issuance of $500 million of new debt in the fourth quarter of 2017, higher rates on commercial paper, and additional consideration for a prior year acquisition (see Note S to the Consolidated Financial Statements on page 117). 2018's interest expense also includes $3 million of financing-related charges incurred in connection with the ECS acquisition.

Our worldwide effective income tax rate on continuing operations was 20.4% in 2018, compared to 32.0% in 2017. Our tax rate was significantly impacted by the enactment of TCJA in the fourth quarter of 2017, which reduced the statutory federal income tax rate from 35% in 2017 to 21% in 2018.

The following table reflects how our effective income tax rate from continuing operations differs from these statutory federal income tax rates. See Note O to the Consolidated Financial Statements on page 110 for additional details.

	Year Ended December 31	
	2018	2017
Statutory federal income tax rate	21.0 %	35.0 %
Increases (decreases) in rate resulting from:		
State taxes, net of federal benefit	.9	1.0
Tax effect of foreign operations	(.7)	(8.8)
Global intangible low-taxed income	.7	—
Current and deferred foreign withholding taxes	3.8	3.5
Deemed repatriation of foreign earnings	(.3)	15.6
Deferred tax revaluation	(.1)	(6.0)
Stock-based compensation	(.8)	(2.0)
Tax benefit for outside basis in subsidiary	—	(1.8)
Change in valuation allowance	(2.0)	(.4)
Change in uncertain tax positions, net	(.3)	(.6)
Domestic production activities deduction	—	(1.2)
Other permanent differences, net	(1.4)	(1.6)
Other, net	(.4)	(.7)
Effective tax rate	20.4 %	32.0 %

At December 31, 2017, we recorded certain provisional amounts related to TCJA in accordance with Staff Accounting Bulletin (SAB) 118. We refined this estimate in 2018, and recorded measurement period adjustment benefits related to the deemed repatriation tax and our deferred tax revaluation. In aggregate, these adjustment items decreased our effective tax rate by .4% in 2018. At December 31, 2018, our accounting was finalized with respect to the SAB 118 provisional amounts recorded at December 31, 2017.

Segment Results

In the following section we discuss 2018 sales and EBIT for each of our segments. We provide additional detail about segment results and a reconciliation of segment EBIT to consolidated EBIT in Note G to the Consolidated Financial Statements on page 86.

(Dollar amounts in millions)	2018	2017	Change in Sales $	Change in Sales %	% Change Organic Sales 1
Sales					
Residential Products	$ 1,721	$ 1,639	$ 82	5 %	4%
Industrial Products	662	546	116	21	21
Furniture Products	1,156	1,113	43	4	4
Specialized Products	1,059	943	116	12	6
Total segment sales	4,598	4,241	357		
Intersegment sales elimination	(328)	(297)	(31)		
Trade sales	$ 4,270	$ 3,944	$ 326	8 %	6%

	2018	2017	Change in EBIT $	Change in EBIT %	EBIT Margins 2 2018	EBIT Margins 2 2017
EBIT						
Residential Products	$ 133	$ 184	$ (51)	(28)%	7.7%	11.2%
Industrial Products	68	21	47	226	10.3	3.8
Furniture Products	50	81	(31)	(39)	4.3	7.3
Specialized Products	189	196	(7)	(3)	17.8	20.8
Intersegment eliminations & other	(3)	1	(4)			
Pension settlement charge	—	(15)	15			
Total EBIT	$ 437	$ 468	$ (31)	(7)%	10.2%	11.9%

	2018	2017
Depreciation and Amortization		
Residential Products	$ 47	$ 46
Industrial Products	10	10
Furniture Products	17	16
Specialized Products	39	31
Unallocated 3	23	23
Total Depreciation and Amortization	$ 136	$ 126

1 This is the change in sales not attributable to acquisitions or divestitures in the last 12 months. Refer to the Residential Products and Specialized Products discussions below for a reconciliation of the change in total segment sales to organic sales.

2 Segment margins are calculated on total sales. Overall company margin is calculated on trade sales.

3 Unallocated consists primarily of depreciation and amortization on non-operating assets.

Residential Products

Total sales grew 5%, from a 4% increase in organic sales (due to raw material-related selling price increases) and 1% from acquisitions. Volume was flat, with growth in U.S. Spring, European Spring and Geo Components offset by lower sales in other businesses, primarily Flooring Products.

EBIT decreased $51 million, with $21 million of the decline from a $16 million non-cash impairment charge related to a note receivable, $4 million in costs incurred in connection with the ECS acquisition, and $1 million in restructuring-related charges. In addition, EBIT decreased from higher raw material costs (including LIFO expense) and increased spending to support content and market share gains in U.S. Spring.

Industrial Products

Total sales in Industrial Products grew 21%, from raw material-related selling price increases (18%) and higher volume (3%).

EBIT increased $47 million from improved metal margins at our steel rod mill, higher volume and the non-recurrence of a $5 million impairment of a small wire products operation in 2017. These improvements were partially offset by higher LIFO expense.

Furniture Products

Total sales in Furniture Products grew 4%. Volume increased 2%, with growth in Adjustable Bed and Work Furniture, partially offset by declines in Home Furniture and Fashion Bed. Raw material-related selling price increases and currency impact added 2% to sales growth.

EBIT decreased $31 million, $15 million from restructuring-related charges and the remainder primarily from higher steel costs (including LIFO expense), promotional activity, and lower overhead recovery.

Specialized Products

In Specialized Products, total sales grew 12%. Organic sales increased 6% from volume gains in Automotive and Aerospace, and currency benefits. The PHC acquisition added 9% and was partially offset (3%) by 2017’s CVP divestiture.

EBIT decreased $7 million despite higher sales because of the non-recurrence of a $23 million gain on the sale of real estate offset by a $3 million loss from the CVP divestiture in 2017.

Results from Discontinued Operations

There was no significant discontinued operations activity in2018 or 2017. For further information about discontinued operations, seeNote C to the Consolidated Financial Statements on page 80.

LIQUIDITY AND CAPITALIZATION

In 2019, we generated $668 million in cash from operations, a $228 million increase over 2018. Our operations provided more than enough cash to fund both capital expenditures and dividend payments, something we have accomplished each year for over 30 years. We expect this to again be the case in 2020.

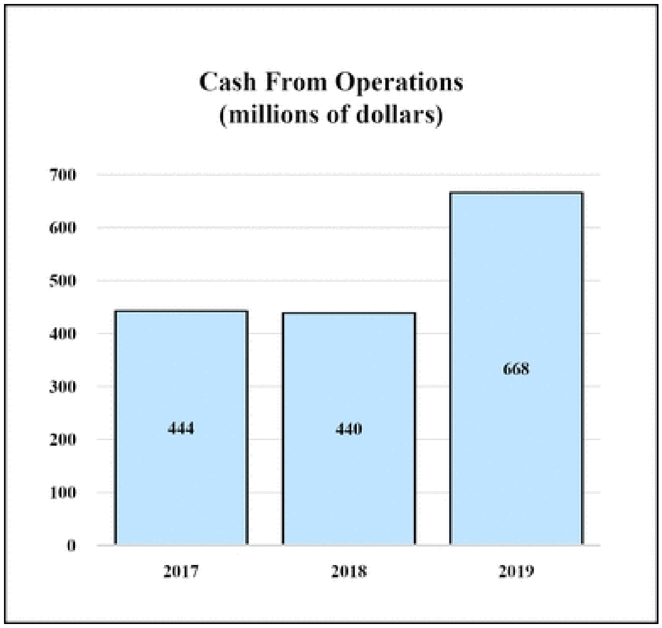
We continued investing capital to support organic growth opportunities. Total capital expenditures in 2019 were $143 million, 10% lower than 2018, reflecting a balance of investing for the future and controlling our spending. We raised the quarterly dividend by 5% and extended our record of consecutive annual increases to 48 years. In keeping with our deleveraging plan, we repurchased only 700,000 shares of our stock during the year, primarily surrendered for employee benefit plans.

In January 2019, we increased the size of our revolving credit facility from $800 million to $1.2 billion, correspondingly increased permitted borrowing, subject to covenant restrictions, under our commercial paper program, and added additional borrowing capacity in the form of a $500 million 5-year term loan primarily to finance the ECS transaction.

After completing the ECS transaction our debt levels increased. We focused on deleveraging in 2019 by limiting share repurchases, controlling the pace of further acquisition spending, and using operating cash flow to repay debt. We expect to further reduce debt levels in 2020.

Cash from Operations

Cash from operations is our primary source of funds. Earnings and changes in working capital levels are the two factors that generally have the greatest impact on our cash from operations.



Cash from operations increased $228 million in 2019, primarily from a significant reduction in working capital across the company and strong operating cash generation in many of our businesses, including ECS.

We closely monitor our working capital levels and we ended 2019 with working capital at 13.3% and adjusted working capital at 9.9% of annualized sales[1]. The table below explains this non-GAAP calculation. We eliminate cash and current debt maturities from working capital to monitor our operating efficiency and performance related to trade receivables, inventories, and accounts payable. We believe this provides a more useful measurement to investors since cash and current maturities can fluctuate significantly from period to period.

(Dollar amounts in millions)	2019	2018
Current assets	$ 1,538	$ 1,525
Current liabilities	928	816
Working capital	610	709
Cash and cash equivalents	248	268
Current debt maturities and current portion of operating lease liabilities	90	1
Adjusted working capital	$ 452	$ 442
Annualized sales [1]	$ 4,580	$ 4,188
Working capital as a percent of annualized sales	13.3%	16.9%
Adjusted working capital as a percent of annualized sales	9.9%	10.6%

[1] Annualized sales equal 4th quarter sales ($1,145 million in 2019 and $1,047 million in 2018) multiplied by 4. We believe measuring our working capital against this sales metric is more useful, since efficient management of working capital includes adjusting those net asset levels to reflect current business volume.

Three Primary Components of our Working Capital

	Amount (in millions)				Days		
	2019	2018	2017		2019	2018	2017
Trade Receivables	$ 564	$ 545	$ 522	**DSO** [1]	43	46	45
Inventories	637	634	571	**DIO** [2, 4]	63	65	65
Accounts Payable	463	465	430	**DPO** [3, 4]	46	48	47

[1] Days sales outstanding: ((beginning of year trade receivables + end of period trade receivables) ÷ 2) ÷ (net trade sales ÷ number of days in the period).

[2] Days inventory on hand: ((beginning of year inventory + end of period inventory) ÷ 2) ÷ (cost of goods sold ÷ number of days in the period).

[3] Days payables outstanding: ((beginning of year accounts payable + end of period accounts payable) ÷ 2) ÷ (cost of goods sold ÷ number of days in the period).

[4] 2017 ratios have been retrospectively adjusted to reflect the adoption of ASU 2017-07 that resulted in reclassifications between "Cost of goods sold" and "Selling and administrative expenses" into "Other expense (income), net."

Trade Receivables - Our trade receivables increased by $19 million at December 31, 2019 compared to prior year. Acquisitions added $74 million (primarily ECS), leaving a net decrease of $55 million on the balance of the trade receivables portfolio. Sales growth was offset by restructuring activities and changes in the timing of sales and cash receipts. In addition, a dedicated focus on improving collection techniques has proven effective in business units that typically have longer payment terms, including a greater participation by certain customers in programs with incentives for early payment offered by third parties. We had approximately $40 million and $15 million of trade receivables that were sold and removed from our Consolidated Balance Sheets at December 31, 2019 and 2018, respectively.

Although we recorded a $16 million reserve ($15 million on a note receivable and $1 million for a trade accounts receivable) in the fourth quarter of 2018 regarding a customer that was experiencing financial problems, we have seen favorable trends in the number of trade accounts that require a reserve over the last few years. Our annual provision for losses on trade accounts receivable has averaged $2 million for the last three years. On the balance sheet, our allowance for doubtful trade receivables as a percentage of our net trade receivables has approximated 1% for the same time period.

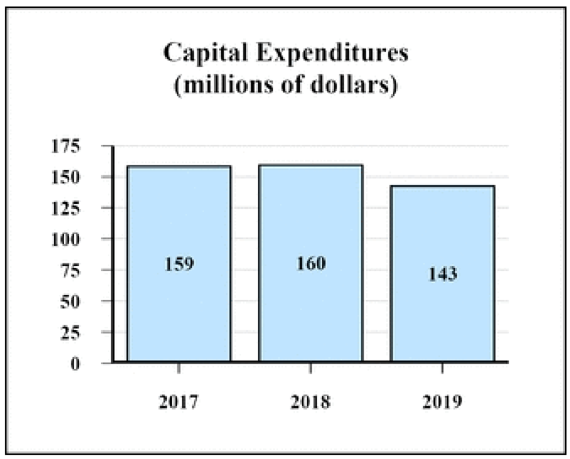
We obtain credit applications, credit reports, bank and trade references, and periodic financial statements from our customers to establish credit limits and terms as appropriate. We monitor all accounts for possible loss. In cases where a customer's payment performance or financial condition begins to deteriorate or in the event of a customer bankruptcy, we tighten our credit limits and terms and make appropriate reserves based upon the facts and circumstances for each individual customer.

Inventories - Our inventories increased $3 million at December 31, 2019 compared to the prior year. Acquisitions added $63 million (primarily ECS), which was offset by focused inventory reductions, restructuring activities and steel deflation (including LIFO reserves). Days inventory on hand at December 31, 2019 is favorable as compared to our recent historical range. We believe we have established adequate reserves for any slower-moving or obsolete inventories. We continuously monitor our slower-moving and potentially obsolete inventory through reports on inventory quantities compared to usage within the previous 12 months. We also utilize cycle counting programs and complete physical counts of our inventory. When potential inventory obsolescence is indicated by these controls, we will take charges for write-downs to maintain an adequate level of reserves. Although additions to inventory reserves in 2019 and 2018 were impacted by restructuring activities, our reserve balances as a percentage of period-end inventory have remained consistent at 4% for the last three years.

Accounts Payable - Our accounts payable decreased $2 million at December 31, 2019 compared to the prior year. Acquisitions added $37 million (primarily ECS), which was offset by wind-down activity at restructured locations, increased focus on inventory level reductions, and steel deflation. Our payment terms did not change meaningfully during 2019. We continue to look for ways to optimize payment terms through our significant purchasing power and also utilize third-party services that allow flexible payment options to enhance our DPO.

Uses of Cash

Finance Capital Requirements



We intend to make investments to support expansion in businesses and product lines where sales are profitably growing, for efficiency improvement and maintenance, and for system enhancements. We expect capital expenditures to approximate $160 million in 2020. Our employee incentive plans emphasize returns on capital, which include net fixed assets and working capital. This emphasis focuses our management on asset utilization and helps ensure that we are investing additional capital dollars where attractive return potential exists.

Our long-term, 6-9% annual revenue growth objective envisions periodic acquisitions. We are seeking strategic acquisitions, and we are looking for opportunities to enter new growth markets (carefully screened for sustainable competitive advantage). As a reminder, in connection with the acquisition of ECS our debt levels increased, and we are focused on deleveraging by, among other factors, controlling the pace of acquisition spending.

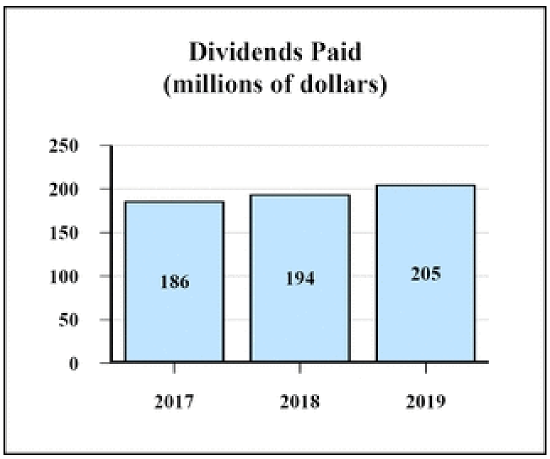
In 2017, we acquired three businesses and the remaining interest in a joint venture for total consideration of $56 million (cash and stock). The first, a Canadian distributor and installer of geosynthetic products expanded the geographic scope and capabilities of our Geo Components business. The second is a U.S. manufacturer of surface-critical bent tube components which supports the private-label finished seating strategy in our Work Furniture business. The third is a U.S. producer of rebond carpet underlay which added to our production capacity and expanded the geographic footprint in our Flooring Products business. Finally, we acquired the remaining 20% of an Asian joint venture in our Work Furniture business.

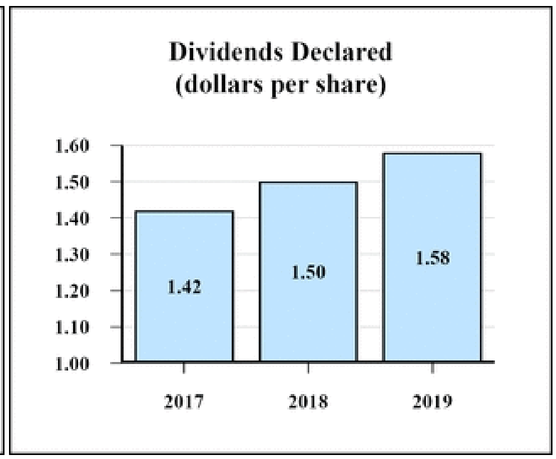
In 2018, we acquired three businesses for total consideration of $109 million. The first is Precision Hydraulic Cylinders (PHC), a leading global manufacturer of engineered hydraulic cylinders primarily for the materials handling market. The second and third are both operations in our Geo Components business: a small producer of geo components, and a manufacturer and distributor of innovative home and garden products that can be found at many major retailers.

In 2019, we acquired two businesses for total consideration of $1.27 billion. In January 2019, we acquired ECS, a leader in the production of proprietary specialized foam used primarily for the bedding and furniture industries, for total consideration of approximately $1.25 billion. In December 2019, we acquired a small manufacturer and distributor of geosynthetic fabrics, grids and erosion control products in our Geo Components business unit.

Additional details about acquisitions can be found in Note S to the Consolidated Financial Statements on page 117.

Pay Dividends

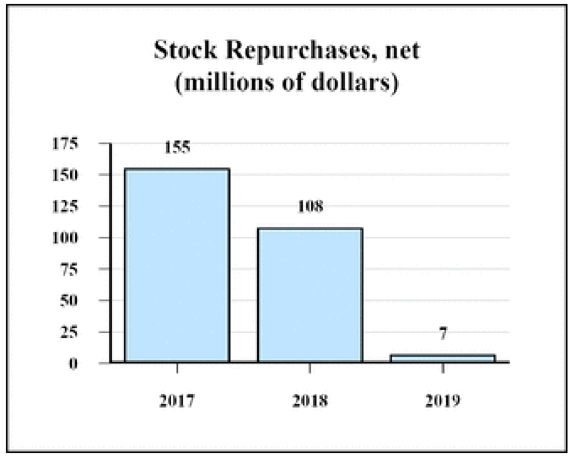




Dividends are the primary means by which we return cash to shareholders. The cash requirement for dividends in 2020 should approximate $220 million.

Our targeted dividend payout ratio is approximately 50% of adjusted EPS (which excludes special items such as significant tax law impacts, impairment charges, restructuring-related charges and gains from sales of assets or businesses). Continuing our long track record of increasing the dividend remains a high priority. In 2019, we increased the quarterly dividend by $.02, or 5.3%, to $.40 per share. 2019 marked the Company's 48th consecutive annual dividend increase, a record that only ten S&P 500 companies currently exceed. Leggett & Platt is proud of its dividend record and plans to extend it.

Repurchase Stock



Share repurchases are the other means by which we return cash to shareholders. During the last three years, we repurchased a total of 7 million shares of our stock and issued 5 million shares (through employee benefit plans and stock option exercises), reducing outstanding shares by 1%. In 2019, we repurchased 700,000 shares (at an average price of $44.20) and issued 2 million shares.

Our long-term priorities for use of cash remain: fund organic growth, pay dividends, fund strategic acquisitions, and repurchase stock with available cash. With the increase in leverage from our acquisition of ECS, as previously discussed, we are prioritizing debt repayment after funding organic growth and dividends, and as a result, are temporarily limiting share repurchases and controlling the pace of acquisition spending. We have been authorized by the Board to repurchase up to 10 million shares each year, but we have established no specific repurchase commitment or timetable.

Capitalization

This table presents key debt and capitalization statistics at the end of the three most recent years.

(Dollar amounts in millions)	2019	2018	2017
Total debt excluding revolving credit/commercial paper	$ 2,056	$ 1,099	$ 1,252
Less: Current maturities of long-term debt	51	1	154
Scheduled maturities of long-term debt	2,005	1,098	1,098
Average interest rates [1]	*3.6%*	*3.6%*	*3.6%*
Average maturities in years [1]	*6.0*	*6.7*	*6.9*
Revolving credit/commercial paper [2]	62	70	—
Weighted average interest rate on year-end balance	*2.0%*	*2.6%*	*—%*
Average interest rate during the year	*2.6%*	*2.4%*	*1.4%*
Total long-term debt	2,067	1,168	1,098
Deferred income taxes and other liabilities	509	241	286
Equity	1,313	1,158	1,191
Total capitalization	$ 3,889	$ 2,567	$ 2,575
Unused committed credit: [2]			
Long-term	$ 1,138	$ 730	$ 800
Short-term	—	—	—
Total unused committed credit	$ 1,138	$ 730	$ 800
Cash and cash equivalents	$ 248	$ 268	$ 526

[1] These rates include current maturities, but exclude commercial paper to reflect the averages of outstanding debt with scheduled maturities. The rates also include amortization of interest rate swaps.

[2] The unused committed credit amount is based on our revolving credit facility and commercial paper program which, at the end of 2017 and 2018, had $800 million of borrowing capacity. In January 2019, we expanded the size of our revolving credit facility from $800 million to $1.2 billion and correspondingly increased permitted borrowings, subject to covenant restrictions, under our commercial paper program primarily to finance the ECS transaction.

In November 2017, we issued $500 million aggregate principal amount of notes that mature in 2027. The notes bear interest at a rate of 3.5% per year, with interest payable semi-annually beginning on May 15, 2018. The net proceeds of these notes were used to pay down commercial paper, which in turn provided borrowing capacity under our commercial paper program for general corporate purposes and the repayment or refinancing of existing indebtedness, at maturity.

In July 2018, we retired $150 million of 4.4% notes at maturity.

In January 2019, we increased the size of our revolving credit facility from $800 million to $1.2 billion (and increased permitted borrowings, subject to covenant restrictions, under our commercial paper program in a corresponding amount), and added additional borrowing capacity in the form of the five-year term loan facility in the amount of $500 million, all primarily to finance the ECS acquisition. We pay quarterly principal installments of $12.5 million through the maturity date of January 2024, at which time we will pay the remaining principal. Additional principal payments, including a complete early payoff, are allowed without penalty.

In March 2019, we issued $500 million aggregate principal amount of notes that mature in 2029. The notes bear interest at a rate of 4.4% per year, with interest payable semi-annually beginning on September 15, 2019. The net proceeds of these notes were used to repay a portion of the commercial paper indebtedness incurred to finance the ECS acquisition.

Commercial Paper Program

We can raise cash by issuing commercial paper through a program that is backed by our revolving credit facility with a syndicate of 13 lenders. In January 2019, we increased the size of our revolving credit facility from $800 million to $1.2 billion, extended the term to 2024 and correspondingly increased permitted borrowings, subject to covenant restrictions, under our commercial paper program primarily to finance the ECS transaction. The credit facility allows us to issue letters of credit totaling up to $125 million. When we issue letters of credit under the facility, we reduce our available credit and commercial paper capacity by a corresponding amount. Amounts outstanding at year-end related to our commercial paper program were:

(Dollar amounts in millions)	2019	2018	2017
Total program authorized	$ 1,200	$ 800	$ 800
Commercial paper outstanding (classified as long-term debt)	62	70	—
Letters of credit issued under the credit facility	—	—	—
Total program usage	62	70	—
Total program available	$ 1,138	$ 730	$ 800

The average and maximum amounts of commercial paper outstanding during 2019 were $399 million and $924 million, respectively. During the fourth quarter, the average and maximum amounts outstanding were $181 million and $216 million, respectively. At year end, we had no letters of credit outstanding under the credit facility, but we had issued $42 million of stand-by letters of credit under other bank agreements to take advantage of better pricing. Over the long term and subject to our capital needs, market conditions and alternative capital market opportunities, we expect to maintain the indebtedness under the program by continuously repaying and reissuing the commercial paper notes until such time as the outstanding notes are replaced with long-term debt. We view the notes as a source of long-term funds and have classified the borrowings under the commercial paper program as long-term borrowings on our balance sheet. We have the intent to roll over such obligations on a long-term basis and the ability to refinance these borrowings on a long-term basis as discussed above. However, we expect that our commercial paper balances may increase or decrease in the short term due to acquisition or divestiture activity and our working capital needs.

With cash on hand, operating cash flow, our commercial paper program, and our ability to obtain debt financing, we believe we have sufficient funds available to repay maturing debt, as well as support our ongoing operations, pay dividends, fund future growth, and repurchase stock. However, with the acquisition of ECS, we intend to temporarily realign our capital allocation priorities to limit share repurchases and control the pace of acquisition spending in order to focus on deleveraging to our long-term leverage target.

Our revolving credit facility and certain other long-term debt obligations contain restrictive covenants, of which we are comfortably in compliance. The covenants limit: (a) as of the last day of each fiscal quarter, the leverage ratio of consolidated funded indebtedness to consolidated EBITDA (each as defined in the revolving credit facility) for the trailing four fiscal quarters must not exceed 4.25 to 1.00, with a single step-down to 3.50 to 1.00 on March 31, 2020, (b) the amount of total secured debt to 15% of our total consolidated assets, and (c) our ability to sell, lease, transfer, or dispose of all or substantially all of total consolidated assets.

At December 31, 2019, we had approximately $1.1 billion unused borrowing capacity under the revolving credit facility. As consolidated EBITDA changes, our effective borrowing capacity increases or decreases. However, the credit facility permits additional borrowing for acquisitions based on the EBITDA of the business being acquired. When the leverage ratio is reduced to 3.50 to 1.00 on March 31, 2020, we anticipate our borrowing capacity under the revolving credit facility, for non-acquisition purposes, will be reduced. Based on our consolidated EBITDA and debt levels at December 31, 2019, reducing the leverage ratio from 4.25 to 1.00 to 3.50 to 1.00 would have reduced our borrowing capacity from $1.1 billion to $575 million. However, this may not be indicative of the actual borrowing capacity at March 31, 2020, which may be materially different depending on our consolidated EBITDA and debt levels at that time. The Company believes that it has, and will continue to have, access to adequate liquidity and borrowing capacity to meet its needs. For more information about long-term debt, please see Note K to the Consolidated Financial Statements on page 93.

Accessibility of Cash

At December 31, 2019, we had cash and cash equivalents of$248 million primarily invested in interest-bearing bank accounts and in bank time deposits with original maturities of three months or less. Substantially all of these funds are held in the international accounts of our foreign operations.

During 2019, we were able to utilize $279 million of foreign entity cash to reduce debt.

If we were to immediately bring back all our foreign cash to the U.S. in the form of dividends, we would pay foreign withholding taxes of approximately $18 million. Due to capital requirements in various jurisdictions, approximately $49 million of this cash was inaccessible for repatriation at year end. In 2018 and 2017, we brought back cash of $314 million and $116 million, respectively, at little to no added tax cost.

CONTRACTUAL OBLIGATIONS

The following table summarizes our future contractual cash obligations and commitments atDecember 31, 2019:

		Payments Due by Period [5]			
Contractual Obligations	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
(Dollar amounts in millions)					
Long-term debt [1]	$ 2,114	$ 50	$ 399	$ 672	$ 993
Finance leases	4	1	2	1	—
Operating leases	197	46	77	44	30
Purchase obligations [2]	463	454	7	2	—
Interest payments [3]	482	75	142	118	147
Deferred income taxes	214	—	—	—	214
Other obligations (including pensions and net reserves for tax contingencies) [4]	175	2	31	33	109
Total contractual cash obligations	$ 3,649	$ 628	$ 658	$ 870	$ 1,493

1 The long-term debt payment schedule presented above could be accelerated if we were not able to make the principal and interest payments when due. We are focused on deleveraging by temporarily limiting share repurchases, controlling the pace of acquisition spending, and using operating cash flow to repay debt.

2 Purchase obligations primarily include open short-term (30-120 days) purchase orders that arise in the normal course of operating our facilities.

3 Interest payments assume debt outstanding remains constant with amounts at December 31, 2019 and at rates in effect at the end of the year.

4 Other obligations include our net reserves for tax contingencies in the "More Than 5 Years" column because these obligations are long-term in nature and actual payment dates cannot be specifically determined. Other obligations also include a $33 million long-term deemed repatriation tax payable and our current estimate of $2 million for minimum contributions to defined benefit pension plans.

5 Less Than 1 Year (due in 2020), 1-3 Years (due in 2021 and 2022), 3-5 Years (due in 2023 and 2024) and More Than 5 Years (due in 2025 and beyond).

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. To do so, we must make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosures. If we used different estimates or judgments our financial statements would change, and some of those changes could be significant. Our estimates are frequently based upon historical experience and are considered by management, at the time they are made, to be reasonable and appropriate. Estimates are adjusted for actual events, as they occur.

"Critical accounting estimates" are those that are: (a) subject to uncertainty and change, and (b) of material impact to our financial statements. Listed below are the estimates and judgments which we believe could have the most significant effect on our financial statements.

We provide additional details regarding our significant accounting policies in Note A to the Consolidated Financial Statements on page 73.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Goodwill		
Goodwill is assessed for impairment annually as of June 30 and as triggering events occur.	Goodwill is evaluated annually for impairment as of June 30 using either a quantitative or qualitative analysis at the reporting unit level, which is one level below our operating segments: (a) The qualitative assessment begins with determination of whether it is more likely than not that a reporting unit's fair value is less than its carrying value before applying a two-step goodwill impairment model. (b) The quantitative analysis utilizes a two-step goodwill impairment model. Judgment is required in the two-step model. We estimate fair value using a combination of: (a) A discounted cash flow model that contains uncertainties related to the forecast of future results, as many outside economic and competitive factors can influence future performance. Revenue growth, cost of sales, and appropriate discount rates are the most critical estimates in determining enterprise values using the cash flow model. (b) The market approach using price to earnings ratios for comparable publicly traded companies that operate in the same or similar industry and with characteristics similar to the reporting unit. Judgment is required to determine the appropriate price to earnings ratio.	The June 2019 review indicated no goodwill impairments. However, three of our reporting units had fair values in excess of carrying value of less than 100% as discussed in Note D to the Consolidated Financial Statements on page 81. At December 31, 2019, we had $1.4 billion of goodwill. We had no goodwill impairments in 2019 or 2018 and recognized goodwill impairments of $1 million in 2017 associated with the exit of two small operations that were evaluated for impairment when they were classified as held for sale. Information regarding material assumptions used to determine if a goodwill impairment exists can be found in Note A and Note D to the Consolidated Financial Statements on pages 73 and 81, respectively. We conduct impairment testing based on our current business strategy in light of present industry and economic conditions, as well as future expectations. If we are not able to achieve projected performance levels, future impairments could be possible.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Other Long-lived Assets		
Other long-lived assets are tested for recoverability at year-end and whenever events or circumstances indicate the carrying value may not be recoverable. For other long-lived assets we estimate fair value at the lowest level where cash flows can be measured (usually at a branch level).	Impairments of other long-lived assets usually occur when major restructuring activities take place, or we decide to discontinue product lines completely. Our impairment assessments have uncertainties because they require estimates of future cash flows to determine if undiscounted cash flows are sufficient to recover carrying values of these assets. For assets where future cash flows are not expected to recover carrying value, fair value is estimated which requires an estimate of market value based upon asset appraisals for like assets.	These impairments are unpredictable. Impairments did not exceed $8 million per year in any of the last three years. At December 31, 2019, net property, plant and equipment was $831 million, net intangible assets other than goodwill was $764 million, and operating right-of-use assets was $159 million.
Inventory Reserves		
We reduce the carrying value of inventories to reflect an estimate of net realizable value for slow-moving (i.e., not selling very quickly) and obsolete inventory. Generally a reserve is required when we have more than a 12-month supply of the product. The calculation also uses an estimate of the ultimate recoverability of items identified as slow-moving based upon historical experience. If we have had no sales of a given product for 12 months, those items are generally deemed to be obsolete with no value and are written down completely. Finally, costs for approximately 40% of our inventories (consisting primarily of our domestic steel related inventories) are determined using the last-in, first-out (LIFO) method, which produces a cost that is lower than net realizable value.	Our inventory reserve contains uncertainties because the calculation requires management to make assumptions about the value of products that are obsolete or slow-moving. Changes in customer behavior and requirements can cause inventory to become obsolete or slow-moving. Restructuring activity and decisions to narrow product offerings also impact the estimated net realizable value of inventories.	At December 31, 2019, the reserve for obsolete and slow-moving inventory was $25 million (approximately 4% of inventories). This is consistent with the reserves at December 31, 2018 and 2017, representing approximately 4% of inventories. Although additions to inventory reserves in 2019 and 2018 were impacted by restructuring activities (see Note F to the Consolidated Financial Statements on page 84), our reserve balances as a percentage of period-end inventory have remained consistent, and we do not expect significant changes to our historical obsolescence levels.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Workers' Compensation We are substantially self-insured for costs related to workers' compensation, and this requires us to estimate the liability associated with this obligation.	Our estimates of self-insured reserves contain uncertainties regarding the potential amounts we might have to pay. We consider a number of factors, including historical claim experience, demographic factors, and potential recoveries from third party insurance carriers.	Over the past five years, we have incurred, on average, $8 million annually for costs associated with workers' compensation. Average year-to-year variation over the past five years has been approximately $1 million. At December 31, 2019, we had accrued $30 million to cover future self-insurance liabilities.
Credit Losses For accounts and notes receivable, we estimate a bad debt reserve for the amount that will ultimately be uncollectible. When we become aware of a specific customer's potential inability to pay, we record a bad debt reserve for the amount we believe may not be collectible.	Our bad debt reserve contains uncertainties because it requires management to estimate the amount uncollectible based upon an evaluation of several factors such as the length of time that receivables are past due, the financial health of the customer, industry and macroeconomic considerations, and historical loss experience. Our customers are diverse and many are small-to-medium sized companies, with some being highly leveraged. Bankruptcy can occur with some of these customers relatively quickly and with little warning. In cases where a customer's payment performance or financial condition begins to deteriorate, we tighten our credit limits and terms and make appropriate reserves when deemed necessary. Certain of our customers have from time to time experienced bankruptcy, insolvency and/or an inability to pay their debts to us as they come due. If our customers suffer significant financial difficulty, they may be unable to pay their debts to us timely or at all, they may reject their contractual obligations to us under bankruptcy laws or otherwise, or we may have to negotiate significant discounts and/or extend financing terms with these customers.	A significant change in the financial status of a large customer could impact our estimates. We believe we have established adequate reserves on our riskier customer accounts. Although we recorded a $16 million reserve ($15 million on a note receivable and $1 million for a trade accounts receivable) in 2018 for a customer in our Residential Products segment that is experiencing financial difficulty and liquidity problems, we have experienced favorable trends in the number of trade accounts that require a reserve over the last few years. The average annual amount of bad debt expense associated with customer trade accounts receivable was less than $2 million (significantly less than 1% of annual net sales) over the last three years. At December 31, 2019, our allowances for doubtful trade accounts receivable were $9 million (less than 2% of our trade receivables of $574 million).

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Pension Accounting		
For our pension plans, we must estimate the cost of benefits to be provided (well into the future) and the current value of those benefit obligations. In 2017, we completed an annuity purchase transaction for pensioners that were currently receiving a small monthly benefit. Please see Note N to our Consolidated Financial Statements on page 106.	The pension liability calculation contains uncertainties because it requires management's judgment. Significant assumptions used to measure our pension liabilities and pension expense annually include: - the discount rate used to calculate the present value of future benefits - an estimate of expected return on pension assets based upon the mix of investments held (bonds and equities) - certain employee-related factors, such as turnover, retirement age and mortality. Mortality assumptions represent our best estimate of the duration of future benefit payments at the measurement date. These estimates are based on each plan's demographics and other relevant facts and circumstances - the rate of salary increases where benefits are based on earnings	Each 25 basis point decrease in the discount rate increases pension expense by $.6 million and increases the plans' benefit obligation by $8.5 million. A 25 basis point reduction in the expected return on assets would increase pension expense by $.4 million, but have no effect on the plans' funded status.
Contingencies		
We evaluate various legal, environmental, and other potential claims against us to determine if an accrual or disclosure of the contingency is appropriate. If it is probable that an ultimate loss will be incurred and reasonably estimable, we accrue a liability for the estimate of the loss.	Our disclosure and accrual of loss contingencies (i.e., losses that may or may not occur) contain uncertainties because they are based on our assessment of the probability that the expenses will actually occur, and our reasonable estimate of the likely cost. Our estimates and judgments are subjective and can involve matters in litigation, the results of which are generally unpredictable.	Legal contingencies are related to numerous lawsuits and claims described in Note U to the Consolidated Financial Statements on page 121. During the three-year period ended December 31, 2019, we recorded expense of $5 million ($3 million for continuing operations and $2 million in discontinued operations). There were no material uninsured individual claims during the three-year period ending December 31, 2019.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Income Taxes		
In the ordinary course of business, we must make estimates of the tax treatment of many transactions, even though the ultimate tax outcome may remain uncertain for some time. These estimates become part of the annual income tax expense reported in our financial statements. Subsequent to year end, we finalize our tax analysis and file income tax returns. Tax authorities periodically audit these income tax returns and examine our tax filing positions, including (among other things) the timing and amounts of deductions, and the allocation of income among tax jurisdictions. If necessary, we adjust income tax expense in our financial statements in the periods in which the actual outcome becomes more certain.	Our tax liability for unrecognized tax benefits contains uncertainties because management is required to make assumptions and to apply judgment to estimate the exposures related to our various filing positions. Our effective tax rate is also impacted by changes in tax laws, the current mix of earnings by taxing jurisdiction, and the results of current tax audits and assessments. In December 2017, the U.S. enacted the Tax Cuts and Jobs Act (TCJA), which resulted in significant changes to U.S. federal income tax law affecting the Company. Current and expected impacts are based on our ongoing analysis of the legislation, including authoritative guidance which has been issued such as final and newly proposed regulations. At December 31, 2019 and 2018, we had $15 million and $14 million, respectively, of net deferred tax assets on our balance sheet primarily related to net operating losses and other tax carryforwards. The ultimate realization of these deferred tax assets is dependent upon the amount, source, and timing of future taxable income. In cases where we believe it is more likely than not that we may not realize the future potential tax benefits, we establish a valuation allowance against them.	Changes in U.S. and foreign tax laws could impact assumptions related to the taxation and repatriation of certain foreign earnings. Audits by various taxing authorities continue as governments look for ways to raise additional revenue. Based upon past audit experience, we do not expect any material changes to our tax liability as a result of this audit activity; however, we could incur additional tax expense if we have audit adjustments higher than recent historical experience. The likelihood of recovery of net operating losses and other tax carryforwards has been closely evaluated and is based upon such factors as the time remaining before expiration, viable tax planning strategies, and future taxable earnings expectations. We believe that appropriate valuation allowances have been recorded as necessary. However, if earnings expectations or other assumptions change such that additional valuation allowances are required, we could incur additional tax expense. Likewise, if fewer valuation allowances are needed, we could incur reduced tax expense.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Acquisitions		
When acquisitions occur, we value the assets acquired, liabilities assumed, and any noncontrolling interest in acquired companies at estimated acquisition date fair values. Goodwill is measured as the excess amount of consideration transferred, compared to fair value of the assets acquired and the liabilities assumed. Our estimates of fair value are based upon assumptions believed to be reasonable but which are inherently uncertain.	The purchase price allocation for business acquisitions contains uncertainties because it requires management's judgment. Determining fair value of identifiable assets, particularly intangibles, requires management to make estimates, which are based on all available information. Critical estimates include the timing and amount of future revenues and expenses associated with an asset, as well as an appropriate discount rate. Determining fair values for these items requires significant judgment and includes a variety of methods and models that utilize significant Level 3 inputs as discussed in Note A to the Consolidated Financial Statements on page 73.	In 2019, we acquired two businesses, ECS for $1.25 billion and one other small business as discussed in Note S to the Consolidated Financial Statements on page 117. The judgments made in determining the estimated fair value assigned to the assets acquired, as well as the estimated life of the assets, can materially impact net income in periods subsequent to the acquisition through depreciation and amortization, and in certain instances through impairment charges, if the asset becomes impaired in the future. We regularly review for impairments. Unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions, estimates or actual results.

CONTINGENCIES

Litigation

Accruals for Probable Losses

We are exposed to litigation contingencies that, if realized, could have a material negative impact on our financial condition, results of operations and cash flows. Although we deny liability in all currently threatened or pending litigation proceedings in which we are or may be a party and believe we have valid bases to contest all claims made against us, we have recorded a litigation contingency accrual for our reasonable estimate of probable loss for pending and threatened litigation proceedings, in aggregate, in millions, as follows:

	Year Ended December 31		
	2019	2018	2017
Litigation contingency accrual - Beginning of period	$ 1.9	$ .4	$ 3.2
Adjustment to accruals - expense - Continuing operations	.6	1.8	.6
Adjustment to accruals - expense - Discontinued operations	—	—	1.6
Cash payments	(1.8)	(.3)	(5.0)
Litigation contingency accrual - End of period	$ .7	$ 1.9	$ .4

The above litigation contingency accruals do not include accrued expenses related to workers' compensation, vehicle-related personal injury, product and general liability claims, taxation issues and environmental matters, some of which may contain a portion of litigation expense. However, any litigation expense associated with these categories is not anticipated to have a material effect on our financial condition, results of operations or cash flows. For more information regarding accrued expenses, see Note J of the Consolidated Financial Statements under "Accrued expenses" on page 92.

Reasonably Possible Losses in Excess of Accruals

Although there are a number of uncertainties and potential outcomes associated with all of our pending or threatened litigation proceedings, we believe, based on current known facts, that additional losses, if any, are not expected to materially affect our consolidated financial position, results of operations or cash flows. However, based upon current known facts, as of December 31, 2019, aggregate reasonably possible (but not probable, and therefore not accrued) losses in excess of the accruals noted above are estimated to be $15 million, including $14 million for Brazilian value-added tax matters and $1 million for other matters. If our assumptions or analyses regarding these contingencies are incorrect, or if facts change, we could realize loss in excess of the recorded accruals (and in excess of the $15 million referenced above), which could have a material negative impact on our financial condition, results of operations and cash flows.

For more information regarding litigation contingencies, please refer to Note U of the Consolidated Financial Statements on page 121, which is incorporated herein by reference.

Machinery and Hydraulic Cylinders Reporting Units' Goodwill

Fair value for our Machinery and Hydraulic Cylinders reporting units exceeded their carrying values by 12% and 29%, respectively, at our June 30, 2019 annual goodwill impairment testing date.

Machinery sales have been adversely impacted by the rapid market shifts from traditional bedding to compressed mattresses. The goodwill associated with the Machinery reporting unit was $33 million at December 31, 2019.

We acquired the Hydraulic Cylinders business in the first quarter of 2018, and it has goodwill of $26 million atDecember 31, 2019. This unit is dependent upon capital spending for material handling equipment, and we have seen market softness in the industries served by this reporting unit.

Continued negative market trends may impact future earnings. If we are not able to achieve projected performance levels, future impairments may be possible.

Potential Sale of Real Estate

Although the potential sale is subject to significant conditions that may change the timing, the amount and whether the sale is completed at all, we have agreed to sell certain real estate associated with restructuring activities in the Furniture Products segment. If the sale is completed, we expect to realize a gain of up to $30 million on this transaction during 2020.

Customer Accounts Receivable

Bankruptcy, financial difficulties or insolvency can and has occurred with some of our customers which can impact their ability to pay their debts to us. We have extended trade credit to some of these customers in a material amount, particularly in our Bedding Group. Our bad debt reserve contains uncertainties because it requires management to estimate the amount of uncollectible receivables based upon the financial health and payment history of the customer, industry and macroeconomic considerations, and historical loss experience.

Some bedding manufacturers and retailers that use or sell our products or our customers' products may undergo restructurings or reorganizations because of financial difficulty. Also, certain of our customers have filed bankruptcy, and others, from time to time, have become insolvent and/or do not have the ability to pay their debts to us as they come due. If our customers suffer significant financial difficulty, they may be unable to pay their debts to us, they may reject their contractual obligations to us under bankruptcy laws or otherwise, or we may have to negotiate significant discounts and/or extend financing terms with these customers. Any of these risks, if realized, could adversely affect our revenues and increase our operating expenses by requiring larger provisions for bad debt, which could have a material adverse effect on our financial condition, results of operations or cash flows.

Cybersecurity Risks

We rely on information systems to obtain, process, analyze and manage data, as well as to facilitate the manufacture and distribution of inventory to and from our facilities. We receive, process and ship orders, manage the billing to and collections from our customers, and manage the accounting for and payment to our vendors. The Company has a formal process in place for both incident response and cybersecurity continuous improvement that includes a cross functional Cyber Oversight Committee. The Chief Information Officer (a member of the Cyber Oversight Committee) updates the Board of Directors quarterly on cyber activity, with procedures in place for interim reporting if necessary.

Although the Company has not experienced any material cybersecurity incidents, we have enhanced our cybersecurity protection efforts over the last few years. However, even with this expanded protection, technology failures or cybersecurity breaches could still create system disruptions or unauthorized disclosure of confidential information. We cannot be certain that advances in the attacker's capabilities will not compromise our technology protecting information systems. If these systems are interrupted or damaged by any incident or fail for any extended period of time, then our results of operations could be adversely affected. We may incur remediation costs, increased cybersecurity protection costs, lost revenues resulting from unauthorized use of proprietary information, litigation and legal costs, reputational damage, damage to our competitiveness and negative impact on stock price and long-term shareholder value.

NEW ACCOUNTING STANDARDS

The FASB has issued accounting guidance effective for current and future periods. See Note A to the Consolidated Financial Statements on page 73 for a more complete discussion.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

(Unaudited)
(Dollar amounts in millions)

Interest Rates

The table below provides information about the Company's debt obligations sensitive to changes in interest rates. Substantially all of the debt shown in the table below is denominated in United States dollars. The fair value of fixed rate debt was approximately $99 million greater than carrying value at December 31, 2019 and approximately $35 million less than carrying value atDecember 31, 2018. The fair value of fixed rate debt was calculated using a Bloomberg secondary market rate, as of December 31, 2019 for similar remaining maturities, plus an estimated "spread" over such Treasury securities representing the Company's interest costs for its notes. The fair value of variable rate debt is not significantly different from its recorded amount.

	Scheduled Maturity Date							
Long-term debt as of December 31,	**2020**	**2021**	**2022**	**2023**	**2024**	**Thereafter**	**2019**	**2018**
Principal fixed rate debt	$ —	$ —	$ 300.0	$ —	$ 300.0	$ 1,000.0	**$1,600.0**	$1,100.0
Average stated interest rate	—	—	*3.40%*	—	*3.80%*	*3.95%*	**3.82%**	3.55%
Principal variable rate debt [1]	50.0	50.0	50.0	50.0	262.5	3.8	**466.3**	3.8
Unamortized discounts and deferred loan costs							**(14.9)**	(10.1)
Commercial Paper [2]							**61.5**	70.0
Miscellaneous debt, primarily finance leases							**4.7**	5.3
Total debt							**2,117.6**	1,169.0
Less: current maturities							**51.1**	1.2
Total long-term debt							**$2,066.5**	$1,167.8

1 In January 2019, we issued a $500 five-year Tranche A Term Loan with our current bank group. We pay quarterly principal installments of $12.5 through the maturity date of January 2024, at which time we will pay the remaining principal. Additional principal payments, including a complete early payoff, are allowed without penalty. As of December 31, 2019, we had repaid $37.5, as scheduled, on the Tranche A Term Loan. The Tranche A Term Loan bears a variable interest rate as defined in the agreement and was 2.9% at December 31, 2019. Interest is payable based upon a time interval that depends on the selection of interest rate period, and at December 31, 2019, there was no material accrued interest payable on the Tranche A Loan.

2 The weighted average interest rate on the balance of commercial paper outstanding at the year endedDecember 31, 2019 was 2.0%. The weighted average interest rate for the average commercial paper outstanding during the years ended December 31, 2019 and 2018 was 2.6% and 2.4%, respectively. In January 2019, we increased the size of the revolving facility from $800 to $1,200, added a five-year $500 term loan facility, and extended the term from 2022 to 2024.

Derivative Financial Instruments

The Company is subject to market and financial risks related to interest rates and foreign currency. In the normal course of business, the Company utilizes derivative instruments (individually or in combinations) to reduce or eliminate these risks. The Company seeks to use derivative contracts that qualify for hedge accounting treatment; however, some instruments may not qualify for hedge accounting treatment. It is the Company's policy not to speculate using derivative instruments. Information regarding cash flow hedges and fair value hedges is provided in Note T beginning on page 119 to the Notes to the Consolidated Financial Statements and is incorporated by reference into this section.

Investment in Foreign Subsidiaries

The Company views its investment in foreign subsidiaries as a long-term commitment. This investment may take the form of either permanent capital or notes. The Company's net investment (i.e., total assets less total liabilities subject to translation exposure) in foreign operations with functional currencies other than the U.S. dollar at December 31 is as follows:

Functional Currency (amounts in millions)	**2019**	2018
European Currencies	**$ 348.6**	$ 331.5
Chinese Renminbi	**273.8**	299.0
Canadian Dollar	**254.4**	203.2
Mexican Peso	**36.3**	31.3
Other	**66.1**	63.4
Total	**$ 979.2**	$ 928.4

Item 8. Financial Statements and Supplementary Data.

The Consolidated Financial Statements and Notes, Financial Statement Schedule and supplementary financial information included in this Report are listed and included in Item 15 on page 63, and are incorporated by reference into this item.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Effectiveness of the Company's Disclosure Controls and Procedures

An evaluation as of December 31, 2019, was carried out by the Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures were effective, as of December 31, 2019, to provide assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified by the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures, include without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting and Auditor's Attestation Report

Management's Annual Report on Internal Control over Financial Reportingcan be found on page 64, and the Report of Independent Registered Public Accounting Firm regarding the effectiveness of the Company's internal control over financial reporting can be found on page65 of this Form 10-K. Each is incorporated by reference into this Item 9A.

Changes in the Company's Internal Control Over Financial Reporting

There were no changes during the quarter ended December 31, 2019 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The subsections titled "Proposal 1—Election of Directors," "Board and Committee Composition and Meetings," "Consideration of Director Nominees and Diversity," "Delinquent Section 16(a) Reports" and "Director Independence" as well as the introductory paragraph under the "Corporate Governance and Board Matters" section in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 15, 2020 are incorporated by reference.

Directors of the Company

Directors are normally elected annually at the Annual Meeting of Shareholders and hold office until the next annual meeting of shareholders or until their successors are elected and qualified. All current directors have been nominated for re-election at the Company's Annual Meeting of Shareholders to be held May 15, 2020, except for R. Ted Enloe, III.

In order to be nominated for election as a director, a nominee must submit a contingent resignation to the Nominating & Corporate Governance Committee (N&CG Committee). The resignation will become effective only if (i) the director nominee fails to receive an affirmative majority of the votes cast in the director election; and (ii) the Board accepts the resignation. If a nominee fails to receive an affirmative majority of the votes cast in the director election, the N&CG Committee will make a recommendation to the Board of Directors whether to accept or reject the director's resignation and whether any other action should be taken. If a director's resignation is not accepted, that director will continue to serve until the Company's next annual meeting or until his or her successor is duly elected and qualified. If the Board accepts the director's resignation, it may, in its sole discretion, either fill the resulting vacancy or decrease the size of the Board to eliminate the vacancy.

Brief biographies of the Company's Board of Directors are provided below.

Mark A. Blinn, age 58, was President and Chief Executive Officer and a director of Flowserve Corporation, a leading provider of fluid motion and control products and services for the global infrastructure markets, from 2009 until his retirement in 2017. He previously served Flowserve as Chief Financial Officer from 2004 to 2009 and in the additional role of Head of Latin America from 2007 to 2009. Prior to Flowserve, Mr. Blinn's positions included Chief Financial Officer of FedEx Kinko's Office and Print Services Inc. and Vice President, Corporate Controller and Chief Accounting Officer of Centex Corporation. Mr. Blinn holds a bachelor's degree, a law degree, and an MBA from Southern Methodist University. Mr. Blinn currently serves as the lead independent director of Texas Instruments, Incorporated, a global semiconductor design and manufacturing company, and as director of Kraton Corporation, a leading global producer of polymers for a wide range of applications, and Emerson Electric Co., a global technology and engineering company for industrial, commercial and residential markets. As the former CEO and CFO of Flowserve, Mr. Blinn has exceptional leadership experience in operations and finance, as well as strategic planning and risk management. His board service at other global, public companies provides additional perspective on current finance, oversight, and governance matters. He was first elected as a director of the Company in May 2019.

Robert E. Brunner, age 62, was the Executive Vice President of Illinois Tool Works (ITW), a Fortune 250 global, multi-industrial manufacturer of advanced industrial technology, from 2006 until his retirement in 2012. He previously served ITW as President—Global Auto beginning in 2005 and President—North American Auto from 2003. Mr. Brunner holds a degree in finance from the University of Illinois and an MBA from Baldwin-Wallace University. Mr. Brunner currently serves as the non-executive chair of NN, Inc., a diversified industrial company that designs and manufactures high-precision components and assemblies on a global basis, and as a director of Lindsay Corporation, a global manufacturer of irrigation equipment and road safety products. Mr. Brunner's experience and leadership with ITW, a diversified manufacturer with a global footprint, provides valuable insight to our Board on the automotive strategy, business development, mergers and acquisitions, operations, and international issues. He was first elected as a director of the Company in 2009.

Mary Campbell, age 52, was appointed Chief Merchandising Officer of Qurate Retail Group and Chief Commerce Officer of QVC US, in 2018. Qurate Retail Group is comprised of eight leading retail brands including QVC, HSN and Zulily and is a leader in video commerce, a top-10 ecommerce retailer, and a leader in mobile and social commerce. During her more than 20 years with the company, Ms. Campbell has held various leadership positions across the Merchandising, Planning and Commerce Platforms functions. Most recently, and prior to her current position, she served Qurate Retail Group as Chief Merchandising and Interactive Officer in 2018 and as Chief Interactive Experience Officer from 2017 to 2018. She also served as Executive Vice President, Commerce Platforms for QVC from 2014 to 2017. Ms. Campbell holds a bachelor's degree in psychology from Central Connecticut State University. Through her positions at Qurate Retail Group and QVC, Ms. Campbell has extensive knowledge in consumer driven product innovation, marketing and brand building, and traditional and new media platforms, and leading teams for long term growth and evolution. She was first elected as a director of the Company in November 2019.

J. Mitchell Dolloff, age 54, was appointed the Company's President and Chief Operating Officer, President—Bedding Products effective January 1, 2020. He has served the Company as Executive Vice President—Chief Operating Officer since January 1, 2019; President—Specialized Products and Furniture Products from 2017 to 2019; Senior Vice President and President of Specialized Products from 2016 to 2017; Vice President and President of the Automotive Group from 2014 to 2015; President of Automotive Asia from 2011 to 2013; Vice President of Specialized Products from 2009 to 2013; and in various other capacities for the Company since 2000. Mr. Dolloff holds a degree in economics from Westminster College (Fulton, Missouri), as well as a law degree and an MBA from Vanderbilt University. As the Company's President and Chief Operating Officer, Mr. Dolloff provides in-depth global operational knowledge to the Board and will complement the Board's oversight and strategy roles as those plans are implemented throughout the Company. He was first elected as a director of the Company effective January 1, 2020.

R. Ted Enloe, III, age 81, has been Managing General Partner of Balquita Partners, Ltd., a family securities and real estate investment partnership, since 1996. His former positions include Vice Chairman of the Board and member of the Office of the Chief Executive for Compaq Computer Corporation and President of Lomas Financial Corporation and Liberte Investors. He holds a degree in petroleum engineering from Louisiana Polytechnic University and a law degree from Southern Methodist University. Mr. Enloe currently serves as a director of Live Nation, Inc., a venue operator, promoter and producer of live entertainment events, and he was previously a director of Silicon Laboratories Inc., a designer of mixed-signal integrated circuits. Mr. Enloe's professional background and experience, previously held senior-executive level positions, financial expertise and service on other company boards, qualifies him to serve as a member of our Board of Directors. Further, his wide-ranging experience combined with his intimate knowledge of the Company from over 50 years on the Board provides an exceptional mix of familiarity and objectivity. He was first elected as a director of the Company in 1969 and served as Board Chair from 2016 to the end of 2019. After more than 50 years of outstanding service to the Board, Mr. Enloe, on February 18, 2020, notified the Company that he will retire from the Board, effective as of the 2020 Annual Meeting of Shareholders which is expected to be held May 15, 2020. As such, Mr. Enloe will not stand for re-election at the annual shareholder meeting.

Manuel A. Fernandez, age 73, co-founded SI Ventures, a venture capital firm focusing on IT and communications infrastructure, and has served as the managing director since 2000. Previously, he served as the Chairman, President and Chief Executive Officer at Gartner, Inc., a research and advisory company, from 1989 to 2000. Prior to Gartner, Mr. Fernandez was President and CEO of three technology-driven companies, including Dataquest, an information services company, Gavilan Computer Corporation, a laptop computer manufacturer, and Zilog Incorporated, a semiconductor manufacturer. Mr. Fernandez was the Executive Chairman of Sysco Corporation, a marketer and distributor of foodservice products, from 2012 until his retirement in 2013, having previously served as Non-executive Chairman since 2009 and as a director since 2006. Mr. Fernandez holds a degree in electrical engineering from the University of Florida and completed post-graduate work in solid-state engineering at the University of Florida. Mr. Fernandez currently serves as the lead independent director of both Brunswick Corporation, a market leader in the marine industry, and Performance Food Group Company, a foodservice products distributor. He was previously a director of Tibco, a global leader in infrastructure and business intelligence software, and Time, Inc., a global media company. Mr. Fernandez' venture capital experience, leadership of several technology companies as CEO and service on a number of public company boards offers Leggett outstanding insight into corporate strategy and development, information technology, international growth, and corporate governance. He was first elected as a director of the Company in 2014.

Karl G. Glassman, age 61, was appointed Chairman of the Board effective January 1, 2020 and continues to serve as Chief Executive Officer since his appointment in 2016. He previously served as President from 2013 to 2019, Chief Operating Officer from 2006 to 2015, Executive Vice President from 2002 to 2013, President of the Residential Furnishings Segment from 1999 to 2006, Senior Vice President from 1999 to 2002, and in various capacities since 1982. Mr. Glassman holds a degree in business management and finance from California State University-Long Beach. He previously served as a director of Remy International, Inc., a leading global manufacturer of alternators, starter motors and electric traction motors. As the Company's CEO, Mr. Glassman provides comprehensive insight to the Board from strategic planning to implementation at all levels of the Company around the world, as well as the Company's relationships with investors, the financial community and other key stakeholders. Mr. Glassman also serves on the Board of Directors of the National Association of Manufacturers. He was first elected as a director of the Company in 2002.

Joseph W. McClanathan, age 67, served as President and Chief Executive Officer of the Household Products Division of Energizer Holdings, Inc., a manufacturer of portable power solutions, from 2007 through his retirement in 2012. Previously, he served Energizer as President and Chief Executive Officer of the Energizer Battery Division from 2004 to 2007, as President—North America from 2002 to 2004, and as Vice President—North America from 2000 to 2002. Mr. McClanathan holds a degree in management from Arizona State University. He serves as a director of Brunswick Corporation, a market leader in the marine industry. Through his leadership experience at Energizer and as a former director of the Retail Industry Leaders Association, Mr. McClanathan offers an exceptional perspective to the Board on manufacturing operations, marketing and development of international capabilities. He was first elected as a director of the Company in 2005.

Judy C. Odom, age 67, served until her retirement in 2002, as Chief Executive Officer and Board Chair at Software Spectrum, Inc., a global business to business software services company, which she co-founded in 1983. Prior to founding Software Spectrum, she was a partner with the international accounting firm, Grant Thornton. Ms. Odom is a licensed Certified Public Accountant and holds a degree in business administration from Texas Tech University. Ms. Odom is a director of Sabre, Inc., which provides technology solutions for the global travel and tourism industry, and she was previously a director of Harte-Hanks, a direct marketing service company. Ms. Odom's director experience with several companies offers a broad leadership perspective on strategic and operating issues. Her experience co-founding Software Spectrum and growing it to a global Fortune 1000 enterprise before selling it to another public company provides the insight of a long-serving CEO with international operating experience. Ms. Odom was first elected as a director of the Company in 2002.

Srikanth Padmanabhan, age 55, has served Cummins Inc., a global manufacturer of engines and power solutions, as a Vice President since 2008 and President of its Engine Business segment since 2016. Previously, he served Cummins as Vice President—Engine Business from 2014 to 2016, Vice President and General Manager of Emission Solutions from 2008 to 2014, and in various other capacities since 1991. Mr. Padmanabhan holds a bachelor's degree in mechanical engineering from the National Institute of Technology in Trichy, India, a Ph.D. in mechanical engineering from Iowa State University, and has completed the Advanced Management Program at Harvard Business School. With close to 30 years experience at Cummins in a variety of leadership roles, Mr. Padmanabhan offers considerable knowledge of the automotive industry and the industrial sector. He brings extensive experience in managing operations, technology and innovation across a multi-billion-dollar global business. He has lived and worked in India, the United States, Mexico, and the United Kingdom. He was first elected as a director of the Company in 2018.

Jai Shah, age 53, serves as a Group President of Masco Corporation, a Fortune 500 global leader in the design, manufacture and distribution of branded home improvement and building products. In this position since 2018, Mr. Shah has responsibility for operating companies with leading brands in architectural coatings, decorative and outdoor lighting, windows, decorative hardware and wellness businesses in North America and Europe. He previously served as President of Delta Faucet Company, a Masco business unit, from 2014 to 2018, as Vice President and Chief Human Resources Officer for Masco from 2012 to 2014, and in various capacities since 2003. Prior to Masco, Mr. Shah held a number of senior management positions at Diversey Corporation and served as Senior Auditor for KPMG Peat Marwick Chartered Accountants. Mr. Shah is a Certified Public Accountant and Chartered Professional Accountant (Canada) and holds an MBA from the University of Michigan, and bachelor's and master's degrees in accounting from the University of Waterloo in Ontario, Canada. Mr. Shah's range of experience at Masco in a variety of operational, financial and corporate roles offers the Board a broad perspective on relevant issues facing global corporations, including growth strategy development and implementation, talent management, and adapting to e-business and market innovations. He was first elected as a director of the Company in May 2019.

Phoebe A. Wood, age 66, has been a principal in CompaniesWood, a consulting firm specializing in early stage investments, since her 2008 retirement as Vice Chairman and Chief Financial Officer of Brown-Forman Corporation, a diversified consumer products manufacturer, where she had served since 2001. Ms. Wood previously held various positions at Atlantic Richfield Company, an oil and gas company, from 1976 to 2000. Ms. Wood holds a degree in psychology from Smith College and an MBA from UCLA. Ms. Wood is a director of Invesco, Ltd., an independent global investment manager, Pioneer Natural Resources, an independent oil and gas company, and PPL Corporation, a utility and energy services company. She previously served as a director of Coca-Cola Enterprises, Inc., a major bottler and distributor of Coca-Cola products. From her career in business and various directorships, Ms. Wood provides the Board with a wealth of

PART III

understanding of the strategic, financial and accounting issues the Board addresses in its oversight role. She was first elected as a director of the Company in 2005.

Please see the "Supplemental Item" in Part I on page 24 hereof, for a listing of and a description of the positions and offices held by the executive officers of the Company.

The Company has adopted a code of ethics that applies to its chief executive officer, chief financial officer, and chief accounting officer called the Leggett & Platt, Incorporated Financial Code of Ethics. The Company has also adopted a Code of Business Conduct and Ethics for directors, officers and employees, and Corporate Governance Guidelines. The Financial Code of Ethics, the Code of Business Conduct and Ethics and the Corporate Governance Guidelines are available on the Company's website at www.leggett-search.com/governance. Each of these documents is available in print to any person, without charge, upon request. Such requests may be made to the Company's Secretary at Leggett & Platt, Incorporated, No. 1 Leggett Road, Carthage, Missouri 64836.

The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K by posting any applicable amendment or waiver to its Financial Code of Ethics, within four business days, on its website at the above address for at least a 12-month period. We routinely post important information to our website. However, the Company's website does not constitute part of this Annual Report on Form 10-K.

Item 11. Executive Compensation.

The subsections titled "Board's Oversight of Risk Management," "Director Compensation," together with the entire section titled "Executive Compensation and Related Matters" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 15, 2020, are incorporated by reference. No Compensation Committee member had an interlocking relationship as described in Item 407(e)(4) of Regulations S-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The entire sections titled "Security Ownership" and "Equity Compensation Plan Information" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 15, 2020, are incorporated by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The subsections titled "Proposal 1 - Election of Directors," "Transactions with Related Persons," "Director Independence" and "Board and Committee Composition and Meetings" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 15, 2020, are incorporated by reference.

Item 14. Principal Accounting Fees and Services.

The subsections titled "Audit and Non-Audit Fees" and "Pre-Approval Procedures for Audit and Non-Audit Services" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 15, 2020, are incorporated by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial Statements and Financial Statement Schedule.

The Reports, Financial Statements and Notes, supplementary financial information and Financial Statement Schedule listed below are included in this Form 10-K:

We have omitted other information schedules because the information is inapplicable, not required, or in the financial statements or notes.

(b) Exhibits—See Exhibit Index beginning on page 126.

We did not file other long-term debt instruments because the total amount of securities authorized under all of these instruments does not exceed ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of such instruments to the SEC upon request.

PART IV

Management's Annual Report on Internal Control Over Financial Reporting

Management of Leggett & Platt, Incorporated is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). Leggett & Platt's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. The Company's internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Leggett & Platt;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of Leggett & Platt are being made only in accordance with authorizations of management and directors of Leggett & Platt; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Leggett & Platt assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has excluded Elite Comfort Solutions, Inc. (ECS) from its assessment of internal control over financial reporting as of December 31, 2019 because it was acquired by the Company in a purchase business combination during 2019. ECS is a wholly-owned subsidiary whose total assets and total revenues represent 5% and 12%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2019.

Under the supervision and with the participation of management (including ourselves), we conducted an evaluation of the effectiveness of Leggett & Platt's internal control over financial reporting, as of December 31, 2019, based on the criteria in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation under this framework, we concluded that Leggett & Platt's internal control over financial reporting was effective as of December 31, 2019.

Leggett & Platt's internal control over financial reporting, as of December 31, 2019, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing on page 65 of this Form 10-K.

/s/ KARL G. GLASSMAN	/s/ JEFFREY L. TATE
Karl G. Glassman Chairman and Chief Executive Officer	Jeffrey L. Tate Executive Vice President and Chief Financial Officer
February 20, 2020	February 20, 2020

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Leggett & Platt, Incorporated:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Leggett & Platt, Incorporated and its subsidiaries (the “Company”) as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2019, including the related notes and financial statement schedule listed in the index appearing under Item 15(a) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note L to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management’s Annual Report on Internal Control Over Financial Reporting, management has excluded Elite Comfort Solutions from its assessment of internal control over financial reporting as of December 31, 2019 because it was acquired by the Company in a purchase business combination during 2019. We have also excluded Elite Comfort Solutions from our audit of internal control over financial reporting. Elite Comfort Solutions is a wholly-owned subsidiary whose total assets and total revenues excluded from management’s assessment and our audit of internal control over financial reporting represent 5% and 12%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2019.

PART IV

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Acquisition of Elite Comfort Solutions - Valuation of Customer Relationship and Technology Intangible Assets

As described in Notes A and S to the consolidated financial statements, the Company completed the acquisition of Elite Comfort Solutions for net consideration of $1,244.3 million in 2019, which resulted in $545.6 million of customer relationship and technology intangible assets being recorded. Customer relationships are valued using an excess earnings method, using various inputs such as the estimated customer attrition rate, revenue growth rate and cost of sales, the amount of contributory asset charges, and an appropriate discount rate. Technology intangible assets are valued using a relief-from-royalty method, with various inputs such as comparable market royalty rates for items of similar value, future earnings forecast, an appropriate discount rate and a replacement rate.

The principal considerations for our determination that performing procedures relating to the acquisition of Elite Comfort Solutions and valuation of customer relationship and technology intangible assets is a critical audit matter are there was significant judgment by management when developing the fair value estimates of the customer relationship and technology intangible assets acquired. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures relating to the fair value measurement of the customer relationship and technology intangibles and in evaluating the significant assumptions relating to the estimates, including revenue growth rate, replacement rate, customer attrition rate, cost of sales, royalty rate and discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the customer relationship and technology intangible assets and controls over the development of the significant assumptions, including revenue growth rate, replacement rate, customer attrition rate, cost of sales, royalty rate, and discount rate. These procedures also included, among others, testing management's process for estimating the fair value of the customer relationship and technology intangible assets; testing the completeness and accuracy of data provided by management; and evaluating the appropriateness of the valuation methods and the reasonableness of significant assumptions used by management in developing these estimates, including revenue growth rate, replacement rate, customer attrition rate, cost of sales, royalty rate and discount rate, using professionals with specialized skill and knowledge to assist in doing so. Evaluating the significant assumptions relating to the estimates of the customer relationship and technology intangible assets involved evaluating whether the assumptions used were reasonable considering the past performance of the acquired business as well as economic and industry forecasts, and whether they were consistent with evidence obtained in other areas of the audit. The discount rate was evaluated by considering the cost of capital of comparable businesses and other industry factors.

Goodwill Impairment Assessment - Machinery Reporting Unit

As described in Notes A and D to the consolidated financial statements, the Company’s consolidated net goodwill balance was $1,406.3 million as of December 31, 2019, and the goodwill associated with the machinery reporting unit was $33.4 million. Management assesses goodwill for impairment annually and as triggering events occur. Potential impairment is identified by comparing the fair value of a reporting unit to its carrying value, including goodwill. Fair value of the reporting unit is determined by management using a combination of two valuation methods, a market approach and an income approach, with each method given equal weighting in determining the fair value assigned to each reporting unit. The market approach estimates fair value by first determining price-to-earnings ratios for comparable publicly traded companies with similar characteristics of the reporting unit. The price-to-earnings ratio for comparable companies is based upon current enterprise value compared to the projected earnings for the next two years. The enterprise value is based upon current market capitalization and includes a control premium. Projected earnings are based upon market analysts’ projections. The earnings ratios are applied to the projected earnings of the comparable reporting unit to estimate fair value. The income approach is based on projected future (debt-free) cash flow that is discounted to present value using factors that consider the timing and risk of future cash flows. Discounted cash flow projections are based on 10-year financial forecasts developed from operating plans and economic projections, sales growth, estimates of future expected changes in operating margins, terminal value growth rates, discount rates, future capital expenditures and changes in working capital requirements.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the machinery reporting unit is a critical audit matter are there was significant judgment by management when developing the fair value measurement of the reporting unit. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate management’s fair value estimates, including significant assumptions related to price-to-earnings ratios for comparable companies, sales growth, estimates of future expected changes in operating margins, terminal value growth rates, discount rates, future capital expenditures and changes in working capital requirements. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s goodwill impairment assessment, including controls over determination of the fair value of the Company’s reporting unit. These procedures also included, among others, testing management's process for developing the fair value estimate of the reporting unit, evaluating the appropriateness of the market and income approaches, testing the completeness, accuracy and relevance of underlying data used in both the market and income approaches, and evaluating the significant assumptions used by management in applying the market and income approaches, including price-to-earnings ratios for comparable companies, sales growth, estimates of future expected changes in operating margins, terminal value growth rates, discount rates, future capital expenditures and changes in working capital requirements. Evaluating management’s assumptions used in the income approach related to sales growth and estimates of future expected changes in operating margins involved evaluating whether the assumptions used by management were reasonable considering (i) past and present performance of the reporting unit, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and certain significant assumptions used in the income approach, including the terminal value growth rates and the discount rates, as well as the price-to-earnings ratios for comparable companies assumptions used in the market approach.

/s/ PRICEWATERHOUSECOOPERS LLP

St. Louis, Missouri
February 20, 2020

We have served as the Company’s auditor since 1991.

LEGGETT & PLATT, INCORPORATED

Consolidated Statements of Operations

(Amounts in millions, except per share data)	Year Ended December 31 2019	2018	2017
Net sales	$ 4,752.5	$ 4,269.5	$ 3,943.8
Cost of goods sold	3,701.9	3,380.8	3,061.4
Gross profit	1,050.6	888.7	882.4
Selling and administrative expenses	469.7	425.1	400.5
Amortization of intangibles	63.3	20.5	20.7
Impairments	7.8	5.4	4.9
Gain on sale of assets and businesses	(5.0)	(1.9)	(24.2)
Other expense (income), net	1.4	2.7	12.6
Earnings from continuing operations before interest and income taxes	513.4	436.9	467.9
Interest expense	90.7	60.9	43.5
Interest income	7.4	8.4	7.6
Earnings from continuing operations before income taxes	430.1	384.4	432.0
Income taxes	96.2	78.3	138.4
Earnings from continuing operations	333.9	306.1	293.6
Earnings (loss) from discontinued operations, net of tax	—	—	(.9)
Net earnings	333.9	306.1	292.7
(Earnings) attributable to noncontrolling interest, net of tax	(.1)	(.2)	(.1)
Net earnings attributable to Leggett & Platt, Inc. common shareholders	$ 333.8	$ 305.9	$ 292.6
Earnings per share from continuing operations attributable to Leggett & Platt, Inc. common shareholders			
Basic	$ 2.48	$ 2.28	$ 2.16
Diluted	$ 2.47	$ 2.26	$ 2.14
Earnings (loss) per share from discontinued operations attributable to Leggett & Platt, Inc. common shareholders			
Basic	$ —	$ —	$ (.01)
Diluted	$ —	$ —	$ (.01)
Net earnings per share attributable to Leggett & Platt, Inc. common shareholders			
Basic	$ 2.48	$ 2.28	$ 2.15
Diluted	$ 2.47	$ 2.26	$ 2.13

The accompanying notes are an integral part of these financial statements.

LEGGETT & PLATT, INCORPORATED

Consolidated Statements of Comprehensive Income (Loss)

	Year Ended December 31		
(Amounts in millions)	**2019**	**2018**	**2017**
Net earnings	**$ 333.9**	$ 306.1	$ 292.7
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments, including acquisition of noncontrolling interest	**5.0**	(67.0)	79.1
Cash flow hedges	**7.7**	(.3)	6.3
Defined benefit pension plans	**(11.9)**	(.8)	18.7
Other comprehensive income (loss)	**.8**	(68.1)	104.1
Comprehensive income	**334.7**	238.0	396.8
Less: comprehensive (income) attributable to noncontrolling interest	**(.1)**	(.2)	(.1)
Comprehensive income attributable to Leggett & Platt, Inc.	**$ 334.6**	$ 237.8	$ 396.7

The accompanying notes are an integral part of these financial statements.

LEGGETT & PLATT, INCORPORATED
Consolidated Balance Sheets

(Amounts in millions, except per share data)	December 31 2019	December 31 2018
ASSETS		
Current Assets		
Cash and cash equivalents	$ 247.6	$ 268.1
Trade receivables, net	564.4	545.3
Other receivables, net	27.5	26.3
Total receivables, net	591.9	571.6
Total inventories, net	636.7	633.9
Prepaid expenses and other current assets	61.9	51.0
Total current assets	1,538.1	1,524.6
Property, Plant and Equipment—at cost		
Machinery and equipment	1,388.8	1,281.7
Buildings and other	719.0	656.8
Land	43.5	42.4
Total property, plant and equipment	2,151.3	1,980.9
Less accumulated depreciation	1,320.5	1,252.4
Net property, plant and equipment	830.8	728.5
Other Assets		
Goodwill	1,406.3	833.8
Other intangibles, net	764.0	178.7
Operating lease right-of-use assets	158.8	—
Sundry	118.4	116.4
Total other assets	2,447.5	1,128.9
TOTAL ASSETS	$ 4,816.4	$ 3,382.0
LIABILITIES AND EQUITY		
Current Liabilities		
Current maturities of long-term debt	$ 51.1	$ 1.2
Current portion of operating lease liabilities	39.3	—
Accounts payable	463.4	465.4
Accrued expenses	281.0	262.7
Other current liabilities	93.3	86.4
Total current liabilities	928.1	815.7
Long-term Liabilities		
Long-term debt	2,066.5	1,167.8
Operating lease liabilities	121.6	—
Other long-term liabilities	173.5	155.3
Deferred income taxes	214.2	85.6
Total long-term liabilities	2,575.8	1,408.7
Commitments and Contingencies		
Equity		
Common stock: Preferred stock—authorized, 100.0 shares; none issued; Common stock—authorized, 600.0 shares of $.01 par value; 198.8 shares issued	2.0	2.0
Additional contributed capital	536.1	527.1
Retained earnings	2,734.5	2,613.8
Accumulated other comprehensive (loss)	(76.8)	(77.6)
Less treasury stock—at cost (67.0 and 68.3 shares at December 31, 2019 and 2018, respectively)	(1,883.8)	(1,908.3)
Total Leggett & Platt, Inc. equity	1,312.0	1,157.0
Noncontrolling interest	.5	.6
Total equity	1,312.5	1,157.6
TOTAL LIABILITIES AND EQUITY	$ 4,816.4	$ 3,382.0

The accompanying notes are an integral part of these financial statements.

LEGGETT & PLATT, INCORPORATED
Consolidated Statements of Cash Flows

(Amounts in millions)	Year Ended December 31 2019	2018	2017
Operating Activities			
Net earnings	**$ 333.9**	$ 306.1	$ 292.7
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	**117.5**	104.3	95.3
Amortization of intangibles and supply agreements	**74.4**	31.8	30.6
Impairments	**7.8**	5.4	4.9
Provision for losses on accounts and notes receivable	**2.8**	16.7	.8
Writedown of inventories	**9.0**	10.3	4.9
Net gain from sales of assets and businesses	**(5.0)**	(2.1)	(24.4)
Deemed repatriation tax payable	**—**	(1.3)	67.3
Deferred income tax expense (benefit)	**7.6**	(3.2)	16.6
Stock-based compensation	**33.0**	35.5	36.6
Pension expense (benefit), net of contributions	**4.3**	(19.2)	7.1
Other, net	**2.2**	2.0	(8.5)
Increases/decreases in, excluding effects from acquisitions and divestitures:			
Accounts and other receivables	**53.0**	(25.8)	(40.6)
Inventories	**53.3**	(54.3)	(48.1)
Other current assets	**(2.8)**	(1.9)	(36.8)
Accounts payable	**(39.4)**	36.2	58.8
Accrued expenses and other current liabilities	**16.4**	(.2)	(13.5)
Net Cash Provided by Operating Activities	**668.0**	440.3	443.7
Investing Activities			
Additions to property, plant and equipment	**(143.1)**	(159.6)	(159.4)
Purchases of companies, net of cash acquired	**(1,265.1)**	(109.2)	(39.1)
Proceeds from sales of assets and businesses	**5.5**	4.9	45.2
Other, net	**(15.5)**	(13.9)	(11.7)
Net Cash Used for Investing Activities	**(1,418.2)**	(277.8)	(165.0)
Financing Activities			
Additions to long-term debt	**993.3**	—	493.4
Payments on long-term debt	**(37.6)**	(155.4)	(9.2)
Change in commercial paper and short-term debt	**(8.7)**	69.6	(202.7)
Dividends paid	**(204.6)**	(193.7)	(185.6)
Issuances of common stock	**9.3**	4.8	2.6
Purchases of common stock	**(16.4)**	(112.4)	(157.6)
Purchase of remaining interest in noncontrolling interest	**—**	—	(2.6)
Additional consideration paid for acquisitions	**(1.1)**	(9.3)	(2.2)
Other, net	**(3.1)**	(.5)	(.6)
Net Cash Provided (Used) for Financing Activities	**731.1**	(396.9)	(64.5)
Effect of Exchange Rate Changes on Cash	**(1.4)**	(23.6)	30.0
(Decrease) Increase in Cash and Cash Equivalents	**(20.5)**	(258.0)	244.2
Cash and Cash Equivalents—Beginning of Year	**268.1**	526.1	281.9
Cash and Cash Equivalents—End of Year	**$ 247.6**	$ 268.1	$ 526.1
Supplemental Information			
Interest paid (net of amounts capitalized)	**$ 77.3**	$ 61.8	$ 40.1
Income taxes paid	**84.2**	92.8	90.6
Common stock issued for acquired companies	**—**	—	11.8
Property, plant and equipment acquired through finance leases	**2.1**	1.9	2.4
Capital expenditures in accounts payable	**6.8**	6.7	6.7
Prepaid income taxes and taxes receivable (recovered) applied against the deemed repatriation tax liability	**(.6)**	28.4	—

The accompanying notes are an integral part of these financial statements.

LEGGETT & PLATT, INCORPORATED
Consolidated Statements of Changes in Equity

(Amounts in millions, except per share data)	Common Stock Shares	Common Stock Amount	Additional Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Shares	Treasury Stock Amount	Noncontrolling Interest	Total Equity
Balance, December 31, 2016	**198.8**	**$ 2.0**	**$ 506.2**	**$ 2,410.5**	**$ (113.6)**	**(65.3)**	**$ (1,713.5)**	**$ 2.4**	**$ 1,094.0**
Effect of accounting change on prior years	**—**	**—**	**—**	**1.1**	**—**	**—**	**—**	**—**	**1.1**
Adjusted beginning balance, January 1, 2017	**198.8**	**2.0**	**506.2**	**2,411.6**	**(113.6)**	**(65.3)**	**(1,713.5)**	**2.4**	**1,095.1**
Net earnings attributable to Leggett & Platt, Inc. common shareholders	—	—	—	292.6	—	—	—	.1	292.7
Dividends declared	—	—	5.2	(192.9)	—	—	—	—	(187.7)
Treasury stock purchased	—	—	—	—	—	(3.3)	(162.1)	—	(162.1)
Treasury stock issued	—	—	(16.1)	—	—	1.7	47.3	—	31.2
Other comprehensive income, net of tax (See Note Q)	—	—	—	—	103.7	—	—	—	103.7
Stock-based compensation, net of tax	—	—	20.0	—	—	—	—	—	20.0
Purchase of remaining interest in noncontrolling interest	—	—	(.6)	—	.4	—	—	(2.4)	(2.6)
Acquisition of noncontrolling interest	—	—	—	—	—	—	—	.5	.5
Balance, December 31, 2017	**198.8**	**$ 2.0**	**$ 514.7**	**$ 2,511.3**	**$ (9.5)**	**(66.9)**	**$ (1,828.3)**	**$ .6**	**$ 1,190.8**
Effect of accounting change on prior years (See Note B)	**—**	**—**	**—**	**(2.3)**	**—**	**—**	**—**	**—**	**(2.3)**
Adjusted beginning balance, January 1, 2018	**198.8**	**2.0**	**514.7**	**2,509.0**	**(9.5)**	**(66.9)**	**(1,828.3)**	**.6**	**1,188.5**
Net earnings attributable to Leggett & Platt, Inc. common shareholders	—	—	—	305.9	—	—	—	.2	306.1
Dividends declared	—	—	5.3	(201.1)	—	—	—	—	(195.8)
Dividends paid to noncontrolling interest	—	—	—	—	—	—	—	(.2)	(.2)
Treasury stock purchased	—	—	—	—	—	(2.6)	(113.6)	—	(113.6)
Treasury stock issued	—	—	(16.6)	—	—	1.2	33.6	—	17.0
Other comprehensive (loss), net of tax (See Note Q)	—	—	—	—	(68.1)	—	—	—	(68.1)
Stock-based compensation, net of tax	—	—	23.7	—	—	—	—	—	23.7
Balance, December 31, 2018	**198.8**	**$ 2.0**	**$ 527.1**	**$ 2,613.8**	**$ (77.6)**	**(68.3)**	**$ (1,908.3)**	**$ .6**	**$ 1,157.6**
Effect of accounting change on prior years (See Note L)	**—**	**—**	**—**	**.1**	**—**	**—**	**—**	**—**	**.1**
Adjusted beginning balance, January 1, 2019	**198.8**	**2.0**	**527.1**	**2,613.9**	**(77.6)**	**(68.3)**	**(1,908.3)**	**.6**	**1,157.7**
Net earnings attributable to Leggett & Platt, Inc. common shareholders	**—**	**—**	**—**	**333.8**	**—**	**—**	**—**	**.1**	**333.9**
Dividends declared	**—**	**—**	**5.4**	**(213.2)**	**—**	**—**	**—**		**(207.8)**
Dividends paid to noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(.2)**	**(.2)**
Treasury stock purchased	**—**	**—**	**—**	**—**	**—**	**(.7)**	**(31.1)**	**—**	**(31.1)**
Treasury stock issued	**—**	**—**	**(22.3)**	**—**	**—**	**2.0**	**55.6**	**—**	**33.3**
Other comprehensive income, net of tax (See Note Q)	**—**	**—**	**—**	**—**	**.8**	**—**	**—**	**—**	**.8**
Stock-based compensation, net of tax	**—**	**—**	**25.9**	**—**	**—**	**—**	**—**	**—**	**25.9**
Balance, December 31, 2019	**198.8**	**$ 2.0**	**$ 536.1**	**$ 2,734.5**	**$ (76.8)**	**(67.0)**	**$ (1,883.8)**	**$ .5**	**$ 1,312.5**

The accompanying notes are an integral part of these financial statements.

Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements

(Dollar amounts in millions, except per share data)

December 31, 2019, 2018 and 2017

A—Summary of Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of Leggett & Platt, Incorporated and its majority-owned subsidiaries (“we” or “our”). Management does not expect foreign exchange restrictions to significantly impact the ultimate realization of amounts consolidated in the accompanying financial statements for subsidiaries located outside the United States. All intercompany transactions and accounts have been eliminated in consolidation.

ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the accrual and disclosure of loss contingencies.

CASH EQUIVALENTS: Cash equivalents include cash in excess of daily requirements which is invested in various financial instruments with original maturities of three months or less.

TRADE AND OTHER RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS: Trade receivables are recorded at the invoiced amount and generally do not bear interest. Credit is also occasionally extended in the form of a note receivable to facilitate our customers’ operating cycles. Other notes receivable are established in special circumstances, such as in partial payment for the sale of a business or to support other business opportunities. Other notes receivable generally bear interest at market rates commensurate with the corresponding credit risk on the date of origination.

We have the option to participate in trade receivables sales programs with third-party banking institutions and trade receivables sales programs that have been implemented by certain of our customers, as in effect from time to time. Under each of these programs, we sell our entire interest in the trade receivable for 100% of face value, less a discount. Because control of the sold receivable is transferred to the buyer at the time of sale, accounts receivable balances sold are removed from the Consolidated Balance Sheets and the related proceeds are reported as cash provided by operating activities in the Consolidated Statements of Cash Flows. We had approximately $40.0 and $15.0 of trade receivables that were sold and removed from our Consolidated Balance Sheets at December 31, 2019 and 2018, respectively.

The allowance for doubtful accounts is an estimate of the amount of probable credit losses. Allowances and nonaccrual status designations are determined by individual account reviews by management and are based on several factors such as the length of time that receivables are past due, the financial health of the companies involved, industry and macroeconomic considerations, and historical loss experience. Account balances are charged against the allowance when it is probable the receivable will not be recovered. Interest income is not recognized for nonperforming accounts that are placed on nonaccrual status. For accounts on nonaccrual status, any interest payments received are applied against the balance of the nonaccrual account.

INVENTORIES: The following table recaps the components of inventory for each period presented:

	December 31, 2019	December 31, 2018
Finished goods	$ 308.7	$ 331.6
Work in process	54.4	49.6
Raw materials and supplies	323.5	334.9
LIFO reserve	(49.9)	(82.2)
Total inventories, net	$ 636.7	$ 633.9

All inventories are stated at the lower of cost or net realizable value. We generally use standard costs which include materials, labor and production overhead at normal production capacity. The last-in, first-out (LIFO) method is primarily used to value our domestic steel-related inventories. Prior to 2019 this represented approximately 50% of our inventories. With the acquisition of ECS in the first quarter of 2019 (see Note S), this now represents approximately 40% of our inventories, as ECS does not utilize the LIFO method. For the remainder of the inventories, we principally use the first-in, first-out (FIFO) method, which is representative of our standard costs. For these inventories, the FIFO cost for the periods presented approximated expected replacement cost.

Inventories are reviewed at least quarterly for slow-moving and potentially obsolete items using actual inventory turnover and, if necessary, are written down to estimated net realizable value. Restructuring activity and decisions to narrow product offerings (as discussed in Note F) also impact the estimated net realizable value of inventories. We have had no material changes in inventory writedowns or slow-moving and obsolete inventory reserves in any of the years presented.

The following table presents the activity in our LIFO reserve for each of the periods presented:

	Year Ended December 31		
	2019	2018	2017
Balance, beginning of year	$ 82.2	$ 50.9	$ 33.8
LIFO (benefit) expense	(32.3)	31.3	18.6
Allocated to divested businesses	—	—	(1.5)
Balance, end of year	$ 49.9	$ 82.2	$ 50.9

ACQUISITIONS: When acquisitions occur, we value the assets acquired, liabilities assumed, and any noncontrolling interest in acquired companies at estimated acquisition date fair values. Goodwill is measured as the excess amount of consideration transferred, compared to fair value of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value these items at the acquisition date (as well as contingent consideration where applicable), our estimates are inherently uncertain and subject to refinement during the measurement period, which may be up to one year from the acquisition date.

We utilize the following methodologies in determining fair value:

- Inventory is valued at current replacement cost for raw materials, with a step-up for work in process and finished goods items that reflects the amount of ultimate profit earned as of the valuation date.
- Other working capital items are generally recorded at carrying value, unless there are known conditions that would impact the ultimate settlement amount of the particular item.
- Buildings and machinery are valued at an estimated replacement cost for an asset of comparable age and condition. Market pricing of comparable assets is used to estimate replacement cost where available.
- The most common identified intangible assets are customer relationships, technology and tradenames. Discount rates discussed below are typically derived from a weighted-average cost of capital analysis and adjusted to reflect inherent risks.
    - Customer relationships are valued using an excess earnings method, using various inputs such as the estimated customer attrition rate, revenue growth rate and cost of sales, the amount of contributory asset charges, and an appropriate discount rate. The economic useful life is determined based on historical customer turnover rates.
    - Technology and tradenames are valued using a relief-from-royalty method, with various inputs such as comparable market royalty rates for items of similar value, future earnings forecast, an appropriate discount rate and a replacement rate for technology. The economic useful life is determined based on the expected life of the technology and tradenames.

DIVESTITURES: Significant accounting policies associated with a decision to dispose of a business are discussed below:

Discontinued Operations—A business is classified as discontinued operations if the disposal represents a strategic shift that will have a major effect on operations or financial results and meets the criteria to be classified as held for sale or is disposed of by sale or otherwise. Significant judgments are involved in determining whether a business meets the criteria for discontinued operations reporting and the period in which these criteria are met.

If a business is reported as a discontinued operation, the results of operations through the date of sale, including any gain or loss recognized on the disposition, are presented on a separate line of the income statement. Interest on debt directly attributable to the discontinued operation is allocated to discontinued operations. Gains and losses related to the sale of businesses that do not meet the discontinued operation criteria are reported in continuing operations and separately disclosed if significant.

Assets Held for Sale—An asset or business is classified as held for sale when (i) management commits to a plan to sell and it is actively marketed; (ii) it is available for immediate sale and the sale is expected to be completed within one year; and (iii) it is unlikely significant changes to the plan will be made or that the plan will be withdrawn. In isolated instances, assets held for sale may exceed one year due to events or circumstances beyond our control. Upon being classified as held for sale, the recoverability of the carrying value must be assessed. Evaluating the recoverability of the assets of a business classified as held for sale follows a defined order in which property and intangible assets subject to amortization are considered only after the recoverability of goodwill and other assets are assessed. After the valuation process is completed, the assets held for sale are reported at the lower of the carrying value or fair value less cost to sell, and the assets are no longer depreciated or amortized. An impairment charge is recognized if the carrying value exceeds the fair value less cost to sell. The assets and related liabilities are aggregated and reported on separate lines of the balance sheet.

Assets Held for Use—If a decision to dispose of an asset or a business is made and the held for sale criteria are not met, it is considered held for use. Assets of the business are evaluated for recoverability in the following order: (i) assets other than goodwill, property and intangibles; (ii) property and intangibles subject to amortization; and (iii) goodwill. In evaluating the recoverability of property and intangible assets subject to amortization, the carrying value is first compared to the sum of the undiscounted cash flows expected to result from the use and eventual disposition. If the carrying value exceeds the undiscounted expected cash flows, then a fair value analysis is performed. An impairment charge is recognized if the carrying value exceeds the fair value.

LOSS CONTINGENCIES: Loss contingencies are accrued when a loss is probable and reasonably estimable. If a range of outcomes are possible, the most likely outcome is used to accrue these costs. If no outcome is more likely, we accrue at the minimum amount of the range. Any insurance recovery is recorded separately if it is determined that a recovery is probable. Legal fees are accrued when incurred.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is stated at cost, less accumulated depreciation. Assets are depreciated by the straight-line method and salvage value, if any, is assumed to be minimal. The table below presents the depreciation periods of the estimated useful lives of our property, plant and equipment. Accelerated methods are used for tax purposes.

	Useful Life Range	Weighted Average Life
Machinery and equipment	3-20 years	10 years
Buildings	5-40 years	27 years
Other items	3-15 years	10 years

Property is reviewed for recoverability at year end and whenever events or changes in circumstances indicate that its carrying value may not be recoverable as discussed above.

GOODWILL: Goodwill results from the acquisition of existing businesses and is not amortized; it is assessed for impairment annually and as triggering events may occur. Our ten reporting units are the business groups one level below the operating segment level for which discrete financial information is available. We perform our annual review in the second quarter of each year using either a quantitative or qualitative analysis:

- The qualitative assessment begins with determination of whether it is more likely than not that a reporting unit's fair value is less than its carrying value before applying a two-step goodwill impairment model. If after such an assessment, with regard to each reporting unit, we conclude that the goodwill of a reporting unit is not impaired, then no further action is required (commonly referred to as the Step Zero Analysis approach).
- The quantitative analysis utilizes a two-step goodwill impairment model.

The first step of the two-step approach involves a comparison of the fair value of a reporting unit with its carrying value. If the carrying value of the reporting unit exceeds its fair value, the second step of the process is necessary and involves a comparison of the implied fair value and the carrying value of the goodwill of that reporting unit. If the carrying value of the goodwill of a reporting unit exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess.

Fair value of reporting units is determined using a combination of two valuation methods: a market approach and an income approach. Each method is generally given equal weight in determining the fair value assigned to each reporting unit. Absent an indication of fair value from a potential buyer or similar specific transaction, we believe that the use of these two methods provides a reasonable estimate of a reporting unit's fair value. Assumptions common to both methods are operating plans and economic projections, which are used to project future revenues, earnings, and after-tax cash flows for each reporting unit. These assumptions are applied consistently for both methods.

The market approach estimates fair value by first determining price-to-earnings ratios for comparable publicly-traded companies with similar characteristics of the reporting unit. The price-to-earnings ratio for comparable companies is based upon current enterprise value compared to the projected earnings for the next two years. The enterprise value is based upon current market capitalization and includes a control premium. Projected earnings are based upon market analysts' projections. The earnings ratios are applied to the projected earnings of the comparable reporting unit to estimate fair value. Management believes this approach is appropriate because it provides a fair value estimate using multiples from entities with operations and economic characteristics comparable to our reporting units.

The income approach is based on projected future (debt-free) cash flow that is discounted to present value using factors that consider the timing and risk of future cash flows. Management believes that this approach is appropriate because it provides a fair value estimate based upon the reporting unit's expected long-term operating cash flow performance. Discounted cash flow projections are based on 10-year financial forecasts developed from operating plans and economic projections noted above, sales growth, estimates of future expected changes in operating margins, an appropriate discount rate, terminal value growth rates, future capital expenditures and changes in working capital requirements. There are inherent assumptions and judgments required in the analysis of goodwill impairment. It is possible that assumptions underlying the impairment analysis will change in such a manner that impairment in value may occur in the future.

OTHER INTANGIBLE ASSETS: Substantially all other intangible assets are amortized using the straight-line method over their estimated useful lives and are evaluated for impairment using a process similar to that used in evaluating the recoverability of property, plant and equipment.

	Useful Life Range	Weighted Average Life
Other intangible assets	5-20 years	14 years

STOCK-BASED COMPENSATION: The cost of employee services received in exchange for all equity awards granted is based on the fair market value of the award as of the grant date. Expense is recognized net of an estimated forfeiture rate using the straight-line method over the vesting period of the award.

REVENUE RECOGNITION: On January 1, 2018, we adopted ASU 2014-09 "Revenue from Contracts with Customers" (Topic 606) as discussed in Note B. We recognize revenue when control of our products transfers to our customers, which is generally upon shipment from our facilities or upon delivery to our customers' facilities. We reduce revenue for estimated sales allowances, discounts and rebates, which are our primary forms of variable consideration.

For the year ended December 31, 2017, we applied "Revenue Recognition" (Topic 605). We recognized sales when title and risk of loss passed to the customer. We had no significant or unusual price protection, right of return or acceptance provisions with our customers. Sales allowances, discounts and rebates were able to be reasonably estimated and were deducted from sales in arriving at net sales.

SHIPPING AND HANDLING FEES AND COSTS: Shipping and handling costs are included as a component of "Cost of goods sold."

RESTRUCTURING COSTS: Restructuring costs are items such as employee termination, contract termination, plant closure and asset relocation costs related to exit activities or workforce reductions. Restructuring-related items are inventory writedowns and gains or losses from sales of assets recorded as the result of exit activities. We recognize a liability for costs associated with an exit or disposal activity when the liability is incurred. Certain termination benefits for which employees are required to render service are recognized ratably over the respective future service periods.

INCOME TAXES: The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax basis of our assets and liabilities and are adjusted for changes in tax rates and laws, as appropriate. A valuation allowance is provided to reduce deferred tax assets when management cannot conclude that it is more likely than not that a tax benefit will be realized. A provision is also made for incremental withholding taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be indefinitely invested.

The calculation of our U.S., state, and foreign tax liabilities involves dealing with uncertainties in the application of complex global tax laws. We recognize potential liabilities for anticipated tax issues which might arise in the U.S. and other tax jurisdictions based on management's estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary. Conversely, if the estimate of tax liabilities proves to be less than the ultimate tax assessment, a further charge to tax expense would result.

CONCENTRATION OF CREDIT RISKS, EXPOSURES AND FINANCIAL INSTRUMENTS: We manufacture, market, and distribute products for the various end markets described in Note G. Our operations are principally located in the United States, although we also have operations in Europe, China, Canada, Mexico and other countries.

We maintain allowances for potential credit losses. We perform ongoing credit evaluations of our customers' financial conditions and generally require no collateral from our customers, some of which are highly leveraged. Management also monitors the financial condition and status of other notes receivable. Other notes receivable have historically primarily consisted of notes accepted as partial payment for the divestiture of a business or to support other business opportunities. Some of these companies are highly leveraged and the notes are not fully collateralized.

We have no material guarantees or liabilities for product warranties which require disclosure.

From time to time, we will enter into contracts to hedge foreign currency denominated transactions and interest rates related to our debt. To minimize the risk of counterparty default, only highly-rated financial institutions that meet certain requirements are used. We do not anticipate that any of the financial institution counterparties will default on their obligations.

The carrying value of cash and short-term financial instruments approximates fair value due to the short maturity of those instruments.

OTHER RISKS: Although we obtain insurance for workers' compensation, automobile, product and general liability, property loss and medical claims, we have elected to retain a significant portion of expected losses through the use of deductibles. Accrued liabilities include estimates for unpaid reported claims and for claims incurred but not yet reported. Provisions for losses are recorded based upon reasonable estimates of the aggregate liability for claims incurred utilizing our prior experience and information provided by our third-party administrators and insurance carriers.

DERIVATIVE FINANCIAL INSTRUMENTS: We utilize derivative financial instruments to manage market and financial risks related to foreign currency and interest rates. We seek to use derivative contracts that qualify for hedge accounting treatment; however, some instruments that economically manage currency risk may not qualify for hedge accounting treatment. It is our policy not to speculate using derivative instruments.

Under hedge accounting, we formally document our hedge relationships, including identification of the hedging instruments and the hedged items, as well as our risk management objectives and strategies for entering into the hedge transaction. The process includes designating derivative instruments as hedges of specific assets, liabilities, firm commitments or forecasted transactions. We also formally assess both at inception and on a quarterly basis thereafter, whether the derivatives used in hedging transactions are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. If it is determined that a derivative ceases to be highly effective, deferred gains or losses are recorded in the Consolidated Statements of Operations.

On the date the contract is entered into, we designate the derivative as one of the following types of hedging instruments and account for it as follows:

Cash Flow Hedge—The hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability or anticipated transaction is designated as a cash flow hedge. The effective portion of the change in fair value is recorded in accumulated other comprehensive income. When the hedged item impacts the income statement, the gain or loss included in "Other comprehensive income (loss)" is reported on the same line of the Consolidated Statements of Operations as the hedged item to match the gain or loss on the derivative to the gain or loss on the hedged item. Any ineffective portion of the changes in the fair value is immediately reported in the Consolidated Statements of Operations on the same line as the hedged item. Settlements associated with the sale or production of product are presented in operating cash flows and settlements associated with debt issuance are presented in financing cash flows.

Fair Value Hedge—The hedge of a recognized asset or liability or an unrecognized firm commitment is designated as a fair value hedge. For fair value hedges, both the effective and ineffective portions of the changes in fair value of the derivative, along with the gain or loss on the hedged item that is attributable to the hedged risk, are recorded in earnings and reported in the Consolidated Statements of Operations on the same line as the hedged item. Cash flows from settled contracts are presented in the category consistent with the nature of the item being hedged.

FOREIGN CURRENCY TRANSLATION: The functional currency for most foreign operations is the local currency. The translation of foreign currencies into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for income and expense accounts using monthly average exchange rates. The cumulative effects of translating the functional currencies into the U.S. dollar are included in comprehensive income.

RECLASSIFICATIONS: Certain immaterial reclassifications have been made to the prior years' information in the Notes to Consolidated Financial Statements to conform to the 2019 presentation.

NEW ACCOUNTING GUIDANCE: The Financial Accounting Standards Board (FASB) regularly issues updates to the FASB Accounting Standards Codification that are communicated through issuance of an Accounting Standards Update (ASU). Below is a summary of the ASUs, effective for current or future periods, most relevant to our financial statements:

Adopted in 2019:

- On January 1, 2019, we adopted ASU 2016-02 "Leases" (Topic 842) as discussed in Note L.
- ASU 2017-12 "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities": This ASU is intended to simplify and clarify the accounting and disclosure requirements for hedging activities by more closely aligning the results of cash flow and fair value hedge accounting with the risk management activities of an entity. This guidance was effective January 1, 2019 and it did not have a material impact on our results of operations, financial condition or cash flows.

To be adopted in future years:

- ASU 2016-13 "Financial Instruments—Credit Losses" (Topic 326): This ASU is effective January 1, 2020 and amends the impairment model by requiring a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments including trade receivables. We are finalizing the evaluation of this guidance, and we do not expect it to materially impact our future financial statements.
- ASU 2017-04 "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment": This ASU will be effective January 1, 2020 and simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Under this ASU, the annual goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge would be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value up to the total amount of goodwill for the reporting unit. We are finalizing the evaluation of this guidance and do not expect it to materially impact our future financial statements.
- ASU 2018-15 "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)": This ASU will be effective January 1, 2020 and aligns the

requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. We are finalizing the evaluation of this guidance and do not expect it to materially impact our future financial statements.

- ASU 2019-12 “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes”: This ASU will be effective January 1, 2021 (with early adoption permitted) and is a part of the FASB overall simplification initiative. We are currently evaluating this guidance.

The FASB has issued accounting guidance, in addition to the issuance discussed above, effective for current and future periods. This guidance did not have a material impact on our current financial statements, and we do not believe it will have a material impact on our future financial statements.

B—Revenue

Initial adoption of new ASU

On January 1, 2018, we adopted ASU 2014-09 “Revenue from Contracts with Customers” (Topic 606) and all the related amendments using the modified retrospective method. We recognized the cumulative effect of initially applying the new revenue standard as a $2.3 reduction to the opening balance of “Retained earnings.”

Performance Obligations and Shipping and Handling Costs

We recognize revenue when performance obligations under the terms of a contract with our customers are satisfied. Substantially all of our revenue was recognized upon transfer of control of our products to our customers, which was generally upon shipment from our facilities or upon delivery to our customers' facilities and was dependent on the terms of the specific contract. This conclusion considers the point at which our customers have the ability to direct the use of and obtain substantially all of the remaining benefits of the products that were transferred. Substantially all of any unsatisfied performance obligations as of December 31, 2019, will be satisfied within one year or less. Shipping and handling costs are included as a component of “Cost of goods sold.”

Sales, value added, and other taxes collected in connection with revenue-producing activities are excluded from revenue.

Sales Allowances and Returns

The amount of consideration we receive and revenue we recognize varies with changes in various sales allowances, discounts and rebates (variable consideration) that we offer to our customers. We reduce revenue by our estimates of variable consideration based on contract terms and historical experience. Changes in estimates of variable consideration for the periods presented were not material.

Some of our products transferred to customers can be returned, and we recognize the following for this right:

- An estimated refund liability and a corresponding reduction to revenue based on historical returns experience.
- An asset and a corresponding reduction to cost of sales for our right to recover products from customers upon settling the refund liability. We reduce the carrying amount of these assets by estimates of costs associated with the recovery and any additional expected reduction in value.

Our refund liability and the corresponding asset associated with our right to recover products from our customers were immaterial as of the periods presented.

Other

We have elected to apply the following practical expedients:

- We expect that at contract inception, the time period between when we transfer a promised good to our customer and our receipt of payment from that customer for that good will be one year or less (our

typical trade terms are 30 to 60 days for U.S. customers and up to 90 days for our international customers).
- We generally expense costs of obtaining a contract because the amortization period would be one year or less.

Revenue by Product Line

We disaggregate revenue by customer group, which is the same as our product lines for each of our segments, as we believe this best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

	Year Ended December 31		
	2019	**2018**	**2017**
Residential Products			
Bedding group [1]	**$ 1,502.0**	$ 905.1	$ 837.2
Fabric & Flooring Products group	**776.4**	735.8	720.1
Machinery group	**52.6**	62.8	62.9
	2,331.0	1,703.7	1,620.2
Industrial Products			
Wire group	**295.6**	367.4	291.7
	295.6	367.4	291.7
Furniture Products			
Consumer Products group	**404.6**	460.2	413.3
Home Furniture group	**357.2**	388.6	410.2
Work Furniture group	**297.3**	293.3	272.9
	1,059.1	1,142.1	1,096.4
Specialized Products			
Automotive group	**816.1**	823.3	772.5
Aerospace Products group	**157.7**	148.9	137.9
Hydraulic Cylinders group [2]	**93.0**	84.1	—
Commercial Vehicle Products (CVP) group[3]	**—**	—	25.1
	1,066.8	1,056.3	935.5
	$ 4,752.5	$ 4,269.5	$ 3,943.8

[1] The ECS acquisition occurred in January 2019. See Note S.

[2] This group was formed January 2018 with the acquisition of a manufacturer of hydraulic cylinders. See Note S.

[3] Our remaining CVP operation was sold in 2017. See Note C.

C—Divestitures and Discontinued Operations

During 2017, we divested our remaining CVP operation, and it did not meet the discontinued operations criteria. The following 2017 information is included in the Specialized Products segment:

- External sales for this business was $25.1 and EBIT was ($2.3).
- A pretax loss of $3.3 was recognized on the sale of this business.
- We completed the sale of real estate formerly associated with this operation, realizing a pretax gain of $23.4.

There was no other material divestiture or discontinued operations activity for the years presented.

D—Impairment Charges

Pretax impact of impairment charges is summarized in the following table:

	Year Ended				
	2019	2018	2017		
	Other Long-Lived Asset Impairments	Other Long-Lived Asset Impairments	Goodwill Impairment	Other Long-Lived Asset Impairments	Total Impairments
Residential Products	**$ 1.1**	$ —	$ —	$ —	$ —
Industrial Products	**—**	.3	1.3	3.6	4.9
Furniture Products	**6.7**	5.1	—	—	—
Total impairment charges	**$ 7.8**	$ 5.4	$ 1.3	$ 3.6	$ 4.9

Other Long-Lived Assets

As discussed in Note A, we test other long-lived assets for recoverability at year end and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Fair value and the resulting impairment charges noted above were based primarily upon offers from potential buyers or third party estimates of fair value less selling costs.

In 2018, management approved the 2018 Restructuring Plan, as discussed in Note F, which resulted in impairment charges of $7.6 and $5.1 in 2019 and 2018, respectively.

In 2017, impairments were primarily associated with selected operations that reached held for sale status, as discussed below.

Goodwill

As discussed in Note A, goodwill is required to be tested for impairment at the reporting unit level (the business groups that are one level below the operating segments) as triggering events may occur, or at least annually. We perform our annual goodwill impairment review in the second quarter of each year. We concluded that the 2018 Restructuring Plan (as discussed in Note F) was not a triggering event and believe that it is more likely than not that the fair values for the reporting units associated with this Plan exceed their carrying values. If actual results differ materially from estimates used in these calculations, we could incur future impairment charges.

2019 Goodwill Impairment Review

The 2019 annual goodwill impairment review indicated no goodwill impairments.

For 2019, we tested goodwill for impairment in all reporting units using a quantitative approach. The fair values of our reporting units in relation to their respective carrying values and significant assumptions used are presented in the table below:

Fair Value over Carrying Value divided by Carrying Value	December 31, 2019 Goodwill Value	10-year Compound Annual Growth Rate Range for Sales	Terminal Values Long-term Growth Rate for Debt-Free Cash Flow	Discount Rate Ranges
Less than 50% [1]	$ 59.4	1.4% - 5.8%	3.0%	8.0% - 9.5%
50% - 100% [2]	722.9	5.0%	3.0%	8.5%
101% - 300%	400.9	1.3% - 5.5%	3.0%	7.5% - 8.0%
301% - 600%	223.1	.2% - 11.1%	3.0%	8.5%
	$ 1,406.3	.2% - 11.1%	3.0%	7.5% - 9.5%

[1] This category includes two reporting units:

- The fair value of our Machinery reporting unit exceeded its carrying value by 12%. This unit has $33.4 of goodwill at December 31, 2019.
- The fair value of our Hydraulic Cylinders reporting unit exceeded its carrying value by 29%. This reporting unit was acquired in the first quarter of 2018 and has $26.0 of goodwill at December 31, 2019.

[2] This category includes one reporting unit. The fair value of our Bedding reporting unit exceeded its carrying value by 50% at December 31, 2019 as compared to 198% at December 31, 2018. This decrease was due to the January 2019 ECS acquisition (as discussed in Note S). At our testing date, the carrying value approximates fair value for the ECS business.

2018 Goodwill Impairment Review

The 2018 annual goodwill impairment review indicated no goodwill impairments.

For 2018, we tested goodwill for impairment in all reporting units using a quantitative approach. The fair values of our reporting units in relation to their respective carrying values and significant assumptions used are presented in the table below:

Fair Value over Carrying Value divided by Carrying Value	December 31, 2018 Goodwill Value	10-year Compound Annual Growth Rate Range for Sales	Terminal Values Long-term Growth Rate for Debt-Free Cash Flow	Discount Rate Ranges
Less than 100% [1]	$ 180.7	4.7% - 5.2%	3.0%	9.0% - 9.5%
101% - 300%	502.5	1.8% - 5.0%	3.0%	8.5% - 10.0%
301% - 600%	150.6	5.7% - 12.4%	3.0%	9.0% - 10.0%
	$ 833.8	1.8% - 12.4%	3.0%	8.5% - 10.0%

[1] All reporting units in this category exceeded 90%, except for the Hydraulic Cylinders reporting unit (acquired in 2018), to which carrying value approximated fair value.

2017 Goodwill Impairment Review

The 2017 annual goodwill impairment review indicated no goodwill impairments.

We performed a Step Zero Analysis for our annual goodwill review for each of our reporting units and we considered i) the excess in fair value of the reporting unit over its carrying amount from the most recent quantitative analysis, ii) macroeconomic conditions, iii) industry and market trends, and iv) overall financial performance. We concluded that it was more likely than not that the fair value of all reporting units, except for two, exceeded their carrying values. Because sales and profits for two reporting units were less than expected, we performed a quantitative analysis for our Work Furniture and Aerospace reporting units under the two-step model. These reporting units were determined to have fair values in excess of their carrying amounts of at least75%. Goodwill associated with these two reporting units was $157.4 at December 31, 2017.

During the third quarter of 2017, two Drawn Wire operations within the Industrial Products segment reached held for sale status. Because fair value less costs to sell had fallen below the carrying amount, we fully impaired $1.3 of goodwill and $3.3 of other long-lived assets. During 2018, one operation was closed. The other operation continues to operate and no longer meets the held for sale criteria.

E—Goodwill and Other Intangible Assets

The changes in the carrying amounts of goodwill are as follows:

	Residential Products	Industrial Products	Furniture Products	Specialized Products	Total
Net goodwill as of January 1, 2018	$ 368.2	$ 70.8	$ 196.2	$ 187.0	$ 822.2
Additions for current year acquisitions	1.3	—	—	26.8	28.1
Adjustments to prior year acquisitions	(.2)	—	—	—	(.2)
Foreign currency translation adjustment	(5.8)	(.1)	(3.1)	(7.3)	(16.3)
Net goodwill as of December 31, 2018	363.5	70.7	193.1	206.5	833.8
Additions for current year acquisitions	566.3	—	—	—	566.3
Adjustments to prior year acquisitions	.9	—	—	.2	1.1
Foreign currency translation adjustment	3.0	.1	(.1)	2.1	5.1
Net goodwill as of December 31, 2019	**$ 933.7**	**$ 70.8**	**$ 193.0**	**$ 208.8**	**$ 1,406.3**
Net goodwill as of December 31, 2019 is comprised of:					
Gross goodwill	$ 933.7	$ 76.2	$ 443.6	$ 275.5	$ 1,729.0
Accumulated impairment losses	—	(5.4)	(250.6)	(66.7)	(322.7)
Net goodwill as of December 31, 2019	**$ 933.7**	**$ 70.8**	**$ 193.0**	**$ 208.8**	**$ 1,406.3**

The gross carrying amount and accumulated amortization by intangible asset class and intangible assets acquired during the periods presented included in "Other intangibles, net" on the Consolidated Balance Sheets are as follows:

	Patents and Trademarks	Technology	Non-compete Agreements	Customer-Related Intangibles	Supply Agreements and Other	Total
2019						
Gross carrying amount	**$ 133.9**	**$ 178.1**	**$ 42.1**	**$ 591.1**	**$ 41.1**	**$ 986.3**
Accumulated amortization	**36.7**	**12.9**	**14.2**	**136.3**	**22.2**	**222.3**
Net other intangibles as of December 31, 2019	**$ 97.2**	**$ 165.2**	**$ 27.9**	**$ 454.8**	**$ 18.9**	**$ 764.0**
Acquired during 2019:						
Acquired related to business acquisitions	**$ 67.1**	**$ 173.3**	**$ 28.7**	**$ 378.9**	**$ —**	**$ 648.0**
Acquired outside business acquisitions	**1.6**	**—**	**—**	**—**	**5.9**	**7.5**
Total acquired in 2019	**$ 68.7**	**$ 173.3**	**$ 28.7**	**$ 378.9**	**$ 5.9**	**$ 655.5**
Weighted average amortization period in years for items acquired in 2019	**15.1**	**15.0**	**5.2**	**15.0**	**7.6**	**14.5**
2018						
Gross carrying amount	$ 65.8	$ 4.7	$ 15.8	$ 212.5	$ 41.6	$ 340.4
Accumulated amortization	31.3	.9	8.6	98.8	22.1	161.7
Net other intangibles as of December 31, 2018	$ 34.5	$ 3.8	$ 7.2	$ 113.7	$ 19.5	$ 178.7
Acquired during 2018:						
Acquired related to business acquisitions	$ 2.7	$ .9	$ 1.9	$ 19.4	$ —	$ 24.9
Acquired outside business acquisitions	1.3	—	.6	—	9.2	11.1
Total acquired in 2018	$ 4.0	$ .9	$ 2.5	$ 19.4	$ 9.2	$ 36.0
Weighted average amortization period in years for items acquired in 2018	16.5	5.0	4.5	14.4	8.3	11.6

Estimated amortization expense for the items above included in ourDecember 31, 2019 Consolidated Balance Sheets in each of the next five years is as follows:

Year ended December 31	
2020	$ 65.0
2021	64.0
2022	61.0
2023	55.0
2024	54.0

F—Restructuring and Restructuring Related Charges

We implemented various cost reduction initiatives to improve our operating cost structures in the periods presented. These cost initiatives have, among other actions, included workforce reductions and the closure or consolidation of certain operations. Except for the 2018 Restructuring Plan (Plan) discussed below, none of these initiatives has individually resulted in a material charge to earnings.

In December 2018, we committed to the Plan primarily associated with our Furniture Products segment, including the Home Furniture Group (which produces furniture components for the upholstered furniture industry) and the Fashion Bed business (which supplied ornamental beds, bed frames and other sleep accessories sold to retailers). Both of these businesses had underperformed expectations primarily from weaker demand and higher raw material costs. These restructuring activities were substantially complete as of December 31, 2019, including the closure of the Fashion Bed business.

In 2019, we modified the Plan to include three small facilities in the Residential Products segment and one operation in the Industrial Products segment, most of which were substantially complete by the end of the year. Our total costs for this Plan are expected to be approximately $32.0 and to date we have incurred costs of $31.4. The following table presents information associated with this Plan:

	Total Amount Incurred to Date	Total Incurred Full Year 2019	Total Incurred Full Year 2018
2018 Restructuring Plan			
Restructuring and restructuring-related	$ 18.7	$ 7.5	$ 11.2
Impairment costs associated with this plan	12.7	7.6	5.1
	$ 31.4	$ 15.1	$ 16.3
Amount of total that represents cash charges	$ 14.9	$ 8.0	$ 6.9

The table below presents all restructuring and restructuring-related activity for the periods presented; the majority of the 2019 and 2018 costs are related to the Plan:

	Year Ended December 31		
	2019	2018	2017
Charged to other expense (income), net:			
Severance and other restructuring costs	**$ 8.1**	$ 7.8	$ .8
Charged to cost of goods sold:			
Inventory obsolescence and other	**(.5)**	4.6	.5
Total restructuring and restructuring-related costs	**$ 7.6**	$ 12.4	$ 1.3
Amount of total that represents cash charges	**$ 8.1**	$ 7.8	$ .8

Restructuring and restructuring-related charges by segment were as follows:

	Year Ended December 31		
	2019	2018	2017
Residential Products	**$ 3.3**	$ 1.4	$ —
Industrial Products	**1.0**	.2	.8
Furniture Products	**3.3**	10.8	.5
Total	**$ 7.6**	$ 12.4	$ 1.3

The accrued liability associated with our total restructuring initiatives consisted of the following:

	Balance at December 31, 2017	Add: 2018 Charges	Less: 2018 Payments	Balance at December 31, 2018	Add: 2019 Charges	Less: 2019 Payments	Balance at December 31, 2019
Termination benefits	$ .3	$ 7.3	$ 1.0	$ 6.6	**$ 4.7**	**$ 7.8**	**$ 3.5**
Contract termination costs	—	—	—	—	**.4**	**.4**	**—**
Other restructuring costs	.5	.5	.4	.6	**3.0**	**2.9**	**.7**
	$ .8	$ 7.8	$ 1.4	$ 7.2	**$ 8.1**	**$ 11.1**	**$ 4.2**

G—Segment Information

We have four operating segments that supply a wide range of products:

- *Residential Products:* This segment supplies a variety of components and machinery used by bedding manufacturers in the production and assembly of their finished products, as well as produces private-label finished mattresses for bedding brands. We also produce or distribute flooring underlayment, fabric, and geo components.
- *Industrial Products:* This segment primarily supplies steel rod and drawn steel wire to our other operations and to external customers. Our customers use this wire to make mechanical springs and many other end products.
- *Furniture Products:* This segment supplies a wide range of components for residential and work furniture manufacturers, as well as select lines of private-label finished furniture and adjustable bed bases.
- *Specialized Products:* This segment supplies lumbar support systems, seat suspension systems, motors and actuators, and control cables used by automotive manufacturers. We also produce and distribute tubing and tube assemblies for the aerospace industry and engineered hydraulic cylinders used in the material-handling and construction industries.

Our reportable segments are the same as our operating segments, which also correspond with our management structure. Each reportable segment has an executive vice president who has accountability to and maintains regular contact with our chief executive officer, who is the chief operating decision maker (CODM). The operating results and financial information reported through the segment structure are regularly reviewed and used by the CODM to evaluate segment performance, allocate overall resources and determine management incentive compensation.

The accounting principles used in the preparation of the segment information are the same as those used for the consolidated financial statements. We evaluate performance based on Earnings Before Interest and Taxes (EBIT). Intersegment sales are made primarily at prices that approximate market-based selling prices. Centrally incurred costs are allocated to the segments based on estimates of services used by the segment. Certain of our general and administrative costs and miscellaneous corporate income and expenses are allocated to the segments based on sales or other appropriate metrics. These allocated corporate costs include depreciation and other costs and income related to assets that are not allocated or otherwise included in the segment assets.

A summary of segment results for the periods presented are as follows:

	Year Ended December 31				
	Trade [1] Sales	Inter-Segment Sales	Total Segment Sales	EBIT	Depreciation and Amortization
2019					
Residential Products	**$ 2,331.0**	**$ 13.2**	**$ 2,344.2**	**$ 170.6**	**$ 104.2**
Industrial Products	**295.6**	**299.6**	**595.2**	**97.5**	**11.0**
Furniture Products	**1,059.1**	**9.5**	**1,068.6**	**73.4**	**17.8**
Specialized Products	**1,066.8**	**3.2**	**1,070.0**	**170.5**	**41.8**
Intersegment eliminations and other [3]				**1.4**	**17.1**
	$ 4,752.5	**$ 325.5**	**$ 5,078.0**	**$ 513.4**	**$ 191.9**
2018					
Residential Products	$ 1,703.7	$ 17.1	$ 1,720.8	$ 132.8	$ 46.6
Industrial Products	367.4	295.0	662.4	68.4	10.3
Furniture Products	1,142.1	13.8	1,155.9	49.6	17.4
Specialized Products	1,056.3	2.7	1,059.0	189.0	39.0
Intersegment eliminations and other [3]				(2.9)	22.8
	$ 4,269.5	$ 328.6	$ 4,598.1	$ 436.9	$ 136.1
2017					
Residential Products	$ 1,620.2	$ 18.6	$ 1,638.8	$ 184.0	$ 45.8
Industrial Products	291.7	253.9	545.6	21.0	10.2
Furniture Products	1,096.4	16.8	1,113.2	81.5	16.2
Specialized Products	935.5	7.1	942.6	195.6	31.2
Intersegment eliminations and other [2,3]				(14.2)	22.5
	$ 3,943.8	$ 296.4	$ 4,240.2	$ 467.9	$ 125.9

[1] See Note B for revenue by product line.

[2] 2017 EBIT: Included in other is a $15.3 pension settlement charge. (See Note N).

[3] Depreciation and amortization: Other relates to non-operating assets (assets not included in segment assets) and is allocated to segment EBIT as discussed above.

Average assets for our segments are shown in the table below and reflect the basis for return measures used by management to evaluate segment performance. These segment totals include working capital (all current assets and current liabilities) plus net property, plant and equipment. Segment assets for all years are reflected at their estimated average for the year. Acquired companies' long-lived assets as disclosed below include property, plant and equipment and other long-term assets.

	Year Ended December 31		
	Assets	**Additions to Property, Plant and Equipment**	**Acquired Companies' Long-Lived Assets**
2019			
Residential Products	**$ 795.6**	**$ 43.8**	**$ 1,297.2**
Industrial Products	**168.8**	**27.3**	**—**
Furniture Products	**239.1**	**8.0**	**—**
Specialized Products	**346.4**	**29.3**	**.2**
Average current liabilities included in segment numbers above	**744.6**	—	—
Unallocated assets and other	**2,650.7**	**34.7**	—
Difference between average assets and year-end balance sheet	**(128.8)**	—	—
	$ 4,816.4	**$ 143.1**	**$ 1,297.4**
2018			
Residential Products	$ 609.4	$ 48.0	$ 6.0
Industrial Products	163.8	9.6	—
Furniture Products	279.8	19.7	—
Specialized Products	342.5	45.0	79.4
Average current liabilities included in segment numbers above	661.8	—	—
Unallocated assets and other	1,278.0	37.3	—
Difference between average assets and year-end balance sheet	46.7	—	—
	$ 3,382.0	$ 159.6	$ 85.4
2017			
Residential Products	$ 554.6	$ 60.5	$ 33.6
Industrial Products	150.0	14.3	—
Furniture Products	245.7	20.2	14.3
Specialized Products	271.7	51.7	—
Average current liabilities included in segment numbers above	557.0	—	—
Unallocated assets and other	1,693.1	12.7	—
Difference between average assets and year-end balance sheet	78.7	—	—
	$ 3,550.8	$ 159.4	$ 47.9

Trade sales and tangible long-lived assets are presented below, based on the geography of manufacture.

	Year Ended December 31		
	2019	**2018**	**2017**
Trade sales			
Foreign sales			
Europe	**$ 508.5**	$ 525.6	$ 475.3
China	**449.9**	494.7	481.6
Canada	**312.8**	286.8	265.1
Mexico	**256.0**	186.1	148.5
Other	**92.6**	94.8	85.5
Total foreign sales	**1,619.8**	1,588.0	1,456.0
United States	**3,132.7**	2,681.5	2,487.8
Total trade sales	**$ 4,752.5**	$ 4,269.5	$ 3,943.8
Tangible long-lived assets			
Foreign tangible long-lived assets			
Europe	**$ 160.2**	$ 167.6	$ 157.4
China	**51.6**	55.5	54.7
Canada	**36.4**	38.0	39.9
Mexico	**10.1**	10.1	6.5
Other	**14.7**	16.0	13.0
Total foreign tangible long-lived assets	**273.0**	287.2	271.5
United States	**557.8**	441.3	392.4
Total tangible long-lived assets	**$ 830.8**	$ 728.5	$ 663.9

H—Earnings Per Share

Basic and diluted earnings per share were calculated as follows:

	Year Ended December 31		
	2019	**2018**	**2017**
Earnings:			
Earnings from continuing operations	**$ 333.9**	$ 306.1	$ 293.6
(Earnings) attributable to noncontrolling interest, net of tax	**(.1)**	(.2)	(.1)
Net earnings from continuing operations attributable to Leggett & Platt common shareholders	**333.8**	305.9	293.5
Earnings (loss) from discontinued operations, net of tax	**—**	—	(.9)
Net earnings attributable to Leggett & Platt common shareholders	**$ 333.8**	$ 305.9	$ 292.6
Weighted average number of shares (in millions):			
Weighted average number of common shares used in basic EPS	**134.8**	134.3	136.0
Dilutive effect of equity-based compensation	**.6**	.9	1.3
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	**135.4**	135.2	137.3
Basic and Diluted EPS:			
Basic EPS attributable to Leggett & Platt common shareholders			
Continuing operations	**$ 2.48**	$ 2.28	$ 2.16
Discontinued operations	**—**	—	(.01)
Basic EPS attributable to Leggett & Platt common shareholders	**$ 2.48**	$ 2.28	$ 2.15
Diluted EPS attributable to Leggett & Platt common shareholders			
Continuing operations	**$ 2.47**	$ 2.26	$ 2.14
Discontinued operations	**—**	—	(.01)
Diluted EPS attributable to Leggett & Platt common shareholders	**$ 2.47**	$ 2.26	$ 2.13
Other information:			
Anti-dilutive shares excluded from diluted EPS computation	**.2**	.1	—
Cash dividends declared per share	**$ 1.58**	$ 1.50	$ 1.42

I—Accounts and Other Receivables

Accounts and other receivables at December 31 consisted of the following:

	2019		2018	
	Current	Long-term	Current	Long-term
Trade accounts receivable [1]	**$ 571.8**	**$ —**	$ 548.8	$ —
Trade notes receivable	**1.1**	**.6**	1.7	1.4
Total trade receivables	**572.9**	**.6**	550.5	1.4
Other notes receivable [1]	**—**	**23.4**	—	24.2
Taxes receivable, including income taxes	**15.8**	**—**	12.9	—
Other receivables	**11.7**	**—**	13.4	—
Subtotal other receivables	**27.5**	**23.4**	26.3	24.2
Total trade and other receivables	**600.4**	**24.0**	576.8	25.6
Allowance for doubtful accounts:				
Trade accounts receivable [1]	**(8.4)**	**—**	(5.2)	—
Trade notes receivable	**(.1)**	**—**	—	—
Total trade receivables	**(8.5)**	**—**	(5.2)	—
Other notes receivable [1]	**—**	**(15.0)**	—	(15.0)
Total allowance for doubtful accounts	**(8.5)**	**(15.0)**	(5.2)	(15.0)
Total net receivables	**$ 591.9**	**$ 9.0**	$ 571.6	$ 10.6

[1] The "Trade accounts receivable" and "Other notes receivable" line items above include $26.0 and $26.7 as of December 31, 2019 and December 31, 2018, respectively, from a customer in our Residential Products segment who is experiencing financial difficulty and liquidity problems and, during the fourth quarter of 2018, became delinquent in trade accounts receivable balances. In December 2018, we concluded that an impairment existed with regard to this customer, and we established a reserve of $15.9 ($15.0 for the note and $.9 for the trade receivable) to reflect the estimated amount of the probable credit loss and placed the note on nonaccrual status. The note receivable was restructured during the first quarter of 2019 in conjunction with an overall refinancing plan by the customer. The reserve balance at December 31, 2019 was $16.0.

Activity related to the allowance for doubtful accounts is reflected below:

	Balance at December 31, 2017	Add: Charges	Less: Net Charge-offs/(Recoveries) and Other	Balance at December 31, 2018	Add: Charges	Less: Net Charge-offs/(Recoveries) and Other	Balance at December 31, 2019
Trade accounts receivable	$ 4.7	$ 1.9	$ 1.4	$ 5.2	**$ 2.7**	**$ (.5)**	**$ 8.4**
Trade notes receivable	.2	(.2)	—	—	**.1**	**—**	**.1**
Total trade receivables	4.9	1.7	1.4	5.2	**2.8**	**(.5)**	**8.5**
Other notes receivable	—	15.0	—	15.0	**—**	**—**	**15.0**
Total allowance for doubtful accounts	$ 4.9	$ 16.7	$ 1.4	$ 20.2	**$ 2.8**	**$ (.5)**	**$ 23.5**

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J—Supplemental Balance Sheet Information

Additional supplemental balance sheet details at December 31 consisted of the following:

	2019	2018
Sundry		
Deferred taxes (see Note O)	**$ 11.5**	$ 20.2
Diversified investments associated with stock-based compensation plans (see Note M)	**38.2**	30.4
Investment in associated companies	**4.3**	7.1
Pension plan assets (see Note N)	**1.4**	1.6
Brazilian VAT deposits (see Note U)	**10.5**	13.9
Net long-term notes receivable (see Note I)	**9.0**	10.6
Finance leases (see Note L)	**4.3**	—
Other	**39.2**	32.6
	$ 118.4	$ 116.4
Accrued expenses		
Litigation contingency accruals (see Note U)	**$ .7**	$ 1.9
Wages and commissions payable	**80.9**	71.5
Workers' compensation, vehicle-related and product liability, medical/disability	**42.9**	49.2
Sales promotions	**51.1**	48.3
Liabilities associated with stock-based compensation plans (see Note M)	**11.8**	12.2
Accrued interest	**14.4**	7.9
General taxes, excluding income taxes	**17.0**	16.3
Environmental reserves	**3.8**	2.9
Other	**58.4**	52.5
	$ 281.0	$ 262.7
Other current liabilities		
Dividends payable	**$ 52.7**	$ 49.6
Customer deposits	**11.9**	11.8
Sales tax payable	**5.0**	3.9
Derivative financial instruments (see Note T)	**.9**	4.5
Liabilities associated with stock-based compensation plans (see Note M)	**2.8**	2.3
Outstanding checks in excess of book balances	**10.4**	10.6
Other	**9.6**	3.7
	$ 93.3	$ 86.4
Other long-term liabilities		
Liability for pension benefits (see Note N)	**$ 58.6**	$ 39.2
Liabilities associated with stock-based compensation plans (see Note M)	**46.5**	34.6
Deemed repatriation tax payable (see Note O)	**32.8**	32.2
Net reserves for tax contingencies	**8.1**	10.3
Deferred compensation (see Note M)	**14.6**	17.6
Other	**12.9**	21.4
	$ 173.5	$ 155.3

K—Long-Term Debt

Long-term debt, interest rates and due dates at December 31 are as follows:

	2019			2018		
	Year-end Interest Rate	Due Date Through	Balance	Year-end Interest Rate	Due Date Through	Balance
Senior Notes [1]	**3.4%**	**2022**	**$ 300.0**	3.4%	2022	$ 300.0
Senior Notes [1]	**3.8%**	**2024**	**300.0**	3.8%	2024	300.0
Senior Notes [1]	**3.5%**	**2027**	**500.0**	3.5%	2027	500.0
Senior Notes [1]	**4.4%**	**2029**	**500.0**			—
Term Loan [2]	**2.9%**	**2024**	**462.5**			—
Industrial development bonds, principally variable interest rates	**1.6%**	**2030**	**3.8**	1.9%	2030	3.8
Commercial paper [3]	**2.0%**	**2024**	**61.5**	2.6%	2022	70.0
Finance leases (primarily vehicles)			**4.2**			4.7
Other, partially secured			**.5**			.6
Unamortized discounts and deferred loan cost			**(14.9)**			(10.1)
Total debt			**2,117.6**			1,169.0
Less: current maturities			**51.1**			1.2
Total long-term debt			**$ 2,066.5**			$ 1,167.8

[1] Senior Notes are unsecured and unsubordinated obligations. For each of the Senior Notes: (i) interest is paid semi-annually in arrears; (ii) principal is due at maturity with no sinking fund; and (iii) we may, at our option, at any time, redeem all or a portion of any of the debt at a make-whole redemption price equal to the greater of: (a) 100% of the principal amount of the notes being redeemed; and (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a specified discount rate determined by the terms of each respective note. The Senior Notes may also be redeemed by us within 90 days of maturity at 100% of the principal amount plus accrued and unpaid interest, and we are required to offer to purchase such notes at 101% of the principal amount, plus accrued and unpaid interest, if we experience a Change of Control Repurchase Event, as defined in the Senior Notes. Also, each respective Senior Note contains restrictive covenants, including a limitation on secured debt of 15% of our consolidated assets, a limitation on sale and leaseback transactions, and a limitation on certain consolidations, mergers, and sales of assets.

[2] In January 2019, we issued a $500.0 five-year Tranche A Term Loan with our current bank group. We pay quarterly principal installments of $12.5 through the maturity date of January 2024, at which time we will pay the remaining principal. Additional principal payments, including a complete early payoff, are allowed without penalty. As of December 31, 2019, we had repaid $37.5, as scheduled, on the Tranche A Term Loan. The Tranche A Term Loan bears a variable interest rate as defined in the agreement and was 2.9% at December 31, 2019. Interest is payable based upon a time interval that depends on the selection of interest rate period, and at December 31, 2019, there was no material accrued interest payable on the Tranche A Loan.

[3] The weighted average interest rate for the net commercial paper activity during the years ended December 31, 2019 and 2018 was 2.6% and 2.4%, respectively.

Maturities are as follows:

Year ended December 31		
2020	$	51.1
2021		51.0
2022		350.2
2023		51.0
2024		621.9
Thereafter		992.4
	$	2,117.6

In January 2019, we increased the size of the revolving facility from$800.0 to $1,200.0 (and increased permitted borrowings, subject to covenant restrictions, under our commercial paper program in a corresponding amount), added a five-year $500.0 term loan facility, and extended the term from 2022 to 2024.

Amounts outstanding at December 31 related to our commercial paper program were:

		2019		2018
Total program authorized	**$**	**1,200.0**	$	800.0
Commercial paper outstanding (classified as long-term debt)		**(61.5)**		(70.0)
Letters of credit issued under the credit facility		**—**		—
Total program usage		**(61.5)**		(70.0)
Total program available	**$**	**1,138.5**	$	730.0

At December 31, 2019, subject to restrictive covenants we could raise cash by issuing commercial paper through a program that is backed by a $1,200.0 revolving credit facility with a syndicate of 13 lenders. The credit facility allows us to issue total letters of credit up to $125.0. When we issue letters of credit in this manner, our capacity under the revolving facility, and consequently, our ability to issue commercial paper, is reduced by a corresponding amount. We had no outstanding letters of credit under the facility at year end for the periods presented.

At December 31, 2019, the revolving credit facility and certain other long-term debt obligations contain restrictive covenants, of which we are comfortably in compliance. The covenants currently limit: a) as of the last day of each fiscal quarter, the leverage ratio of consolidated funded indebtedness to consolidated EBITDA (each as defined in the revolving credit facility) for the trailing four fiscal quarters must not exceed 4.25 to 1.00, with a single step-down to3.50 to 1.00 at March 31, 2020, b) the amount of total secured debt to 15% of our total consolidated assets, and c) our ability to sell, lease, transfer, or dispose of all or substantially all of total consolidated assets.

Generally, we may elect one of four types of borrowing under the revolving credit facility, which determines the rate of interest to be paid on the outstanding principal balance. The interest rate would typically be commensurate with the currency borrowed and the term of the borrowing, as well as either (i) a competitive variable or fixed rate, or (ii) various published rates plus a pre-defined spread.

We are required to periodically pay accrued interest on any outstanding principal balance under the revolving credit facility at different time intervals based upon the elected interest rate and the elected interest period. Any outstanding principal under this facility will be due upon the maturity date. We may also terminate or reduce the lending commitments under this facility, in whole or in part, upon three business days' notice.

L—Lease Obligations

Initial adoption of new ASU

Effective January 1, 2019, we adopted ASU 2016-02 "Leases" (Topic 842), which requires the recognition of lease assets and liabilities for items classified as operating leases under previous guidance. The original guidance required application on a modified retrospective basis with the earliest year presented. In August 2018, the FASB issued ASU 2018-11 “Targeted Improvements to ASC 842” that included an option to not restate comparative periods in transition and elect to use the effective date of Topic 842 as the date of initial application of transition, which we elected. Adoption of the new standard resulted in the recording of additional net operating lease assets and lease liabilities of $135.9 and $135.8, respectively, as of January 1, 2019. The difference between the additional lease assets and lease liabilities, net of the deferred tax impact, was recorded as an adjustment to retained earnings. The accounting for finance leases (capital leases under previous guidance) was substantially unchanged. The standard did not materially impact our statements of operations and cash flows.

The cumulative effect of applying Topic 842 to our Consolidated Condensed Balance Sheet was as follows:

	Balance at December 31, 2018 as Previously Reported	Topic 842 Adjustments	Balance at January 1, 2019
Current assets [1]	$ 1,524.6	$ (1.3)	$ 1,523.3
Net property, plant and equipment [2]	728.5	(5.1)	723.4
Other assets [3]	1,128.9	142.3	1,271.2
Total assets	$ 3,382.0	$ 135.9	$ 3,517.9
Accrued expenses [4]	$ 262.7	$ (.4)	$ 262.3
Current portion of operating lease liabilities [3]	—	32.0	32.0
All other current liabilities	553.0	—	553.0
Long-term liabilities [3]	1,408.7	104.2	1,512.9
Retained earnings	2,613.8	.1	2,613.9
Other equity	(1,456.2)	—	(1,456.2)
Total liabilities and equity	$ 3,382.0	$ 135.9	$ 3,517.9

[1] This adjustment is to reclass prepaid rent balances to be presented within Other assets with the operating lease right-of-use assets.

[2] This adjustment is to reclass our finance lease right-of-use assets to be presented within Other assets with the operating lease right-of-use assets.

[3] This adjustment is to record the assets and liabilities arising from leases.

[4] This adjustment is to reclass lease liabilities to be presented within Current portion of operating lease liabilities.

Practical Expedients

For the initial adoption, we elected the available package of practical expedients not to reassess (i) whether a contract is or contains a lease, (ii) lease classification, and (iii) initial direct costs. These elections applied to leases that commenced before the effective date. We also elected an additional practical expedient to use hindsight when determining the lease term.

Both lease and non-lease components are accounted for as a single lease component as we have elected the practical expedient to group lease and non-lease components for all leases.

Lease Details

Substantially all our operating lease right-of-use assets and operating lease liabilities represent leases for certain operating facilities, warehouses, office space, trucking equipment, and various other assets. Finance lease balances represent substantially all our vehicle leases. We are not involved in any material sale and leaseback transactions, and our sublease arrangements were not material for the periods presented.

At the inception of a contract we assess whether a contract is, or contains, a lease. Our assessment is based on whether the contract involves the use of a distinct identified asset, whether we obtain the right to substantially all the economic benefit of the asset, and whether we have the right to direct the use of the asset.

Our leases have remaining lease terms that expire at various dates through 2032, some of which include options to extend or terminate the leases at our discretion. Where renewal or termination options are reasonably likely to be exercised, we recognize the option as part of the right-of-use asset and lease liability. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate in determining the present value of the lease payments. We apply a portfolio approach for determining the incremental borrowing rate based on the applicable lease terms and the economic environment in the various regions where our operations are located.

At December 31, 2019, we had $20.6 of additional operating leases that had not yet commenced. These operating leases will commence in 2020 with average lease terms of 9 years.

Supplemental balance sheet information related to leases was as follows:

		December 31, 2019
Operating leases:		
Operating lease right-of-use assets	$	158.8
Current portion of operating lease liabilities		39.3
Operating lease liabilities		121.6
Total operating lease liabilities	$	160.9
Finance leases:		
Sundry	$	4.3
Current maturities of long-term debt		1.1
Long-term debt		3.1
Total finance lease liabilities	$	4.2

The components of lease expense were as follows:

	Year Ended December 31, 2019	
Operating lease costs:		
Lease costs	$	45.0
Variable lease costs		12.9
Total operating lease costs	$	57.9
Short-term lease costs	$	5.0
Finance lease costs:		
Amortization of right-of-use assets	$	2.7
Interest on lease liabilities		.2
Total finance lease costs	$	2.9
Total lease costs	$	65.8

Variable lease costs consist primarily of taxes, insurance, and common-area or other maintenance costs for our leased facilities and equipment which are paid based on actual costs incurred by the lessor.

Supplemental cash flow information related to leases was as follows:

	Year Ended December 31, 2019	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	40.7
Operating cash flows from finance leases		.2
Financing cash flows from finance leases		2.7
Right-of-use assets obtained in exchange for new operating lease liabilities		40.7
Right-of-use assets obtained in exchange for new finance lease liabilities		2.1

In connection with the ECS transaction discussed in Note S, we acquired operating right-of-use assets of approximately $24.0 (including a favorable lease position of $2.4). The operating lease liability associated with these right-of-use assets was approximately $21.6. Finance right-of-use assets acquired in the ECS transaction and the related finance lease liabilities were immaterial.

The following table reconciles the undiscounted cash flows for the operating and finance leases atDecember 31, 2019 to the operating and finance lease liabilities recorded on the Consolidated Balance Sheets:

	December 31, 2019	
	Operating Leases	Finance Leases
2020	$ 43.9	$ 1.9
2021	39.1	1.4
2022	32.7	.9
2023	23.4	.2
2024	16.1	—
Thereafter	19.1	—
Total	174.3	4.4
Less: Interest	13.4	.2
Lease Liability	$ 160.9	$ 4.2
Weighted average remaining lease term (years)	4.7	2.5
Weighted average discount rate	3.3%	3.5%

Our future minimum lease commitments as of December 31, 2018, under Topic 840, the predecessor to Topic 842, were as follows:

	Operating Leases
2019	$ 35.9
2020	30.7
2021	26.2
2022	19.9
2023	13.1
Thereafter	18.0
Total	$ 143.8

M—Stock-Based Compensation

We use various forms of share-based compensation which are summarized below. One stock unit is equivalent toone common share for accounting and earnings-per-share purposes. Shares are issued from treasury for the majority of our stock plans' activity. All share information is presented in millions.

Stock options and stock units are granted pursuant to our Flexible Stock Plan (the "Plan"). Each option counts as one share against the shares available under the Plan, but each share granted for any other awards will count as three shares against the Plan.

At December 31, 2019, the following common shares were authorized for issuance under the Plan:

	Shares Available for Issuance	Maximum Number of Authorized Shares
Unexercised options	.6	.6
Outstanding stock units—vested	3.5	7.8
Outstanding stock units—unvested	1.1	3.3
Available for grant	5.0	5.0
Authorized for issuance at December 31, 2019	**10.2**	**16.7**

The following table recaps the impact of stock-based compensation on the results of operations for each of the periods presented:

	Year Ended December 31					
	2019		2018		2017	
	To Be Settled With Stock	To Be Settled In Cash	To Be Settled With Stock	To Be Settled In Cash	To Be Settled With Stock	To Be Settled In Cash
Stock-based retirement plans contributions [2]	**$ 3.7**	**$ .6**	$ 5.6	$ 1.0	$ 5.5	$ 1.2
Discounts on various stock awards:						
Deferred Stock Compensation Program [1]	**2.1**	**—**	1.9	—	2.1	—
Stock-based retirement plans [2]	**1.3**	**—**	1.3	—	1.4	—
Discount Stock Plan [6]	**1.0**	**—**	1.1	—	1.1	—
Performance Stock Unit (PSU) awards: [3]						
2018 and later PSU - TSR based [3A]	**2.8**	**4.1**	1.2	.8	—	—
2018 and later PSU - EBIT CAGR based [3B]	**3.8**	**5.3**	2.9	2.5	—	—
2017 and prior PSU awards [3C]	**1.8**	**1.0**	3.6	(1.3)	5.4	(1.4)
Profitable Growth Incentive (PGI) awards [4]	**—**	**—**	.9	.9	1.4	1.4
Restricted Stock Units (RSU) awards [5]	**2.0**	**—**	2.1	—	2.5	—
Other, primarily non-employee directors restricted stock	**1.4**	**—**	.9	—	.9	—
Total stock-related compensation expense	**19.9**	**$ 11.0**	21.5	$ 3.9	20.3	$ 1.2
Employee contributions for above stock plans	**13.1**		14.0		16.3	
Total stock-based compensation	**$ 33.0**		$ 35.5		$ 36.6	
Tax benefits on stock-based compensation expense	**$ 4.7**		$ 5.1		$ 7.3	
Tax benefits on stock-based compensation payments (As discussed below, we elected to pay selected awards in cash during 2018.)	**5.6**		3.9		9.9	
Total tax benefits associated with stock-based compensation	**$ 10.3**		$ 9.0		$ 17.2	

The following table recaps the impact of stock-based compensation on assets and liabilities for each of the periods presented:

	2019			2018		
	Current	Long-term	Total	Current	Long-term	Total
Assets:						
Diversified investments associated with the Executive Stock Unit Program [2]	**$ 2.8**	**$ 38.2**	**$ 41.0**	$ 2.3	$ 30.4	$ 32.7
Liabilities:						
Executive Stock Unit Program [2]	**$ 2.8**	**$ 37.8**	**$ 40.6**	$ 2.3	$ 31.4	$ 33.7
Performance Stock Unit (TSR) award [3A]	**1.5**	**5.0**	**6.5**	.6	.7	1.3
Performance Stock Unit (EBIT) award [3B]	**4.1**	**3.7**	**7.8**	—	2.5	2.5
Profitable Growth Incentive award [4]	**—**	**—**	**—**	4.3	—	4.3
Other - primarily timing differences between employee withholdings and related employer contributions to be submitted to various plans' trust accounts	**6.2**	**—**	**6.2**	7.4	—	7.4
Total liabilities associated with stock-based compensation	**$ 14.6**	**$ 46.5**	**$ 61.1**	$ 14.6	$ 34.6	$ 49.2

[1] Stock Option Grants

We have granted stock options in conjunction with our Deferred Compensation Program, to senior executives on a discretionary basis, and historically to a broad group of employees.

Deferred Compensation Program

We offer a Deferred Compensation Program under which key managers and outside directors may elect to receive stock options, stock units or interest-bearing cash deferrals in lieu of cash compensation:

- Stock options under this program are granted in the last month of the year prior to the year the compensation is earned. The number of options granted equals the deferred compensation times five, divided by the stock's market price on the date of grant. The option has a10-year term. It vests as the associated compensation is earned and becomes exercisable beginning 15 months after the grant date. Stock is issued when the option is exercised.
- Deferred stock units (DSU) under this program are acquired every two weeks (when the compensation would have otherwise been paid) at a 20% discount to the market price of our common stock on each acquisition date, and they vest immediately. Expense is recorded as the compensation is earned. Stock units earn dividends at the same rate as cash dividends paid on our common stock. These dividends are used to acquire stock units at a 20% discount. Stock units are converted to common stock and distributed in accordance with the participant's pre-set election. However, stock units may be settled in cash but only if there is not a sufficient amount of shares reserved for future issuance under the Flexible Stock Plan. Participants must begin receiving distributions no later than 10 years after the effective date of the deferral and installment distributions cannot exceed 10 years.
- Interest-bearing cash deferrals under this program are reported in "Other long-term liabilities" on the Consolidated Balance Sheets and are disclosed in Note J.

	Options	Units	Cash
Aggregate amount of compensation deferred during 2019	$ .1	$ 6.9	$ .6

Options granted to a broad group of employees on a discretionary basis

Options are generally offered only in conjunction with the Deferred Compensation Program discussed above. We occasionally grant options to senior executives in connection with promotions or retention purposes, and prior to 2013, we granted stock options annually on a discretionary basis to a broad group of employees. Those options have a maximum term of 10 years and exercise prices equal to Leggett's closing stock price on the grant date.

Grant date fair values are calculated using the Black-Scholes option pricing model and are amortized by the straight-line method over the options' total vesting period (typically three years), except for employees who are retirement eligible. Expense for employees who are retirement eligible is recognized immediately.

Stock Option Summary

Stock option information for the plans discussed above is as follows:

	Total Stock Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at December 31, 2018	1.6	$ 25.43		
Granted	.1	36.25		
Exercised	(1.1)	22.40		
Outstanding at December 31, 2019	.6	$ 33.03	4.7	$ 10.4
Vested or expected to vest	.6	$ 33.03	4.7	$ 10.4
Exercisable (vested) at December 31, 2019	.5	$ 32.34	3.8	$ 8.9

Additional information related to stock option activity for the periods presented is as follows:

	Year Ended December 31		
	2019	**2018**	**2017**
Total intrinsic value of stock options exercised	**$ 23.6**	$ 8.8	$ 11.7
Cash received from stock options exercised	**9.3**	4.8	2.6
Total fair value of stock options vested	**.3**	.8	1.2

The following table summarizes fair values calculated (and assumptions utilized) using the Black-Scholes option pricing model.

	Year Ended December 31		
	2019	**2018**	**2017**
Aggregate grant date fair value	**$ .5**	$ <.1	$ <.1
Weighted-average per share grant date fair value	**5.36**	6.47	9.21
Risk-free interest rate	**2.8%**	2.3%	2.3%
Expected life in years	**7.8**	6.0	6.0
Expected volatility (over expected life)	**22.3%**	19.4%	19.8%
Expected dividend yield (over expected life)	**4.2%**	3.1%	3.1%

The risk-free rate is determined based on U.S. Treasury yields in effect at the time of grant for maturities equivalent to the expected life of the option. The expected life of the option (estimated average period of time the option will be outstanding) is estimated based on the historical exercise behavior of employees, with executives displaying somewhat longer holding periods than other employees. Expected volatility is based on historical volatility through the grant date, measured daily for a time period equal to the option's expected life. The expected dividend yield is estimated based on the dividend yield at the time of grant.

2 Stock-Based Retirement Plans

Previous to 2019 we had two stock-based retirement plans: the tax-qualified Stock Bonus Plan (SBP) for non-highly compensated employees, and the non-qualified Executive Stock Unit Program (ESUP) for highly compensated employees. We made matching contributions to both plans. In addition to the automatic 50% match, we would make another matching contribution of up to 50% of the employee's contributions for the year if certain profitability levels, as defined in the SBP and the ESUP, were obtained.

For 2019, the provisions of the ESUP are unchanged. We merged the SBP with the Leggett & Platt, Incorporated 401(k) Plan and Trust Agreement (401(k) Plan) on December 31, 2018 (see Note N). After the merger, our common stock was added to the 401(k) Plan as an investment option and participants may elect up to 20% of their contributions into our common stock beginning on January 1, 2019. Previously participants could contribute up to 100% of their contributions into our common stock.

Participants in the ESUP may contribute up to 10% (depending upon certain qualifications) of their compensation above the threshold. Participant contributions are credited to a diversified investment account established for the participant, and we make premium contributions to the diversified investment accounts equal to 17.65% of the participant's contribution. A participant's diversified investment account balance is adjusted to mirror the investment experience, whether positive or negative, of the diversified investments selected by the participant. Participants may change investment elections in the diversified investment accounts, but cannot purchase Company common stock or stock units. The diversified investment accounts consist of various mutual funds and retirement target funds and are unfunded, unsecured obligations of the Company that will be settled in cash. Both the assets and liabilities associated with this program are presented in the table above and are adjusted to fair value at each reporting period.

Company matching contributions to the ESUP, including dividend equivalents, are used to acquire stock units at 85% of the common stock market price on the acquisition date. Stock units are converted to common stock at a 1-to-1 ratio upon distribution from the program and may be settled in cash but only if there is not a sufficient amount of shares reserved for future issuance under the Flexible Stock Plan.

Company matches in the ESUP fully vest upon five years of cumulative service, subject to certain participation requirements. Distributions are triggered by an employee's retirement, death, disability or separation from Leggett.

For the year ended December 31, employee contributions were $3.7 and employer premium contributions to diversified investment accounts were $.6. See the stock-based compensation table above for information regarding employer contributions.

Details regarding stock unit activity for the ESUP plan are reflected in the stock units summary table below.

3 PSU Awards

During 2018, we merged our PSU and PGI award programs. The 2018 and later PSU awards have a component based on relative Total Shareholder Return (TSR = (Change in Stock Price + Dividends) / Beginning Stock Price) and another component based on EBIT Compound Annual Growth Rate (CAGR). These components are discussed below.

For outstanding 2018 and later awards, we intend to pay 50% in shares of our common stock and 50% in cash; although, we reserve the right, subject to Compensation Committee approval, to pay up to 100% in cash.

For outstanding 2017 awards, we intend to pay 65% in shares of our common stock and 35% in cash; although, we reserve the right to pay up to 100% in cash.

Cash settlements are recorded as a liability and adjusted to fair value at each reporting period. We elected to pay 100% of the 2015 award (paid in the first quarter 2018) in cash.

The PSU award program will change in 2020 as discussed below.

3A 2018 and later PSU - TSR based

Most of the 2018 and later PSU awards are based 50% upon our TSR compared to a peer group. A small number of PSU awards are based 100% upon relative TSR for certain business unit employees to complement their particular mix of incentive compensation. Grant date fair values are calculated using a Monte Carlo simulation of stock and volatility data for Leggett and each of the peer companies. Grant date fair values are amortized using the straight-line method over the three-year vesting period.

The relative TSR vesting condition of the 2018 and later PSU award contains the following conditions:

- A service requirement—Awards generally "cliff" vest three years following the grant date; and
- A market condition—Awards are based on our TSR as compared to the TSR of a group of peer companies. The peer group consists of all the companies in the Industrial, Materials and Consumer Discretionary sectors of the S&P 500 and S&P Midcap 400 (approximately 300 companies). Participants will earn from 0% to 200% of the base award depending upon how our TSR ranks within the peer group at the end of the three-year performance period.

3B 2018 and later PSU - EBIT CAGR based

Most of the 2018 and later PSU awards are based 50% upon our or the applicable segment's EBIT CAGR. Grant date fair values are calculated using the grant date stock price discounted for dividends over the vesting period. Expense is adjusted every quarter over the three-year vesting period based on the number of shares expected to vest.

The EBIT CAGR portion of this award contains the following conditions:

- A service requirement—Awards generally "cliff" vest three years following the grant date; and
- A performance condition—Awards are based on achieving specified EBIT CAGR performance targets for our or the applicable segment's EBIT during the third year of the performance period compared to the EBIT during the fiscal year immediately preceding the performance period. Participants will earn from 0% to 200% of the base award.

In connection with the decision to move a significant portion of the long-term incentive opportunity from a two-year to a three-year performance period by eliminating PGI awards, in February 2018, we also granted participants a one-time transition PSU award, based upon EBIT CAGR over a two-year performance period. This award will be paid in the first quarter 2020. Average payout percentage of base award will be 114%, and the number of shares paid will be .1. The cash portion pay out will be $4.1.

3C 2017 and Prior PSU Awards

The 2017 and prior PSU awards are based solely on relative TSR. Vesting conditions are the same as (**3A**) above other than a maximum payout of 175% of the base award.

Below is a summary of shares and grant date fair value related to PSU awards for the periods presented:

	Year Ended December 31		
	2019	**2018**	**2017**
TSR based			
Total shares base award	**.1**	.1	.1
Grant date per share fair value	**$ 57.86**	$ 42.60	$ 50.75
Risk-free interest rate	**2.4%**	2.4%	1.5%
Expected life in years	**3.0**	3.0	3.0
Expected volatility (over expected life)	**21.5%**	19.9%	19.5%
Expected dividend yield (over expected life)	**3.4%**	3.3%	2.8%
EBIT CAGR based			
Total shares base award	**.1**	.1	
Grant date per share fair value	**$ 39.98**	$ 40.92	
Vesting period in years	**3.0**	3.0	

Three-Year Performance Cycle

Award Year	Completion Date	TSR Performance Relative to the Peer Group (1%=Best)	Payout as a Percent of the Base Award	Number of Shares Distributed	Cash Portion	Distribution Date
2015	December 31, 2017	57	61.0%	—	$ 6.9	First quarter 2018
2016	December 31, 2018	78	—%	—	$ —	First quarter 2019
2017	December 31, 2019	63	49.0%	.1 million	$ 1.6	First quarter 2020

4 PGI Awards

In 2017 and prior years certain key management employees participated in a PGI program, which was replaced in 2018 with the PSU-EBIT CAGR award discussed above. The PGI awards vested (0% to 250%) at the end of a two-year performance period based on our, or the applicable profit center's, revenue growth (adjusted by a GDP factor when applicable) and EBITDA margin at the end of a two-year performance period. We paid the 2017 award half in shares of our common stock and half in cash. We elected to pay the 2016 award (paid in the first quarter of 2018) in cash. Both components were adjusted to fair value at each reporting period. As of the first quarter 2019, all PGI awards have been paid out.

Two-Year Performance Cycle

Award Year	Completion Date	Average Payout as a Percent of the Base Award	Estimated Number of Shares	Cash Portion	Expected Distribution Date
2015	December 31, 2016	36.0%	< .1 million	$ .8	First quarter 2017
2016	December 31, 2017	44.0%	—	$ 2.0	First quarter 2018
2017	December 31, 2018	155.0%	< .1 million	$ 2.2	First quarter 2019

5 Restricted Stock Unit Awards

RSU awards are generally granted as follows:

- Annual awards to selected managers;
- On a discretionary basis to selected employees; and
- As compensation for outside directors

The value of these awards is determined by the stock price on the day of the award, and expense is recognized over the vesting period.

The RSU award program will change in 2020 as discussed below.

Stock Units Summary

As of December 31, 2019, the unrecognized cost of non-vested stock units that is not adjusted to fair value was $11.3 with a weighted-average remaining contractual life of one year.

Stock unit information for the plans discussed above is presented in the table below:

	DSU	ESUP	PSU*	RSU	Total Units	Weighted Average Grant Date Fair Value per Unit	Aggregate Intrinsic Value
Unvested at December 31, 2018	—	—	.7	.1	.8	$ 38.43	
Granted based on current service	.2	.2	—	.1	.5	41.48	
Granted based on future conditions	—	—	.4	—	.4	24.26	
Vested	(.2)	(.2)	—	(.1)	(.5)	43.97	
Forfeited	—	—	(.1)	—	(.1)	—	
Unvested at December 31, 2019	**—**	**—**	**1.0**	**.1**	**1.1**	**$ 33.30**	**$ 56.4**
Fully vested shares available for issuance at December 31, 2019					**3.5**		**$ 176.2**

*PSU awards are presented at maximum payout (2017 award at 175% and 2018 and later awards at 200%)

	Year Ended December 31		
	2019	2018	2017
Total intrinsic value of vested stock units converted to common stock	**$ 8.0**	$ 12.1	$ 22.7

6 Discount Stock Plan

Under the Discount Stock Plan (DSP), a tax-qualified §423 stock purchase plan, eligible employees may purchase shares of Leggett common stock at 85% of the closing market price on the last business day of each month. Shares are purchased and issued on the last business day of each month and generally cannot be sold or transferred for one year.

Average 2019 purchase price per share (net of discount)	$ 35.62
2019 number of shares purchased by employees	.2
Shares purchased since inception in 1982	23.3
Maximum shares under the plan	27.0

2020 Changes to the PSU and RSU awards

In November 2019, the Compensation Committee approved changes to our PSU and RSU award programs. Changes to the plans for executive officers are as follows:

- Two-thirds of the target award value will be granted as PSUs based on relative TSR and EBIT CAGR over a three-year performance period.

- One-third of the target award value will be granted as RSUs vesting in one-third increments overthree years.

In addition, the RSU award was amended so that those who retire (1) after age 65 or (2) after the date where the participant's age plus years of service are greater than or equal to 70 years, will continue to receive shares that will vest after the retirement date. Expense associated with these retirement-eligible employees will be recognized immediately at the RSU grant date. For those employees who become retirement eligible after the grant date, any remaining expense associated with those RSUs will be recognized at the date the employee meets the retirement-eligible criteria.

N—Employee Benefit Plans

The Consolidated Balance Sheets reflect a net liability for the funded status of our domestic and foreign defined benefit pension plans. Our U.S. plans (comprised primarily of three significant plans) represent approximately 84% of our pension benefit obligation in each of the periods presented. Participants inone of the significant domestic plans have stopped earning benefits; this plan is referred to as our Frozen Plan in the following narrative.

A summary of our pension obligations and funded status as of December 31 is as follows:

	2019	2018	2017
Change in benefit obligation			
Benefit obligation, beginning of period	**$ 219.8**	$ 241.5	$ 293.0
Service cost	**4.0**	3.9	4.6
Interest cost	**8.5**	8.0	10.9
Plan participants' contributions	**.5**	.5	.7
Actuarial loss (gain)	**36.7**	(20.3)	4.0
Benefits paid	**(13.8)**	(13.4)	(15.2)
Plan amendments	**1.9**	1.9	—
Settlements	**—**	—	(59.8)
Foreign currency exchange rate changes	**1.5**	(2.3)	3.3
Benefit obligation, end of period	**259.1**	219.8	241.5
Change in plan assets			
Fair value of plan assets, beginning of period	**181.8**	185.7	214.1
Actual return (loss) on plan assets	**30.0**	(10.6)	28.3
Employer contributions	**1.5**	21.8	14.9
Plan participants' contributions	**.5**	.5	.7
Benefits paid	**(13.8)**	(13.4)	(15.2)
Settlements	**—**	—	(59.8)
Foreign currency exchange rate changes	**1.5**	(2.2)	2.7
Fair value of plan assets, end of period	**201.5**	181.8	185.7
Net funded status	**$ (57.6)**	$ (38.0)	$ (55.8)
Funded status recognized in the Consolidated Balance Sheets			
Other assets—sundry	**$ 1.4**	$ 1.6	$ 2.2
Other current liabilities	**(.4)**	(.4)	(.4)
Other long-term liabilities	**(58.6)**	(39.2)	(57.6)
Net funded status	**$ (57.6)**	$ (38.0)	$ (55.8)

Our accumulated benefit obligation was not materially different from our projected benefit obligation for the periods presented.

Included in the above plans is a subsidiary's unfunded supplemental executive retirement plan. This is a non-qualified plan, and these benefits are secured by insurance policies that are not included in the plan's assets. Cash surrender values associated with these policies were approximately $2.5 at December 31, 2019, 2018 and 2017.

Comprehensive Income

Amounts and activity included in accumulated other comprehensive income associated with pensions are reflected below:

	December 31, 2018	2019 Amortization	2019 Net Actuarial loss	2019 Foreign currency exchange rates change	2019 Income tax change	December 31, 2019
Net loss (gain) (before tax)	$ 54.7	$ (2.9)	$ 18.3	$ .3	$ (.2)	$ 70.2
Deferred income taxes	(15.4)	—	—	—	(3.6)	(19.0)
Accumulated other comprehensive income (loss) (net of tax)	$ 39.3	$ (2.9)	$ 18.3	$ .3	$ (3.8)	$ 51.2

Of the amounts in accumulated other comprehensive income as of December 31, 2019, the portions expected to be recognized as components of net periodic pension cost in 2020 are as follows:

Net loss	$ 3.7
Net prior service cost	.2
Total expected to be recognized in 2020	$ 3.9

Net Pension (Expense) Income

Components of net pension (expense) income for the years ended December 31 were as follows:

	2019	2018	2017
Service cost	**$ (4.0)**	$ (3.9)	$ (4.6)
Interest cost	**(8.5)**	(8.0)	(10.9)
Expected return on plan assets	**11.3**	11.9	13.4
Recognized net actuarial loss	**(2.9)**	(2.6)	(4.6)
Prior service cost	**(1.7)**	—	—
Settlements	**—**	—	(15.3)
Net pension expense	**$ (5.8)**	$ (2.6)	$ (22.0)
Weighted average assumptions for pension costs:			
Discount rate used in net pension costs	**3.9%**	3.4%	3.8%
Rate of compensation increase used in pension costs	**3.0%**	3.0%	3.5%
Expected return on plan assets	**6.4%**	6.4%	6.5%
Weighted average assumptions for benefit obligation:			
Discount rate used in benefit obligation	**2.8%**	3.9%	3.4%
Rate of compensation increase used in benefit obligation	**3.4%**	3.0%	3.0%

Assumptions used for U.S. and international plans were not significantly different.

The components of net pension expense other than the service cost component are included in the line item "Other expense (income), net" in the Consolidated Statements of Operations.

We use the average of a Pension Liability Index rate and a10+ year AAA-AA US Corporate Index rate to determine the discount rate used for our significant pension plans (rounded to the nearest 25 basis points). The Pension Liability Index rate is a calculated rate using yearly spot rates matched against expected future benefit payments. The 10+ year AAA-AA US Corporate Index rate is based on the weighted average yield of a portfolio of high grade Corporate Bonds with an average duration approximating the plans' projected benefit payments. The discount rates used for our other, primarily foreign, plans are based on rates appropriate for the respective country and the plan obligations.

The overall, expected long-term rate of return is based on each plan's historical experience and our expectations of future returns based upon each plan's investment holdings, as discussed below.

Pension Plan Assets

The fair value of our major categories of pension plan assets is disclosed below using a three-level valuation hierarchy that separates fair value valuation techniques into the following categories:

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Other significant inputs observable either directly or indirectly (including quoted prices for similar securities, interest rates, yield curves, credit risk, etc.).
- Level 3: Unobservable inputs that are not corroborated by market data.

Presented below are our major categories of investments for the periods presented:

	Year Ended December 31, 2019					Year Ended December 31, 2018				
	Level 1	Level 2	Level 3	Assets Measured at NAV[1]	Total	Level 1	Level 2	Level 3	Assets Measured at NAV[1]	Total
Mutual and pooled funds										
Fixed income	**$ 40.7**	**$ —**	**$ —**	**$ —**	**$ 40.7**	$ 41.8	$ —	$ —	$ —	$ 41.8
Equities	**121.7**	**—**	**—**	**—**	**121.7**	96.8	—	—	—	96.8
Stable value funds	**—**	**30.2**	**—**	**—**	**30.2**	—	29.5	—	—	29.5
Money market funds, cash and other	**—**	**—**	**—**	**8.9**	**8.9**	—	—	—	13.7	13.7
Total investments at fair value	**$ 162.4**	**$ 30.2**	**$ —**	**$ 8.9**	**$ 201.5**	$ 138.6	$ 29.5	$ —	$ 13.7	$ 181.8

[1] Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

Plan assets are invested in diversified portfolios of equity, debt and government securities, as well as a stable value fund. The aggregate allocation of these investments is as follows:

	2019	2018
Asset Category		
Equity securities	**60%**	53%
Debt securities	**20**	23
Stable value funds	**15**	16
Other, including cash	**5**	8
Total	**100%**	100%

Our investment policy and strategies are established with a long-term view in mind. We strive for a sufficiently diversified asset mix to minimize the risk of a material loss to the portfolio value due to the devaluation of any single investment. In determining the appropriate asset mix, our financial strength and ability to fund potential shortfalls that might result from poor investment performance are considered. The assets in our Frozen Plan employ a liability-driven investment strategy and have a target allocation of 60% fixed income and 40% equities. The remaining two significant plans have a target allocation of 75% equities and 25% fixed income, as historical equity returns have tended to exceed bond returns over the long term.

Assets of our domestic plans represent the majority of plan assets and are allocated toseven different investments.

Six are mutual funds, all of which are passively managed low-cost index funds, and include:

- U.S. Total Stock Market Index: Large-, mid-, and small-cap equity diversified across growth and value styles.
- U.S. Large-Cap Index: Large-cap equity diversified across growth and value styles.
- U.S. Small-Cap Index: Small-cap equity diversified across growth and value styles.
- World ex US Index: International equity; broad exposure across developed and emerging non-U.S. equity markets around the world.
- Long-term Bond Index: Diversified exposure to the long-term, investment-grade U.S. bond market.
- Extended Duration Treasury Index: Diversified exposure to U.S. treasuries with maturities of20-30 years.

The Stable value fund consists of a fixed income portfolio offering consistent return and protection against interest rate volatility.

Settlements

In December 2017, to reduce the size of our pension benefit obligation, reduce volatility of contribution requirements in future years, and also reduce pension-related operational expenses over the long term, we completed an annuity purchase transaction for pensioners that were currently receiving a small monthly benefit. As part of this annuity purchase, we settled $59.8 of pension obligations for U.S. retirees. This was paid from plan assets and did not require an employer cash contribution. As a result of these settlements, we recorded settlement losses of $15.3 ($9.5 net of tax) reflecting the accelerated recognition of unamortized losses in the plan proportionate to the obligation that was settled. These settlement charges were recorded in “Other expense (income), net” with a corresponding balance sheet reduction in "Accumulated other comprehensive (loss)" for the year ended December 31, 2017.

Future Contributions and Benefit Payments

We expect to contribute approximately $2.0 to our defined benefit pension plans in 2020.

Estimated benefit payments expected over the next 10 years are as follows:

2020	$	12.4
2021		13.4
2022		13.8
2023		14.2
2024		14.5
2025-2029		71.2

Defined Contribution Plans

Total expense for defined contribution plans was as follows:

	2019	2018	2017
401(k) Plan	**$ 6.9**	$ 2.2	$ 2.3
Other defined contribution plans	**5.3**	4.1	4.0
	$ 12.2	$ 6.3	$ 6.3

Expense for our 401(k) Plan increased in 2019 primarily due to the December 31, 2018 merger of the SBP and 401(k) Plan as discussed in Note M and the implementation of automatic enrollment features (effective January 1, 2019).

Multi-employer Pension Plans

We have limited participation in two union-sponsored, defined benefit, multi-employer pension plans. These plans are not administered by us, and contributions are determined in accordance with provisions of negotiated labor contracts. Aggregate contributions to these plans were immaterial for each of the years presented. In addition to regular contributions, we could be obligated to pay additional contributions (known as complete or partial withdrawal liabilities) if a plan has unfunded vested benefits. Factors that could impact the funded status of these plans include investment performance, changes in the participant demographics, financial stability of contributing employers and changes in actuarial assumptions. Withdrawal liability triggers could include a plan's termination, a withdrawal of substantially all employers, or our voluntary withdrawal from the plan (such as decision to close a facility or the dissolution of a collective bargaining unit). We have a very small share of the liability among the participants of these plans. Based upon the information available from plan administrators, both of the multi-employer plans in which we participate are underfunded, and we estimate our aggregate share of potential withdrawal liability for both plans to be $19.3. We have not recorded any material withdrawal liabilities for the years presented.

O—Income Taxes

The components of earnings from continuing operations before income taxes are as follows:

	Year Ended December 31		
	2019	**2018**	**2017**
Domestic	**$ 195.5**	$ 149.1	$ 188.6
Foreign	**234.6**	235.3	243.4
	$ 430.1	$ 384.4	$ 432.0

Income tax expense from continuing operations is comprised of the following components:

	Year Ended December 31		
	2019	**2018**	**2017**
Current			
Federal	**$ 34.6**	$ 21.2	$ 76.0
State and local	**5.3**	4.9	3.8
Foreign	**48.7**	55.6	43.2
	88.6	81.7	123.0
Deferred			
Federal	**7.5**	8.8	5.8
State and local	**.6**	(12.0)	(2.6)
Foreign	**(.5)**	(.2)	12.2
	7.6	(3.4)	15.4
	$ 96.2	$ 78.3	$ 138.4

The U.S. statutory federal income tax rate was significantly impacted by the enactment of the Tax Cuts and Jobs Act (TCJA) in the fourth quarter of 2017, which reduced our U.S. federal corporate income tax rate from 35% in 2017, to 21% in 2018 and 2019. Income tax expense from continuing operations, as a percentage of earnings before income taxes, differs from these statutory federal income tax rates as follows:

	Year Ended December 31		
	2019	**2018**	**2017**
Statutory federal income tax rate	**21.0 %**	21.0 %	35.0 %
Increases (decreases) in rate resulting from:			
State taxes, net of federal benefit	**1.4**	.9	1.0
Tax effect of foreign operations	**(1.6)**	(.7)	(8.8)
Global intangible low-taxed income	**2.2**	.7	—
Current and deferred foreign withholding taxes	**1.2**	3.8	3.5
Deemed repatriation of foreign earnings	**—**	(.3)	15.6
Deferred tax revaluation	**(.1)**	(.1)	(6.0)
Stock-based compensation	**(1.1)**	(.8)	(2.0)
Tax benefit for outside basis in subsidiary	**—**	—	(1.8)
Change in valuation allowance	**.4**	(2.0)	(.4)
Change in uncertain tax positions, net	**(.3)**	(.3)	(.6)
Domestic production activities deduction	**—**	—	(1.2)
Other permanent differences, net	**(.3)**	(1.4)	(1.6)
Other, net	**(.4)**	(.4)	(.7)
Effective tax rate	**22.4 %**	20.4 %	32.0 %

In 2017, we recognized a provisional net tax expense totaling $50.4 from the impact of TCJA related to the one-time deemed repatriation tax $67.3), additional foreign withholding taxes recorded for expected foreign cash repatriations ($9.0) and other items ($.2), offset by the revaluation of our U.S. deferred taxes ($26.1). We refined and finalized our accounting for these provisional amounts under SAB 118 in 2018 and recorded measurement period adjustment benefits related to the deemed repatriation tax and our deferred tax revaluation of $1.3 and $.5, respectively. In addition, in 2018, the United States Internal Revenue Service (IRS) applied our prepaid income taxes and taxes receivable of $28.4 against the December 31, 2017 deemed repatriation tax liability. In 2019, the application of prepaid income taxes and taxes receivable was reduced to $27.8, increasing the deemed repatriation tax outstanding as of December 31, 2019 to $32.8 which will be paid on a graduated scale beginning in 2022 over afour-year period.

For all periods presented, the tax rate benefited from income earned in various foreign jurisdictions at rates lower than the U.S. federal statutory rate, primarily related to China, Croatia, and Luxembourg.

In 2019, we recognized tax detriments of $12.9, primarily related to the U.S. taxation of Global Intangible Low-Taxed Income of $9.3 and other net tax detriments of $3.6.

In 2018, our rate benefited by $2.3, primarily related to the net reduction of valuation allowances of $7.8 and other net benefits totaling $9.1, including measurement period adjustments. These benefits were offset by tax detriments recorded in 2018 totaling $14.6 related to current and deferred foreign withholding taxes.

In 2017, we recognized net tax benefits totaling $25.2, including those associated with tax attributes from a divested business and the impact of stock-based compensation.

We file tax returns in each jurisdiction where we are required to do so. In these jurisdictions, a statute of limitations period exists. After a statute period expires, the tax authorities can no longer assess additional income tax for the expired period. In addition, once the statute expires we are no longer eligible to file claims for refund for any tax that we may have overpaid.

Unrecognized Tax Benefits

The total amount of our gross unrecognized tax benefits atDecember 31, 2019 was $8.6, of which $6.7 would impact our effective tax rate, if recognized.A reconciliation of the beginning and ending balance of our gross unrecognized tax benefits for the periods presented is as follows:

	2019	2018	2017
Gross unrecognized tax benefits, January 1	**$ 8.2**	$ 10.1	$ 12.1
Gross increases—tax positions in prior periods	**—**	—	.1
Gross decreases—tax positions in prior periods	**(.4)**	(.5)	(.4)
Gross increases—current period tax positions	**.7**	1.3	1.5
Change due to exchange rate fluctuations	**—**	(.2)	.3
Settlements	**—**	—	(.9)
Lapse of statute of limitations	**(2.1)**	(2.5)	(2.6)
Gross unrecognized tax benefits, December 31	**6.4**	8.2	10.1
Interest	**1.9**	2.4	3.0
Penalties	**.3**	.4	.5
Total gross unrecognized tax benefits, December 31	**$ 8.6**	$ 11.0	$ 13.6

We recognize interest and penalties related to unrecognized tax benefits as part of income tax expense in the Consolidated Statements of Operations, which is consistent with prior reporting periods.

We are currently in various stages of audit by certain governmental tax authorities. We have established liabilities for unrecognized tax benefits as appropriate, with such amounts representing a reasonable provision for taxes we ultimately might be required to pay. However, these liabilities could be adjusted over time as more information becomes known relative to these audits. We are no longer subject to significant U.S. federal tax examinations for years prior to 2016, or significant U.S. state or foreign income tax examinations for years prior to 2012.

It is reasonably possible that the resolution of certain tax audits could reduce our unrecognized tax benefits within the next12 months, as certain tax positions may either be sustained on audit or we may agree to certain adjustments, or resulting from the expiration of statutes of limitations in various jurisdictions. It is not expected that any change would have a material impact on our Consolidated Financial Statements.

Deferred Income Taxes

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. The major temporary differences and their associated deferred tax assets or liabilities are as follows:

	December 31			
	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	**$ 19.1**	**$ (84.8)**	$ 19.7	$ (67.8)
Inventories	**2.3**	**(13.2)**	2.1	(10.3)
Accrued expenses	**59.9**	**(4.2)**	60.3	(.1)
Net operating losses and other tax carryforwards	**31.9**	**—**	27.2	—
Pension cost and other post-retirement benefits	**18.2**	**(.7)**	13.4	(.6)
Intangible assets	**.3**	**(199.5)**	.4	(84.6)
Derivative financial instruments	**3.0**	**(1.7)**	5.0	(1.3)
Tax on undistributed earnings (primarily from Canada and China)	**—**	**(16.8)**	—	(18.8)
Uncertain tax positions	**1.4**	**—**	2.4	—
Other	**5.2**	**(6.3)**	6.9	(6.1)
Gross deferred tax assets (liabilities)	**141.3**	**(327.2)**	137.4	(189.6)
Valuation allowance	**(16.8)**	**—**	(13.2)	—
Total deferred taxes	**$ 124.5**	**$ (327.2)**	$ 124.2	$ (189.6)
Net deferred tax liability		**$ (202.7)**		$ (65.4)

Deferred tax assets (liabilities) included in the consolidated balance sheets are as follows:

	December 31	
	2019	2018
Sundry	**$ 11.5**	$ 20.2
Deferred income taxes	**(214.2)**	(85.6)
	$ (202.7)	$ (65.4)

Significant fluctuations in our deferred taxes from2018 to 2019 relate to the following:

- The increase of $17.0 in our deferred tax liability associated with property, plant, and equipment relates primarily to accelerated bonus depreciation resulting from TCJA; and
- The increase of $114.9 in our deferred tax liability associated with intangible assets relates primarily to the acquisition of ECS in 2019.

The valuation allowance recorded primarily relates to net operating loss, tax credit, and capital loss carryforwards for which utilization is uncertain. Cumulative tax losses in certain state and foreign jurisdictions during recent years, limited carryforward periods in certain jurisdictions, future reversals of existing taxable temporary differences, and reasonable tax planning strategies were among the factors considered in determining the valuation allowance. Individually, none of these tax carryforwards presents a material exposure.

Most of our tax carryforwards have expiration dates that vary generally over the next20 years, with no amount greater than $10.0 expiring in any one year.

Deferred withholding taxes (tax on undistributed earnings) have been provided on the earnings of our foreign subsidiaries to the extent it is anticipated that the earnings will be remitted in the future as dividends. We are not asserting permanent reinvestment on $754.5 of our earnings, and have accrued incremental tax on these undistributed earnings as presented in the table above.

Foreign withholding taxes have not been provided on certain foreign earnings which are indefinitely reinvested outside the U.S. The cumulative undistributed earnings which are indefinitely reinvested as of December 31, 2019, are $326.5. If such earnings were repatriated to the U.S. through dividends, the resulting incremental tax expense would approximate $16.0, based on present income tax laws and after consideration of the tax recorded in 2017 for the mandatory deemed repatriation of our foreign earnings in connection with TCJA.

P—Other Expense (Income)

The components of other expense (income) from continuing operations were as follows:

	Year Ended December 31		
	2019	**2018**	**2017**
Restructuring charges (See Note F)	**$ 8.1**	$ 7.8	$ .8
Currency loss	**3.0**	.8	1.5
(Gain) loss from diversified investments associated with Executive Stock Unit Program	**(7.2)**	1.9	(4.5)
Non-service pension expense (income) (See Note N)	**1.8**	(1.3)	17.4
Other income	**(4.3)**	(6.5)	(2.6)
	$ 1.4	$ 2.7	$ 12.6

Q—Accumulated Other Comprehensive Income (Loss)

The following table sets forth the changes in each component of accumulated other comprehensive income (loss):

	Foreign Currency Translation Adjustments	Cash Flow Hedges	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2017	$ (38.6)	$ (17.8)	$ (57.2)	$ (113.6)
Other comprehensive income	78.7	1.6	10.2	90.5
Reclassifications, pretax [1]	—	7.2	19.9	27.1
Income tax effect	—	(2.5)	(11.4)	(13.9)
Attributable to noncontrolling interest	.4	—	—	.4
Balance at December 31, 2017	40.5	(11.5)	(38.5)	(9.5)
Other comprehensive (loss)	(67.0)	(3.1)	(3.7)	(73.8)
Reclassifications, pretax [2]	—	2.8	2.6	5.4
Income tax effect	—	—	.3	.3
Balance at December 31, 2018	(26.5)	(11.8)	(39.3)	(77.6)
Other comprehensive income (loss)	5.0	2.5	(18.6)	(11.1)
Reclassifications, pretax [3]	—	7.4	2.9	10.3
Income tax effect	—	(2.2)	3.8	1.6
Balance at December 31, 2019	**$ (21.5)**	**$ (4.1)**	**$ (51.2)**	**$ (76.8)**
[1] 2017 pretax reclassifications are comprised of:				
Net sales	$ —	$ 2.3	$ —	$ 2.3
Cost of goods sold; selling and administrative expenses	—	.7	—	.7
Interest expense	—	4.2	—	4.2
Other expense (income), net	—	—	19.9	19.9
Total 2017 reclassifications, pretax	$ —	$ 7.2	$ 19.9	$ 27.1
[2] 2018 pretax reclassifications are comprised of:				
Net sales	$ —	$ (2.6)	$ —	$ (2.6)
Cost of goods sold; selling and administrative expenses	—	1.1	—	1.1
Interest expense	—	4.3	—	4.3
Other expense (income), net	—	—	2.6	2.6
Total 2018 reclassifications, pretax	$ —	$ 2.8	$ 2.6	$ 5.4
[3] 2019 pretax reclassifications are comprised of:				
Net sales	$ —	$ 3.6	$ —	$ 3.6
Cost of goods sold; selling and administrative expenses	—	(.6)	—	(.6)
Interest expense	—	4.4	—	4.4
Other expense (income), net	—	—	2.9	2.9
Total 2019 reclassifications, pretax	$ —	$ 7.4	$ 2.9	$ 10.3

R—Fair Value

We utilize fair value measures for both financial and non-financial assets and liabilities.

Items measured at fair value on a recurring basis

Fair value measurements are established using a three level valuation hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into the following categories:

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. Short-term investments in this category are valued using discounted cash flow techniques with all significant inputs derived from or corroborated by observable market data. Derivative assets and liabilities in this category are valued using models that consider various assumptions and information from market-corroborated sources. The models used are primarily industry-standard models that consider items such as quoted prices, market interest rate curves applicable to the instruments being valued as of the end of each period, discounted cash flows, volatility factors, current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.
- Level 3: Unobservable inputs that are not corroborated by market data.

The areas in which we utilize fair value measures of financial assets and liabilities are presented in the table below:

	As of December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents:				
Bank time deposits with original maturities of three months or less	**$ —**	**$ 153.7**	**$ —**	**$ 153.7**
Derivative assets [1] (see Note T)	**—**	**4.0**	**—**	**4.0**
Diversified investments associated with the ESUP [1] (see Note M)	**41.0**	**—**	**—**	**41.0**
Total assets	**$ 41.0**	**$ 157.7**	**$ —**	**$ 198.7**
Liabilities:				
Derivative liabilities [1] (see Note T)	**$ —**	**$ .9**	**$ —**	**$ .9**
Liabilities associated with the ESUP [1] (see Note M)	**40.6**	**—**	**—**	**40.6**
Total liabilities	**$ 40.6**	**$ .9**	**$ —**	**$ 41.5**

	As of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents:				
Bank time deposits with original maturities of three months or less	$ —	$ 159.1	$ —	$ 159.1
Derivative assets [1] (see Note T)	—	1.2	—	1.2
Diversified investments associated with the ESUP [1] (see Note M)	32.7	—	—	32.7
Total assets	$ 32.7	$ 160.3	$ —	$ 193.0
Liabilities:				
Derivative liabilities [1] (see Note T)	$ —	$ 4.7	$ —	$ 4.7
Liabilities associated with the ESUP [1] (see Note M)	33.7	—	—	33.7
Total liabilities	$ 33.7	$ 4.7	$ —	$ 38.4

[1] Includes both current and long-term amounts combined.

The fair value for fixed rate debt (Level 2) was approximately$98.6 greater than carrying value of$1,585.6 at December 31, 2019 and was approximately $35.0 less than carrying value of$1,090.5 at December 31, 2018.

Items measured at fair value on a non-recurring basis

The primary areas in which we utilize fair value measures of non-financial assets and liabilities are allocating purchase price to the assets and liabilities of acquired companies as discussed in Note S and evaluating long-term assets (including goodwill) for potential impairment as discussed inNote D. Determining fair values for these items requires significant judgment and includes a variety of methods and models that utilize significant Level 3 inputs as discussed in Note A.

S—Acquisitions

The following table contains the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition for all acquisitions during the periods presented (using inputs discussed in Note A), and any additional consideration paid for prior years' acquisitions. Of the goodwill included in the table below, $139.0 is expected to be deductible for tax purposes.

	2019	2018	2017
Accounts receivable	**$ 75.2**	$ 19.6	$ 10.5
Inventory	**63.2**	26.2	6.2
Property, plant and equipment	**82.3**	28.2	15.7
Goodwill (see Note E)	**566.3**	28.1	11.5
Other intangible assets (see Note E)			
Customer relationships (7 to 20-year life)	**378.9**	19.4	11.3
Technology (5 to 15-year life)	**173.3**	4.9	—
Trademarks and trade names (15-year)	**67.1**	2.7	8.6
Non-compete agreements and other (5 to 15-year life)	**28.7**	1.9	.4
Other current and long-term assets	**29.4**	.8	.8
Current liabilities	**(48.2)**	(11.9)	(4.6)
Deferred income taxes	**(127.4)**	(9.9)	(6.3)
Long-term liabilities	**(23.7)**	(.8)	—
Noncontrolling interest	**—**	—	(.5)
Fair value of net identifiable assets	**1,265.1**	109.2	53.6
Less: Additional consideration payable	**—**	—	2.7
Less: Common stock issued for acquired companies	**—**	—	11.8
Net cash consideration	**$ 1,265.1**	$ 109.2	$ 39.1

The following table summarizes acquisitions for the periods presented.

Year Ended	Number of Acquisitions	Segment	Product/Service
December 31, 2019	2	Residential Products	A leader in proprietary specialized foam technology, primarily for the bedding and furniture industries; Manufacturer and distributor of geosynthetic and mine ventilation products
December 31, 2018	3	Residential Products; Specialized Products	Manufacturer and distributor of home and garden products; Manufacturer and distributor of silt fence; Engineered hydraulic cylinders
December 31, 2017	3	Residential Products; Furniture Products	Distributor and installer of geosynthetic products; Flooring products; Surface-critical bent tube components

We are finalizing all of the information required to complete the purchase price allocations related to the most recent acquisitions and do not anticipate any material modifications.

Certain of our prior years' acquisition agreements provide for additional consideration to be paid in cash at a later date and are recorded as a liability at the acquisition date. At December 31, 2019 and December 31, 2018 our liability for these future payments was $9.2 ($9.2 current) and $10.8 ($.8 current and $10.0 long-term), respectively. Components of the liability are based on estimates and contingent upon future events, therefore, the amounts may fluctuate materially until the payment dates. Additional consideration, including interest, paid on prior year acquisitions was $1.1, $9.3 and $2.2 for the years ended 2019, 2018 and 2017, respectively.

A brief description of our acquisition activity by year is included below.

2019

We acquired two businesses:

- ECS, a leader in proprietary specialized foam technology, primarily for the bedding and furniture industries. Through this acquisition, we gained critical capabilities in proprietary foam technology, along with scale in the production of private-label finished mattresses. The acquisition date was January 16. The purchase price was $1,244.3 and added $559.3 of goodwill. The most significant other intangibles added were customer relationships and technology which were valued at $372.3 and $173.3, respectively. There was no contingent consideration associated with this acquisition.

- A manufacturer and distributor of geosynthetic and mine ventilation products, expanding the geographic scope and capabilities of our Geo Components business unit. The acquisition date was December 9. The purchase price was $20.8 and added $7.0 of goodwill.

2018

We acquired three businesses:

- A manufacturer and distributor of innovative home and garden products found at most major retailers for $19.1. This acquisition provides a solid foundation on which to continue growing our retail market presence in our Geo Components business unit.

- A manufacturer and distributor of silt fence, a core product for our Geo Components business unit, for $2.6.

- Precision Hydraulic Cylinders (PHC), a leading global manufacturer of engineered hydraulic cylinders primarily for the materials handling market. The purchase price was $87.4 and added $26.9 of goodwill. PHC serves a market of mainly large OEM customers utilizing highly engineered components with long product life-cycles that represent a small part of the end product's cost. PHC represents a new growth platform and formed a new business group titled Hydraulic Cylinders within the Specialized Products segment.

2017

We acquired three businesses:

- A distributor and installer of geosynthetic products, expanding the geographic scope and capabilities of our Geo Components business.

- A carpet underlay manufacturer, providing additional production capacity in our Flooring Products business.

- A manufacturer of surface-critical bent tube components in support of the private-label finished seating strategy in our Work Furniture business.

These businesses broaden our geographic scope, capabilities, and product offerings, and added $11.3 ($7.4 to Residential Products and $3.9 to Furniture Products) of goodwill. We also acquired the remaining 20% ownership in an Asian joint venture in our Work Furniture business for $2.6.

Pro forma Results

The following table summarizes, on an unaudited pro forma basis, our combined results of operations, including ECS, as though the acquisition had occurred as of January 1, 2018. We have not provided pro forma results of operations related to other acquisitions, as these results were not material.

The unaudited proforma financial information below is not necessarily indicative of the results of operations that would have been realized had the ECS acquisition occurred as of January 1, 2018, nor is it meant to be indicative of any future results of operations. It does not include benefits expected from revenue or product mix enhancements, operating synergies or cost savings that may be realized or any estimated future costs that may be incurred to integrate the ECS business.

	Year Ended December 31	
	2019	2018
Net sales	$ 4,774.1	$ 4,870.8
Net earnings	335.5	283.9
EPS basic	2.49	2.11
EPS diluted	2.49	2.10

The information above reflects pro forma adjustments based on available information and certain assumptions that we believe are reasonable, including:

- Amortization and depreciation adjustments relating to fair value estimates of intangible and tangible assets;
- Incremental interest expense on debt incurred in connection with the ECS acquisition;
- Amortization of the fair value adjustment to inventory as though the transaction occurred on January 1, 2018;
- Recognition of transaction costs as though the transaction occurred on January 1, 2018; and
- Estimated tax impacts of the pro forma adjustments.

T—Derivative Financial Instruments

Cash Flow Hedges

Derivative financial instruments that we use to hedge forecasted transactions and anticipated cash flows are as follows:

Currency Cash Flow Hedges—The foreign currency hedges manage risk associated with exchange rate volatility of various currencies.

Interest Rate Cash Flow Hedges—We have also occasionally used interest rate cash flow hedges to manage interest rate risks.

The effective changes in fair value of unexpired contracts are recorded in accumulated other comprehensive income and reclassified to income or expense in the period in which earnings are impacted. Cash flows from settled contracts are presented in the category consistent with the nature of the item being hedged. (Settlements associated with the sale or production of product are presented in operating cash flows, and settlements associated with debt issuance are presented in financing cash flows.)

Fair Value Hedges and Derivatives not Designated as Hedging Instruments

These derivatives typically manage foreign currency risk associated with subsidiaries' assets and liabilities, and gains or losses are recognized currently in earnings. Cash flows from settled contracts are presented in the category consistent with the nature of the item being hedged.

Hedge Effectiveness

We have deemed ineffectiveness to be immaterial, and as a result, have not recorded any amounts for ineffectiveness. If a hedge was not highly effective, the portion of the change in fair value considered to be ineffective would be recognized immediately in the Consolidated Statements of Operations.

The following table presents assets and liabilities representing the fair value of our most significant derivative financial instruments. The fair values of the derivatives reflect the change in the market value of the derivative from the date of the trade execution and do not consider the offsetting underlying hedged item.

			As of December 31, 2019		
			Assets		Liabilities
Derivatives Designated as Hedging Instruments	Expiring at various dates through:	Total USD Equivalent Notional Amount	Other Current Assets	Sundry	Other Current Liabilities
Cash flow hedges:					
Currency hedges:					
Future USD sales/purchases of Canadian, Chinese, European, South Korean, Swiss and UK subsidiaries	Sep 2021	$ 138.5	$ 1.3	$ .2	$ .7
Future MXN purchases of a USD subsidiary	Jun 2021	9.8	.5	.1	—
Future DKK sales of Polish subsidiary	Jun 2021	21.1	.3	—	—
Future EUR Sales of Chinese and UK subsidiaries	Jun 2021	29.9	.7	—	—
Total cash flow hedges			2.8	.3	.7
Fair value hedges:					
Intercompany and third party receivables and payables exposed to multiple currencies (DKK, EUR, MXN, USD and ZAR) in various countries (CAD, CHF, CNY, GBP, PLN and USD)	May 2020	112.0	.8	—	.1
Total fair value hedges			.8	—	.1
Derivatives not designated as hedging instruments					
Non-deliverable hedges (EUR and USD) exposed to the CNY	Dec 2020	10.1	.1	—	—
Hedge of USD Receivable on CAD Subsidiary	Jan 2020	5.0	—	—	.1
Total derivatives not designated as hedging instruments			.1	—	.1
Total derivatives			$ 3.7	$ .3	$ .9

Derivatives Designated as Hedging Instruments	Expiring at various dates through:	Total USD Equivalent Notional Amount	As of December 31, 2018 Assets: Other Current Assets	Assets: Sundry	Liabilities: Other Current Liabilities	Liabilities: Other Long-Term Liabilities
Cash flow hedges:						
Currency hedges:						
Future USD sales/purchases of Canadian, Chinese, European, South Korean, Swiss and UK subsidiaries	Jun 2020	$ 164.7	$ .5	$ .1	$ 3.8	$ .2
Future MXN purchases of a USD subsidiary	Jun 2019	7.9	.1	—	—	—
Future EUR Sales of Chinese and UK subsidiaries	Jun 2020	32.3	.2	.1	.1	—
Total cash flow hedges			.8	.2	3.9	.2
Fair value hedges:						
Intercompany and third party receivables and payables exposed to multiple currencies (DKK, EUR, MXN, USD and ZAR) in various countries (CAD, CHF, CNY, EUR, GBP, PLN and USD)	Dec 2019	65.8	.1	—	.3	—
Total fair value hedges			.1	—	.3	—
Derivatives not designated as hedging instruments						
Non-deliverable hedges (EUR and USD) exposed to the CNY	Dec 2019	23.6	.1	—	.3	—
Total derivatives not designated as hedging instruments			.1	—	.3	—
Total derivatives			$ 1.0	$ .2	$ 4.5	$ .2

The following table sets forth the pretax (gains) losses for our hedging activities for the years presented. This schedule includes reclassifications from accumulated other comprehensive income as well as derivative settlements recorded directly to income or expense.

Derivatives Designated as Hedging Instruments	Income Statement Caption	Amount of (Gain) Loss Recorded in Income for the Year Ended December 31: 2019	2018	2017
Interest rate cash flow hedges	Interest expense	**$ 4.4**	$ 4.3	$ 4.2
Currency cash flow hedges	Net sales	**2.7**	(2.0)	(1.4)
Currency cash flow hedges	Cost of goods sold	**(1.6)**	.4	.4
Currency cash flow hedges	Other expense (income), net	**.1**	—	.6
Total cash flow hedges		**5.6**	2.7	3.8
Fair value hedges	Other expense (income), net	**.8**	1.2	(.2)
Derivatives Not Designated as Hedging Instruments	Other expense (income), net	**.1**	(1.6)	(1.7)
Total derivative instruments		**$ 6.5**	$ 2.3	$ 1.9

U—Contingencies

We are a party to various proceedings and matters involving employment, intellectual property, environmental, taxation, vehicle-related personal injury, antitrust and other laws. When it is probable, in management's judgment, that we may incur monetary damages or other costs resulting from these proceedings or other claims, and we can reasonably estimate the amounts, we record appropriate accruals in the financial statements and make charges against earnings. For all periods presented, we have recorded no material charges against earnings. Also, when it is reasonably possible that we may incur additional loss in excess of recorded accruals and we can reasonably estimate the additional losses or range of losses, we disclose such additional reasonably possible losses in these notes.

For specific information regarding accruals, cash payments to settle litigation contingencies, and reasonably possible losses in excess of accruals, please see "Accruals and Reasonably Possible Losses in Excess of Accruals" below.

Brazilian Value-Added Tax Matters

All dollar amounts presented in this section have been updated since our last filing to reflect the U.S. Dollar (USD) equivalent of Brazilian Real (BRL).

We deny all allegations in the below Brazilian actions. We believe that we have valid bases to contest such actions and are vigorously defending ourselves. However, these contingencies are subject to uncertainties, and based on current known facts, we believe that it is reasonably possible (but not probable) that we may incur losses of approximately $13.8 including interest and attorney fees with respect to these assessments. Therefore, because it is not probable we will incur a loss, no accrual has been recorded for Brazilian value-added tax (VAT) matters. As of the date of this filing, we have $10.5 on deposit with the Brazilian government to partially mitigate interest and penalties that may accrue while we work through these matters. If we are successful in our defense of these assessments, the deposits are refundable with interest. These deposits are recorded as a long-term asset on our balance sheet.

Brazilian Federal Cases. On December 22 and December 29, 2011, and December 17, 2012, the Brazilian Finance Ministry, Federal Revenue Office (Finance Ministry) issued notices of violation against our wholly-owned subsidiary, Leggett & Platt do Brasil Ltda. (L&P Brazil) in the amount of $2.0, $.1 and $3.5, respectively. The Finance Ministry claimed that for November 2006 and continuing through 2011, L&P Brazil used an incorrect tariff code for the collection and payment of VAT primarily on the sale of mattress innerspring units in Brazil (VAT Rate Dispute). L&P Brazil has denied the violations. On December 4, 2015, we filed an action related to the $3.5 assessment ($4.1 with updated interest), in Sorocaba Federal Court. On October 18, 2018, we filed an action related to the $2.0 assessment ($3.0 with updated interest) in Sorocaba Federal Court. The $.1 assessment remains pending at the second administrative level. These actions seek to annul the entire assessment and remain pending.

In addition, L&P Brazil received assessments on December 22, 2011, and June 26, July 2 and November 5, 2012, and September 13, 2013, from the Finance Ministry where it challenged L&P Brazil's use of tax credits in years 2005 through 2010. Such credits are generated based upon the VAT rate used by L&P Brazil on the sale of mattress innersprings. On September 4, 2014, the Finance Ministry issued additional assessments regarding this same issue, but covering certain periods of 2011 and 2012. L&P Brazil filed its defenses denying the assessments. L&P Brazil has received aggregate assessments and penalties totaling $1.7 ($2.5 updated with interest) on these denials of tax credit matters. L&P Brazil has denied the violations. Some of these cases have been administratively closed and combined with other actions, while the remaining cases are pending at the administrative level. On September 11, 2017, L&P Brazil received an "isolated penalty" from the Finance Ministry in the amount of $.2 regarding the use of these credits. L&P Brazil filed its defense disputing the penalty. These cases remain pending.

On February 1, 2013, the Finance Ministry filed a Tax Collection action against L&P Brazil in the Camanducaia Judicial District Court, alleging the untimely payment of $.1 of social contributions (social security and social assistance payments) for September to October 2010. L&P Brazil argued the payments were not required to be made because of the application of tax credits generated by L&P Brazil's use of a correct VAT rate on the sale of mattress innersprings. On June 26, 2014, the Finance Ministry issued a new notice of violation against L&P Brazil in the amount of $.6 covering 2011 through 2012 on the same subject matter. L&P Brazil has filed its defenses. These cases remain pending.

On July 1, 2014, the Finance Ministry rendered a preliminary decision alleging that L&P Brazil improperly offset$.1 of social contributions due in 2011. L&P Brazil denied the allegations. L&P Brazil is defending on the basis that the social contribution amounts were correctly offset with tax credits generated by L&P Brazil's use of a correct VAT rate on the sale of mattress innersprings. On December 15, 2015, the Finance Ministry issued an assessment against L&P Brazil in the amount of $.1 for August 2010 through May 2011, as a penalty for L&P Brazil's requests to offset tax credits. We filed our defense denying the assessment. On August 8, 2019, the Finance Ministry issued an assessment against L&P Brazil in the amount of $.1 alleging that L&P Brazil improperly offset social contributions due between 2015 and 2016. These cases remain pending.

State of São Paulo, Brazil Cases. The State of São Paulo, Brazil (SSP), on October 4, 2012, issued a Tax Assessment against L&P Brazil in the amount of $1.2 for the tax years 2009 through 2011 regarding the same VAT Rate

Dispute but as applicable to the sale of mattress innerspring units in the SSP (SSP VAT Rate Dispute). On June 21, 2013, the SSP converted the Tax Assessment to a tax collection action against L&P Brazil in the amount of $1.5 in Sorocaba Judicial District Court. L&P Brazil has denied all allegations. This case remains pending.

L&P Brazil also received a Notice of Tax Assessment from the SSP dated March 27, 2014, in the amount of $.7 for tax years January 2011 through August 2012 regarding the SSP VAT Rate Dispute. L&P Brazil filed its response denying the allegations, but the tax assessment was maintained at the administrative level. On June 9, 2016, L&P Brazil filed an action in Sorocaba State Court to annul the entire assessment. The Court ruled against L&P Brazil on the assessment but lowered the interest amount. The Court of Appeals upheld the unfavorable ruling and we filed a Special and Extraordinary appeal to the High Court on October 10, 2017. The High Court denied our appeal on February 18, 2019. L&P Brazil filed an interlocutory appeal on March 20, 2019. On November 5, 2019, SSP announced an amnesty program that provides discounts on penalties and interest on SSP assessments. We decided to move forward with the amnesty program as it relates to the $.7 assessment (updated to $1.2 with interest). We will pay $.6 in the first quarter of 2020 to resolve this matter using a portion of our $1.2 cash deposit. We expect the return of approximately $.6, consisting of cash deposit and accrued interest in the second half of 2020.

State of Minas Gerais, Brazil Cases. On December 18, 2012, the State of Minas Gerais, Brazil issued a tax assessment to L&P Brazil relating to the same VAT Rate Dispute but as applicable to the sale of mattress innerspring units in Minas Gerais from March 2008 through August 2012 in the amount of $.4. L&P Brazil filed its response denying any violation. The Minas Gerais Taxpayer's Council ruled against us, and on June 5, 2014, L&P Brazil filed a Motion to Stay the Execution of the Judgment in Camanducaia Judicial District Court, which remains pending.

Accruals and Reasonably Possible Losses in Excess of Accruals

Accruals for Probable Losses

Although we deny liability in all currently threatened or pending litigation proceedings in which we are or may be a party and believe that we have valid bases to contest all claims threatened or made against us, we have recorded a litigation contingency accrual for our reasonable estimate of probable loss for pending and threatened litigation proceedings, in aggregate, as follows:

	Year Ended December 31		
	2019	**2018**	**2017**
Litigation contingency accrual - Beginning of period	$ 1.9	$ .4	$ 3.2
Adjustment to accruals - expense - Continuing operations	.6	1.8	.6
Adjustment to accruals - expense - Discontinued operations	—	—	1.6
Cash payments	(1.8)	(.3)	(5.0)
Litigation contingency accrual - End of period	$ .7	$ 1.9	$ .4

The above litigation contingency accruals do not include accrued expenses related to workers' compensation, vehicle-related personal injury, product and general liability claims, taxation issues and environmental matters, some of which may contain a portion of litigation expense. However, any litigation expense associated with these categories is not anticipated to have a material effect on our financial condition, results of operations or cash flows. For more information regarding accrued expenses, see Note J - Supplemental Balance Sheet Information under "Accrued expenses" on page 92.

Reasonably Possible Losses in Excess of Accruals

Although there are a number of uncertainties and potential outcomes associated with all of our pending or threatened litigation proceedings, we believe, based on current known facts, that additional losses, if any, are not expected to materially affect our consolidated financial position, results of operations or cash flows. However, based upon current known facts, as of December 31, 2019, aggregate reasonably possible (but not probable, and therefore not accrued) losses in excess of the accruals noted above are estimated to be $14.9, including $13.8 for Brazilian VAT matters disclosed above and $1.1 for other matters. If our assumptions or analyses regarding these contingencies are incorrect, or if facts change, we could realize losses in excess of the recorded accruals (and in excess of the $14.9 referenced above), which could have a material negative impact on our financial condition, results of operations and cash flows.

Leggett & Platt, Incorporated
Quarterly Summary of Earnings (Unaudited)

Year ended December 31, (Amounts in millions, except per share data)	First 2	Second	Third 3, 5	Fourth 4, 6	Total
2019 1					
Net sales	**$ 1,155.1**	**$ 1,213.2**	**$ 1,239.3**	**$ 1,144.9**	**$ 4,752.5**
Gross profit	**233.0**	**269.7**	**275.5**	**272.4**	**1,050.6**
Earnings from continuing operations before income taxes	**78.2**	**114.1**	**123.0**	**114.8**	**430.1**
Earnings from continuing operations	**61.1**	**86.3**	**99.6**	**86.9**	**333.9**
Earnings (loss) from discontinued operations, net of tax	**—**	**—**	**—**	**—**	**—**
Net earnings	**61.1**	**86.3**	**99.6**	**86.9**	**333.9**
Loss (Earnings) attributable to noncontrolling interest, net of tax	**.1**	**(.1)**	**—**	**(.1)**	**(.1)**
Net earnings attributable to Leggett & Platt, Inc. common shareholders	**$ 61.2**	**$ 86.2**	**$ 99.6**	**$ 86.8**	**$ 333.8**
Earnings per share from continuing operations attributable to Leggett & Platt, Inc. common shareholders					
Basic	**$ .46**	**$ .64**	**$ .74**	**$ .64**	**$ 2.48**
Diluted	**$ .45**	**$ .64**	**$ .74**	**$ .64**	**$ 2.47**
Earnings (loss) per share from discontinued operations attributable to Leggett & Platt, Inc. common shareholders					
Basic	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Diluted	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Net earnings per share attributable to Leggett & Platt, Inc. common shareholders					
Basic	**$ .46**	**$ .64**	**$ .74**	**$ .64**	**$ 2.48**
Diluted	**$ .45**	**$ .64**	**$ .74**	**$ .64**	**$ 2.47**
2018					
Net sales	$ 1,028.8	$ 1,102.5	$ 1,091.5	$ 1,046.7	$ 4,269.5
Gross profit	217.4	231.0	227.1	213.2	888.7
Earnings from continuing operations before income taxes	95.4	107.5	113.3	68.2	384.4
Earnings from continuing operations	77.9	85.1	90.0	53.1	306.1
Earnings (loss) from discontinued operations, net of tax	—	—	—	—	—
Net earnings	77.9	85.1	90.0	53.1	306.1
(Earnings) attributable to noncontrolling interest, net of tax	—	(.1)	—	(.1)	(.2)
Net earnings attributable to Leggett & Platt, Inc. common shareholders	$ 77.9	$ 85.0	$ 90.0	$ 53.0	$ 305.9
Earnings per share from continuing operations attributable to Leggett & Platt, Inc. common shareholders					
Basic	$ .58	$ .63	$ .67	$ .40	$ 2.28
Diluted	$ .57	$ .63	$ .67	$ .39	$ 2.26
Earnings (loss) per share from discontinued operations attributable to Leggett & Platt, Inc. common shareholders					
Basic	$ —	$ —	$ —	$ —	$ —
Diluted	$ —	$ —	$ —	$ —	$ —
Net earnings per share attributable to Leggett & Platt, Inc. common shareholders					
Basic	$ .58	$ .63	$ .67	$ .40	$ 2.28
Diluted	$ .57	$ .63	$ .67	$ .39	$ 2.26

All items below are shown pretax with the exception of the 2017 Tax Cuts and Jobs Act (TCJA) item.

1 *All 2019 quarters are impacted by the January 2019 ECS acquisition (Note S)*

2 *First quarter 2019 Earnings from continuing operations include a charge of $6 for restructuring (Note F); $1 charge for transaction costs related to the ECS acquisition (Note S)*

3 *Third quarter 2019 Earnings from continuing operations include a charge of $4 for restructuring (Note F)*

4 *Fourth quarter 2019 Earnings from continuing operations include a charge of $5 for restructuring (Note F)*

5 *Third quarter 2018 Earnings from continuing operations include a $2 benefit associated with the TCJA (Note O)*

6 *Fourth quarter 2018 Earnings from continuing operations include a charge of $16 for restructuring (Note F); $16 charge for a customer receivable impairment (Note I); $7 charge for transaction costs related to the ECS acquisition (Note S)*

LEGGETT & PLATT, INCORPORATED

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(Amounts in millions)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions (Credited) to Cost and Expenses	Deductions	Balance at End of Period
Year ended December 31, 2019				
Allowance for doubtful receivables	**$ 20.2**	**$ 2.8**	**$ (.5)** [1]	**$ 23.5**
Excess and obsolete inventory reserve, LIFO basis	**$ 27.1**	**$ 9.0**	**$ 11.3**	**$ 24.8**
Tax valuation allowance	**$ 13.2**	**$ 1.5**	**$ (2.1)**	**$ 16.8**
Year ended December 31, 2018				
Allowance for doubtful receivables	$ 4.9	$ 16.7	$ 1.4 [1]	$ 20.2
Excess and obsolete inventory reserve, LIFO basis	$ 26.4	$ 10.3	$ 9.6	$ 27.1
Tax valuation allowance	$ 24.2	$ (7.8)	$ 3.2	$ 13.2
Year ended December 31, 2017				
Allowance for doubtful receivables	$ 7.4	$ .8	$ 3.3 [1]	$ 4.9
Excess and obsolete inventory reserve, LIFO basis	$ 27.1	$ 4.9	$ 5.6	$ 26.4
Tax valuation allowance	$ 22.9	$ 1.3	$ —	$ 24.2

1 Uncollectible accounts charged off, net of recoveries.

EXHIBIT INDEX

Exhibit No.	Document Description
2.1****	Stock Purchase Agreement by and among Leggett & Platt, Incorporated, Elite Comfort Solutions, Inc. and Elite Comfort Solutions LP, dated November 6, 2018, filed November 7, 2018, as Exhibit 2.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845) Schedules to the Stock Purchase Agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Stock Purchase Agreement contains a list briefly identifying the omitted schedules. Leggett agrees to furnish, supplementally, a copy of any omitted schedule to the SEC upon request.
3.1	Restated Articles of Incorporation of the Company as of May 13, 1987, with Amendments dated May 12, 1993 and May 20, 1999; filed March 11, 2004 as Exhibit 3.1 to the Company's Form 10-K for the year ended December 31, 2003, are incorporated by reference. (SEC File No. 001-07845)
3.2	Bylaws of the Company, as amended through November 7, 2017, filed November 7, 2017 as Exhibit 3.2.1 to the Company's Form 10-Q, is incorporated by reference. (SEC File No. 001-07845)
4.1	Article III of the Company's Restated Articles of Incorporation, as amended, filed as Exhibit 3.1 hereto, is incorporated by reference.
4.2	Senior Indenture dated May 6, 2005 between the Company and U.S. Bank National Association (successor in interest to The Bank of New York Mellon Trust Company, NA which was successor in interest to JPMorgan Chase Bank, N.A.), as Trustee, filed May 10, 2005 as Exhibit 4.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
4.2.1	Tri-Party Agreement under the May 6, 2005 Senior Indenture, between the Company, The Bank of New York Mellon Trust Company, NA (successor in interest to JPMorgan Chase Bank, N.A.) (as Prior Trustee) and U.S. Bank National Association (as Successor Trustee), dated February 20, 2009, filed February 25, 2009 as Exhibit 4.3.1 to the Company's Form 10-K for the year ended December 31, 2008, is incorporated by reference. (SEC File No. 001-07845)
4.3	Form of $500,000,000 4.40% Senior Notes due 2029 issued pursuant to the Senior Indenture dated May 6, 2005, filed March 7, 2019 as Exhibit 4.3 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
4.4	Form of $500,000,000 3.50% Senior Notes due 2027 issued pursuant to the Senior Indenture dated May 6, 2005, filed November 16, 2017 as Exhibit 4.3 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
4.5	Form of $300,000,000 3.80% Senior Notes due 2024 issued pursuant to the Senior Indenture dated May 6, 2005, filed November 10, 2014 as Exhibit 4.3 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
4.6	Form of $300,000,000 3.40% Senior Notes due 2022, issued pursuant to the Senior Indenture dated May 6, 2005, filed August 15, 2012 as Exhibit 4.3 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
4.7**	The Company's Description of Capital Stock registered under Section 12 of the Securities Exchange Act of 1934.
10.1*	Severance Benefit Agreement between the Company and Karl G. Glassman, dated May 9, 2017, filed May 11, 2017 as Exhibit 10.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)

Exhibit No.	Document Description
10.2*	Severance Benefit Agreement between the Company and J. Mitchell Dolloff, dated May 9, 2017, filed May 11, 2017 as Exhibit 10.4 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.3*	Severance Benefit Agreement between the Company and Jeffrey L. Tate, dated August 6, 2019, filed August 6, 2019 as Exhibit 10.11 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.4*	Separation Agreement between the Company and Jeffrey L. Tate, dated August 6, 2019, filed August 6, 2019 as Exhibit 10.12 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.5*	Amended and Restated Severance Benefit Agreement between the Company and Scott S. Douglas, dated December 30, 2008, filed February 22, 2018 as Exhibit 10.7 to the Company's Form 10-K, is incorporated by reference. (SEC File No. 001-07845)
10.6*	Description of Personal Use of Corporate Aircraft by Karl G. Glassman, dated May 8, 2017, filed May 11, 2017 as Exhibit 10.8 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.7*	Form of Indemnification Agreement approved by the shareholders of the Company and entered into between the Company and its directors and executive officers, filed March 28, 2002, as Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 2001, is incorporated by reference. (SEC File No. 001-07845)
10.8*	Summary Sheet of Executive Cash Compensation, filed November 5, 2019 as Exhibit 10.7 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.9*	Summary Sheet of Director Compensation, filed November 5, 2019 as Exhibit 10.2 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10*	The Company's Flexible Stock Plan, amended and restated, effective as of May 5, 2015, filed March 25, 2015 as Appendix A to the Company's Proxy Statement, is incorporated by reference. (SEC File No. 001-07845)
10.10.1*	Form of Non-Qualified Stock Option Award Agreement pursuant to the Company's Flexible Stock Plan, filed November 4, 2014 as Exhibit 10.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.2*	2020 Form of Performance Stock Unit Award Agreement pursuant to the Company's Flexible Stock Plan, (applicable to 2020 grants), filed February 19, 2020 as Exhibit 10.2 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.3*	2019 Form of Performance Stock Unit Award Agreement pursuant to the Company's Flexible Stock Plan, (applicable to 2019 grants), filed March 13, 2019 as Exhibit 10.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.4*	2018 Form of Performance Stock Unit Award Agreement pursuant to the Company's Flexible Stock Plan, (applicable to 2018 grants), filed November 9, 2017 as Exhibit 10.7 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.5*	2018 Form of Interim Performance Stock Unit Award Agreement pursuant to the Company's Flexible Stock Plan, (applicable to 2018 grants), filed November 9, 2017 as Exhibit 10.8 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)

Exhibit No.	Document Description
10.10.6*	2017 Form of Performance Stock Unit Award Agreement pursuant to the Company’s Flexible Stock Plan, (applicable to 2017 grants), filed November 10, 2016 as Exhibit 10.1 to the Company’s Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.7*	2015 Form of Performance Stock Unit Award Agreement pursuant to the Company’s Flexible Stock Plan, (applicable to 2015 and 2016 grants), filed November 4, 2014 as Exhibit 10.2 to the Company’s Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.8*	Form of Director Restricted Stock Agreement pursuant to the Company’s Flexible Stock Plan, filed August 7, 2008 as Exhibit 10.1 to the Company’s Form 10-Q for the quarter ended June 30, 2008, is incorporated by reference. (SEC File No. 001-07845)
10.10.9*	Form of Director Restricted Stock Unit Award Agreement pursuant to the Company’s Flexible Stock Plan, filed February 24, 2012 as Exhibit 10.9.7 to the Company's Form 10-K for the year ended December 31, 2011, is incorporated by reference. (SEC File No. 001-07845)
10.10.10*	2020 Form of Restricted Stock Unit Award Agreement pursuant to the Company's Flexible Stock Plan, filed February 19, 2020 as Exhibit 10.3 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.11*	Form of Restricted Stock Unit Award Agreement applicable to Jeffrey L. Tate, filed August 6, 2019 as Exhibit 10.8 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.12*	2017 Form of Profitable Growth Incentive Award Agreement and Terms and Conditions (applicable to 2017 grants), filed November 10, 2016 as Exhibit 10.2 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.13*	Award Formula for the 2017-2018 Profitable Growth Incentive Program, filed March 27, 2017 as Exhibit 10.5 to the Company’s Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.14*	2015 Form of Profitable Growth Incentive Award Agreement and Terms and Conditions (applicable to 2015 and 2016 grants), filed March 26, 2015 as Exhibit 10.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.10.15*	Award Formula for the 2016-2017 Profitable Growth Incentive Program, filed May 4, 2016 as Exhibit 10.1 to the Company's Form 10-Q, is incorporated by reference. (SEC File No. 001-07845)
10.10.16*	Award Formula for the 2015-2016 Profitable Growth Incentive Program, filed March 26, 2015 as Exhibit 10.2 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.11*	The Company’s 2020 Key Officers Incentive Plan, effective January 1, 2020, filed February 19, 2020 as Exhibit 10.1 to the Company’s Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.11.1*	2020 Award Formula under the Company's 2020 Key Officers Incentive Plan, filed February 19, 2020 as Exhibit 10.4 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)

Exhibit No.	Document Description
10.11.2*	2019 Award Formula under the Company's Key Officers Incentive Plan, filed February 28, 2019 as Exhibit 10.2 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.11.3*	2018 Award Formula under the Company's Key Officers Incentive Plan, filed March 26, 2018 as Exhibit 10.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.11.4*	2017 Award Formula under the Company's Key Officers Incentive Plan, filed March 27, 2017 as Exhibit 10.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.12*	The Company's Deferred Compensation Program, effective November 6, 2017, filed November 9, 2017 as Exhibit 10.6 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.13*	The Company's Executive Deferred Stock Program, filed March 31, 1999 as Exhibit 10.16 to the Company's Form 10-K for the year ended December 31, 1998, is incorporated by reference. (SEC File No. 001-07845)
10.14*	The Company's 2005 Executive Stock Unit Program, as amended and restated, effective February 23, 2016, filed February 25, 2016, as Exhibit 10.15 to the Company's Form 10-K for the year ended December 31, 2015, is incorporated by reference. (SEC File No. 001-07845)
10.15*	Description of the long-term disability arrangement between the Company and Karl G. Glassman filed February 25, 2016 as Exhibit 10.16 to the Company's Form 10-K for the year ended December 31, 2015, is incorporated by reference. (SEC File No. 001-07845)
10.16*	The Company's Retirement K Excess Program, amended and restated on November 26, 2007, effective as of January 1, 2007, filed February 26, 2008 as Exhibit 10.19 to the Company's Form 10-K for the year ended December 31, 2007, is incorporated by reference. (SEC File No. 001-07845)
10.17	Third Amended and Restated Credit Agreement, dated as of December 12, 2018 among the Company, JP Morgan Chase Bank, N.A. as administrative agent, and the Lenders named therein, including Revolving Loans and Tranche A Term Loans, filed December 14, 2018 as Exhibit 10.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.18	Commercial Paper Issuing and Paying Agent Agreement between U.S. Bank National Association and the Company, dated December 2, 2014, including Master Note, filed December 5, 2014 as Exhibit 10.1 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
10.19	Form of Amended and Restated Commercial Paper Dealer Agreement filed December 5, 2014 as Exhibit 10.2 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 001-07845)
21**	Schedule of Subsidiaries of the Company.
23**	Consent of Independent Registered Public Accounting Firm.
24**	Power of Attorney executed by members of the Company's Board of Directors regarding this Form 10-K.

Exhibit No.	Document Description
31.1**	Certification of Karl G. Glassman, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 20, 2020.
31.2**	Certification of Jeffrey L. Tate, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 20, 2020.
32.1**	Certification of Karl G. Glassman, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated February 20, 2020.
32.2**	Certification of Jeffrey L. Tate, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated February 20, 2020.
101.INS***	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH***	Inline XBRL Taxonomy Extension Schema.
101.CAL***	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF***	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB***	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE***	Inline XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

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* Denotes management contract or compensatory plan or arrangement.

** Denotes filed or furnished herewith.

*** Filed as Exhibit 101 to this report are the following formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for each year in the three year period ended December 31, 2019; (ii) Consolidated Statements of Comprehensive Income (Loss) for each year in the three year period ended December 31, 2019; (iii) Consolidated Balance Sheets at December 31, 2019 and December 31, 2018; (iv) Consolidated Statements of Cash Flows for each year in the three year period ended December 31, 2019; (v) Consolidated Statements of Changes in Equity for each year in the three year period ended December 31, 2019; and (vi) Notes to Consolidated Financial Statements.

**** The assertions embodied in the representations and warranties made in the Stock Purchase Agreement are solely for the benefit of the parties to the Stock Purchase Agreement, and are qualified by information in confidential disclosure schedules that we have exchanged in connection with signing the Stock Purchase Agreement. While Leggett does not believe the schedules contain information required to be publicly disclosed, the schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties in the Stock Purchase Agreement. You are not a third party beneficiary to the Stock Purchase Agreement and should not rely on the representations and warranties as characterizations of the actual state of facts, since (i) they are modified in part by the disclosure schedules, (ii) they may have changed since the date of the Stock Purchase Agreement, (iii) they may represent only the parties' risk allocation in this particular transaction, and (iv) they may be qualified by materiality standards that differ from what may be viewed as material for securities law purposes. The Stock Purchase Agreement has been included to provide you with information regarding its terms. It is not intended to provide any other factual information about Leggett or ECS. Such information about Leggett can be found in other public filings we make with the SEC.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LEGGETT & PLATT, INCORPORATED

By: /s/ KARL G. GLASSMAN
Karl G. Glassman
Chairman and Chief Executive Officer

Date: February 20, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
(a) Principal Executive Officer:		
/s/ KARL G. GLASSMAN Karl G. Glassman	Chairman and Chief Executive Officer (Director)	February 20, 2020
(b) Principal Financial Officer:		
/s/ JEFFREY L. TATE Jeffrey L. Tate	Executive Vice President and Chief Financial Officer	February 20, 2020
(c) Principal Accounting Officer:		
/s/ TAMMY M. TRENT Tammy M. Trent	Senior Vice President and Chief Accounting Officer	February 20, 2020
(d) Directors:		
MARK A. BLINN* Mark A. Blinn	Director	
ROBERT E. BRUNNER* Robert E. Brunner	Director	
MARY CAMPBELL* Mary Campbell	Director	
J. MITCHELL DOLLOFF* J. Mitchell Dolloff	Director	

Signature	Title	Date
R. TED ENLOE, III* R. Ted Enloe, III	Director	
MANUEL A. FERNANDEZ* Manuel A. Fernandez	Director	
JOSEPH W. MCCLANATHAN* Joseph W. McClanathan	Director	
JUDY C. ODOM* Judy C. Odom	Director	
SRIKANTH PADMANABHAN* Srikanth Padmanabhan	Director	
JAI SHAH* Jai Shah	Director	
PHOEBE A. WOOD* Phoebe A. Wood	Director	

*By: /s/ SCOTT S. DOUGLAS

Scott S. Douglas
Attorney-in-Fact
Under Power-of-Attorney dated
February 19, 2020

February 20, 2020

Exhibit 4.7

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Description of Capital Stock

The following is a summary of the general terms of the capital stock of Leggett & Platt, Incorporated (the "Company" or "Leggett"). This description is a summary, and it does not describe every aspect of our capital stock. This summary is subject to and qualified in its entirety by reference to our Restated Articles of Incorporation, our Bylaws, as amended, and the provisions of the Missouri General and Business Corporation Law, which we refer to as Missouri law, and which may be amended from time to time. Since the terms of our Articles of Incorporation and Bylaws may differ from the general information we are providing, you should only rely on the actual provisions of our Articles of Incorporation and Bylaws, which are listed as Exhibits 3.1 and 3.2, respectively, to this Form 10-K and are incorporated into this Exhibit by reference. For additional information, please read the Company's Articles of Incorporation and Bylaws and the applicable provisions of Missouri law.

As used herein, unless otherwise specified or the context requires otherwise, we use the terms "we," us" and "our" to refer to the Company.

General

Our authorized capital stock consists of 600,000,000 shares of common stock, par value $0.01 per share, and 100,000,000 shares of preferred stock without par value. As of February 5, 2020, there were 132,137,026 shares of common stock and no shares of preferred stock outstanding. Under our Restated Articles of Incorporation, as amended, which we refer to as our "Articles of Incorporation," without action by our shareholders, we may issue shares of common or preferred stock from time to time for any consideration which is not less than the applicable par value as determined by our Board of Directors (the "Board") and all of those shares will be deemed fully paid and non-assessable after payment for those shares.

Common Stock

Subject to the prior and superior rights of the holders of our preferred stock, if any, holders of common stock are entitled to receive dividends as and when declared by our Board out of legally available funds, and, if we liquidate, dissolve, or wind up, to share ratably in all remaining assets after we pay liabilities. Except as otherwise required by law, each holder of common stock is entitled to one vote for each share held of record on all matters presented to a vote of shareholders, including the election of directors, and all of our shares, including shares of preferred stock, will be voted as one class, except as set forth in any certificate of designation for our preferred stock or where specifically required by law to vote separately. Except as otherwise required by law, our Articles of Incorporation or our Bylaws, the holders of a majority of the shares entitled to vote at any shareholder meeting, present in person or by proxy, constitute a quorum and the act of the majority of that quorum is deemed the act of the shareholders. Holders of common stock have no cumulative voting rights or preemptive rights to purchase or subscribe for any of our stock or other securities, and there are no conversion rights. There are no sinking fund provisions for the common stock.

We may issue additional shares of authorized common stock without shareholder approval, subject to our Articles of Incorporation and Bylaws, Missouri law and applicable rules of the New York Stock Exchange ("NYSE"). EQ Shareowner Services, is the registrar and transfer agent for our common stock. Our common stock is listed on the NYSE under the symbol "LEG". We are entitled to treat the person in whose name any share, right or option is registered as the owner thereof and are not bound to recognize any equitable or other claim, except as otherwise required by law.

Redemption of Common Stock

Holders of shares of our common stock are entitled to have those shares redeemed under certain circumstances relating to a tender offer by a person who is or becomes a beneficial owner of more than 50% of our common stock. In general, our shares will be subject to redemption if any person (including any individual, entity or group acting together):

- becomes the beneficial owner (as defined in our Articles of Incorporation), directly or indirectly, of more than 50% of the shares of our common stock outstanding and any such shares were acquired pursuant to a tender offer opposed by our Board; or
- beneficially owns, directly or indirectly, more than 50% of the outstanding shares of our common stock and becomes the beneficial owner (as defined in our Articles of Incorporation), directly or indirectly, of any additional shares of our common stock pursuant to a tender offer opposed by our Board.

Each such beneficial owner described in these two bullets is referred to as an “Acquiring Person.”

Not later than 20 days following the date on which we receive reasonable notice that any person has become an Acquiring Person (the “Record Date”), we will give written notice to each holder of record of shares of our common stock (or securities or other rights convertible into or exercisable for shares of our common stock immediately or within 45 days following the Record Date), and will advise all such holders of the right to have their shares of common stock redeemed and the procedure for such redemption. If we fail to give the required notice, any holder entitled to such notice may, within 60 days thereafter, serve written demand upon us to require us to give such notice.

If the redemption right applies, each holder of our common stock as of the Record Date (and each holder of securities or other rights convertible into or exercisable for our common stock within 45 days following the Record Date) will have 45 days following the date the notice is mailed to have us redeem the shares of common stock, including any common stock into which securities or other rights would convert. The redemption rights do not apply to the Acquiring Person or any transferee of the Acquiring Person.

The redemption price generally will be the higher of:

- the highest price paid by the Acquiring Person, including the value of any non-cash consideration as determined by our Board, and any commissions paid to brokers or dealers for solicitation or other services, for any shares of common stock pursuant to a tender offer that was made by the Acquiring Person and opposed by our Board; or
- the highest market price per common share on the Record Date. For this purpose, the price on such date will be the highest sale price per common share traded on the NYSE or other national securities exchange or, if our common shares are not then traded on a national securities exchange, the mean of the highest bid and highest asked prices per common share quoted in the National Association of Securities Dealers Automated Quotation System on that date.

Shares must be redeemed pursuant to our redemption procedure, which requires depositing the shares for redemption with a redemption agent. We will redeem all shares entitled to redemption allowable under Missouri law on a pro rata basis, except that no fractional shares will be redeemed. Our redemption agent will pay out cash, on a pro rata basis, for the shares redeemed. If sufficient cash is not available to pay for all the deposited shares within 30 days of the last day to deposit shares, then each holder who did not receive the full redemption price will be entitled to receive interest at the rate of 18% per annum or the highest rate allowed by law, whichever is less, from the date 30 days after the last day to deposit the shares until the redemption price is paid in full.

Preferred Stock

Our Articles of Incorporation vest our Board with authority to issue up to 100,000,000 shares of preferred stock, no par value per share, from time to time in one or more classes and one or more series, with such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as may be stated in the resolutions providing for the issuance of such stock adopted by our Board. Our Board is authorized to fix or determine:

- the specific designation of the shares of the series;
- the consideration for which the shares of the series are to be issued;
- the voting rights appertaining to shares of preferred stock;
- the rate and conditions, if any, under which dividends will be payable on shares of that series, and the status of those dividends as cumulative or non-cumulative;
- the price, times, terms and conditions, if any, upon which the shares of the series may be redeemed;
- the rights, if any, which the holders of shares of the series have in the event of our liquidation, dissolution or winding up of our affairs;
- the rights, if any, of holders of a series of preferred stock to convert or exchange such shares for shares of any other class or series of our capital stock or any other corporation, including the determination of the price or the rate applicable to such right to convert or exchange and the adjustment thereof, the time during which the rights to convert or exchange will be applicable and the time during which a particular price or rate will be applicable; and
- any other preferences, rights, privileges, qualifications, limitations and restrictions applicable to the series as may be permitted by law.

Before we issue any shares of preferred stock of any class or series, a certificate setting forth a copy of the resolutions of our Board, fixing the voting power, designations, preferences, the relative, participating, optional or other rights, if any, and the qualifications, limitations and restrictions, if any, appertaining to the shares of preferred stock of such class or series, and the number of shares of preferred stock of such class or series, authorized by our Board to be issued will be made and filed in accordance with applicable law.

Preemptive Rights

Our Articles of Incorporation provide that no holder of any of our stock will have any rights to purchase or subscribe for any part of our stock, or any bonds, certificates of indebtedness, debentures or other securities convertible into our stock. Any authorized stock or any additional authorized issuance of new stock or of securities convertible into stock may be issued and disposed of by our Board to such persons for such consideration and upon such terms and in such manner as our Board may in its discretion determine without offering on the same terms or on any terms to the shareholders then of record or to any class of shareholders.

Certain Effects of Authorized but Unissued Stock

We may issue additional shares of common stock or preferred stock without shareholder approval, subject to our Articles of Incorporation and Bylaws, Missouri law and NYSE rules, for a variety of corporate purposes, including raising additional capital, corporate acquisitions, and employee benefit plans. This could have the effect of diluting stock ownership by existing shareholders. We could also use additional shares to dilute the stock ownership of persons seeking to obtain control of the Company. See also “Certain Charter and Bylaw Provisions” below.

In addition, the existence of unissued and unreserved common and preferred stock may enable us to issue shares to persons who are friendly to current management, which could discourage an attempt to obtain control of us through a merger, tender offer, proxy contest, or otherwise, and protect the continuity of management and possibly deprive existing shareholders of opportunities to sell their shares at prices higher than the prevailing market prices.

Certain Charter and Bylaw Provisions

The rights of the holders of the Company’s capital stock are affected by certain provisions of our Articles of Incorporation and Bylaws such as those which:

- limit the right of shareholders to remove directors or change the size of our Board;
- limit the right of shareholders to fill vacancies on our Board;
- limit the right of shareholders to call a special meeting of shareholders or propose other actions;
- require unanimity for shareholders to act by written consent, in accordance with Missouri law;
- require a higher percentage vote of shareholders than would otherwise be required under Missouri law to enter into certain transactions and to amend, alter, change, or repeal certain provisions of our Articles of Incorporation;
- provide that the Bylaws may be amended by our Board; and
- authorize the issuance of preferred stock with such voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such rights as may be specified by our Board, without shareholder approval.

Our Articles of Incorporation restrict the ability of our shareholders to amend our Bylaws in certain circumstances. These provisions may discourage certain types of transactions that involve an actual or threatened change of control of us.

Size of Board. Our Articles of Incorporation provide that the number of directors to constitute the Board will be fixed by, or in the manner provided in, our Bylaws, but establishes the minimum number of directors at three. Our Bylaws provide for a board of at least three directors but not more than fifteen directors and permit our Board to increase or decrease the number of directors within these limits. The directors are elected at the annual meeting of shareholders, except as otherwise provided in our Bylaws.

Election of Directors. Our Bylaws do not permit cumulative voting in the election of directors. Accordingly, the holders of a majority of the outstanding shares of common stock entitled to vote, present in person or by proxy, can elect all the directors nominated at that meeting of shareholders. In order for our shareholders to nominate a candidate for director, our Bylaws require that, among other things, such shareholder give timely notice to us in advance of the meeting. Ordinarily, the shareholder must give written notice at least 90 days but not more than 120 days prior to the first anniversary of the prior year's annual meeting, but if no annual meeting was held in the previous year or if the date of the annual meeting is moved by more than 30 days from such anniversary date, notice must be received not later than the later of the 90th day prior to such annual meeting or the tenth day following the public announcement of such meeting. For special meetings where our Board has determined that directors will be elected, the shareholder must give written notice by the later of the 90th day prior to such meeting or the tenth day following the public announcement of such meeting. The notice must provide certain information regarding the nominee and the shareholder (and the beneficial owner, if any, on whose behalf such nomination is made), including but not limited to, any Disclosable Interests, as defined in the Bylaws, and the name, age, business and residential addresses, and the principal occupation or employment of the proposed nominee.

Proxy Access. The Bylaws permit a qualifying shareholder, or a group of up to 20 such shareholders, owning at least three percent of our outstanding stock continuously for at least three years to nominate, and include in our annual meeting proxy materials, qualifying director nominees constituting up to the greater of two directors or 20% of the Board, provided that the shareholders and nominees satisfy the eligibility, procedural and other requirements specified in the Bylaws. The proxy access provisions were first available for the Company's 2018 Annual Meeting of Shareholders.

Removal of Directors. Missouri law provides that, unless a corporation's articles of incorporation or bylaws provide otherwise, the holders of a majority of the corporation's voting stock entitled to vote at an election of directors may remove, with or without cause, any director from office. Our Bylaws provide that shareholders may remove a director only "for cause" and with the approval of the holders of a majority of the shares entitled to vote at the election of directors represented in person or by proxy at a shareholder meeting called for the purpose of removing any director or directors.

Filling Vacancies. Missouri law further provides that, unless a corporation's articles of incorporation or bylaws provide otherwise, all vacancies on a corporation's board of directors, including any vacancies resulting from an increase in the number of directors, may be filled by the vote of a majority of the remaining directors even if that number is less than a quorum, or by a sole remaining director, until the next election of directors by the shareholders. Our Bylaws also include this provision.

Limitations on Shareholder Action by Written Consent. Missouri law provides that any action by written consent of shareholders in lieu of a meeting must be unanimous. Our Bylaws also include this provision.

Limitations on Proposals of Other Business. In order for a shareholder to bring a proposal before our annual shareholder meeting, our Bylaws require, among other things, that the shareholder give timely notice to us in advance of the meeting. Ordinarily, the shareholder must give notice at least 90 days but not more than 120 days prior to the first anniversary of the prior year's annual meeting, but if no annual meeting was held in the previous year or if the date of the annual meeting is moved by more than 30 days from such anniversary date, notice must be received not later than the later of the 90th day prior to such annual meeting or the tenth day following the public announcement of such meeting. The notice must include (i) a brief description of the business proposed, the text of the proposal, and the reasons for the proposal and any material interest of such shareholder; (ii) a description of all agreements, arrangements and understandings between such shareholders and beneficial owners, if any, and any other person (or persons) in connection with the proposal of such business by such shareholders; and (iii) the name and address of such shareholders (and the beneficial owners, if any, on whose behalf such proposal is made), and other required information, including but not limited to, any Disclosable Interests, as defined in the Bylaws, of such shareholders and beneficial owners, if any. We may reject any proposals that have not followed these procedures or that are not a proper subject for shareholder action in accordance with the provisions of applicable law.

Limitations on Calling Shareholder Meetings. Under our Bylaws, special meetings of the shareholders may be called only by the Board Chair, the Chief Executive Officer, the President or a majority of the Board of Directors. In addition, shareholders holding not less than two-thirds of all issued and outstanding shares entitled to vote for the election of directors may call a special meeting of shareholders by providing notice to our Secretary signed by the requisite holders which sets forth the information required above relating to proposals of other business. Our Secretary will call a special meeting not later than 90 days after receipt of that shareholder notice. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Shareholder Voting Requirements for Mergers and Certain Other Transactions. Under our Articles of Incorporation, the affirmative vote of the holders of at least two-thirds of our outstanding shares entitled to vote is required for the approval of:

- any merger or consolidation of us with or into any other corporation or entity;
- any sale, lease, exchange or other disposition (other than by mortgage, deed of trust or pledge), of all, or substantially all, our property and assets, with or without the goodwill, if not made in the usual and regular course of our business; or
- any plan or agreement relating to any transaction or agreement described above.

Restrictions in Our Articles of Incorporation on Certain Business Combinations. Our Articles of Incorporation contain a restriction on transactions defined as “business combinations.” No business combination may be consummated without first being approved by the affirmative vote of 95% of our then outstanding voting stock, voting together as one class, except as described below. This approval requirement is in addition to any other affirmative vote required by law, our Articles of Incorporation and our Bylaws. The 95% vote requirement does not apply to a business combination that:

- has been approved by a majority of our continuing directors, which generally include our directors as of May 9, 1984 and any successors of such members whose nomination or election was approved by the affirmative vote of a majority of our then continuing directors; or
- satisfies certain detailed fairness and procedural requirements, including the amount and type of consideration to be paid.

Our Articles of Incorporation generally define a “business combination” as:

- any merger or consolidation of us or any subsidiary of us with any interested shareholder (as described below) or any affiliate of an interested shareholder;

- any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any interested shareholder or any affiliate of any interested shareholder of any assets of ours or any subsidiary of ours generally having an aggregate fair market value of $5 million or more;

- any issuance or transfer by us or any subsidiary of us (in one transaction or a series of transactions) of any securities of us or any subsidiary of us to any interested shareholder or any affiliate of any interested shareholder in exchange for cash, securities or other property (or a combination thereof) generally having an aggregate fair market value of $5 million or more;

- the adoption of any plan or proposal for our liquidation or dissolution at any time during which there exists an interested shareholder; or

- any reclassification of securities (including any reverse stock split), or recapitalization of us, or any merger or consolidation of us with any of our subsidiaries or any other transaction (whether or not with or into or otherwise involving an interested shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of our voting stock which are beneficially owned by any interested shareholder or any affiliate of any interested shareholder.

Our Articles of Incorporation generally define an "interested shareholder" as any person which is the beneficial owner (as defined in our Articles of Incorporation) of 10% or more of any class of our voting stock, excluding us, our subsidiaries and any fiduciary or trustee for the employees of us or our subsidiaries acting pursuant to any benefit plan or arrangement established by us.

Amendment to Certain Provisions of our Articles and Bylaws. Missouri law generally provides that the power to make, alter, amend or repeal bylaws is vested in the shareholders, unless and to the extent that such power is vested in the board of directors by a corporation's articles of incorporation. Our Bylaws provide that they may be amended by our Board. Generally, amendments to our Articles of Incorporation must be approved by the affirmative vote of a majority of our outstanding shares entitled to vote, unless any class of shares is entitled to vote as a class, in which event the proposed amendment must be adopted by the affirmative vote of a majority of the outstanding shares of each class of shares entitled to vote as a class and of the total shares entitled to vote.

Amendments to certain provisions of our Articles of Incorporation are subject to additional restrictions as follows:

- amendments to the provisions of our Articles of Incorporation relating to the redemption of our common stock in certain circumstances require the affirmative vote of the holders of at least 85% of our outstanding common stock;

- amendments to the provisions of our Articles of Incorporation relating to mergers and certain other transactions require the affirmative vote of the holders of at least two-thirds of the shares entitled to vote on such amendment; and

- amendments to the provisions of our Articles of Incorporation relating to certain business combinations require the affirmative vote of the holders of 95% of our shares of voting stock, voting together as a single class; provided, that if no interested shareholder exists, the affirmative vote of 60% of the outstanding shares of our voting stock, voting together as a single class, shall be required to amend such provision.

In addition, our Articles of Incorporation provide protections for certain specific provisions of our Bylaws, called “Protected Bylaws.” Regardless of any other lesser percentage that may otherwise be required, no Protected Bylaw may be amended or repealed and no provision of our Bylaws or Articles of Incorporation inconsistent with a Protected Bylaw may be adopted at any time there exists a “substantial shareholder” without first obtaining the approval of either:

- 80% or more of our then outstanding voting stock voting together as a single class; or

- a majority of all of our continuing directors, which generally include our directors as of the close of business on May 7, 1986 and any successors of such members whose nomination or election was approved by the affirmative vote of a majority of our then continuing directors.

Our Articles of Incorporation generally define a “substantial shareholder” as any person which is the beneficial owner (as defined in our Articles of Incorporation) of 20% or more of any class of our voting stock, excluding us, our subsidiaries, any fiduciary or trustee for our employees or our subsidiaries acting pursuant to any benefit plan or arrangement established by us or any of our subsidiaries and any such plan.

A Protected Bylaw is any bylaw that is designated as such by a resolution adopted by our Board. Bylaws relating to the following matters are considered “Protected Bylaws”:

- annual and special shareholder meetings and related procedural matters, including our quorum requirement and the prohibition on cumulative voting (Sections 1.1, 1.2, 1.3, 1.4, 1.6 and 1.7 of our Bylaws);

- the number and election of directors, qualifications of directors, removal of directors, procedures relating to shareholder nominations of directors, procedures relating to the calling of directors’ meeting and rules regarding Board committees (Sections 2.1, 2.2, 2.3, 2.4 and 2.6 of our Bylaws);

- indemnification of directors, officers, employees and agents, including the advancement of expenses (Article 5 of our Bylaws); and

- amendments of our Bylaws by our Board (Section 6.6 of our Bylaws).

To amend, repeal or adopt any provisions inconsistent with our Articles of Incorporation which provide the additional restrictions relating to “Protected Bylaws” requires the affirmative vote of 80% of our voting stock voting together as a single class; provided, that if no substantial shareholder exists, the affirmative vote of 60% of the outstanding shares of our voting stock, voting together as a single class, shall be required to amend, repeal or adopt any such provision.

Anti-Takeover Effects of Provisions

The inability to vote shares cumulatively, the advance notice requirements for nominations, and the provisions in our Articles of Incorporation that limit the ability of shareholders to increase the size of our Board or to remove directors and that permit the remaining directors to fill any vacancies on our Board make it more difficult for shareholders to change the composition of our Board.

The provisions of Missouri law and our Bylaws which require unanimity for shareholder action by written consent gives all our shareholders entitled to vote on a proposed action the opportunity to participate in the action and prevents the holders of a majority of the voting power of the Company from using the written consent procedure to take shareholder action. The Bylaw provision requiring advance notice of other proposals may make it more difficult for shareholders to take action opposed by our Board. Moreover, shareholders are required to follow certain procedures to force shareholder consideration of a proposal over the opposition of our Board in order to call a special meeting of shareholders. These provisions make it more difficult and time-consuming to obtain majority control of our Board or otherwise bring a matter before our shareholders without the consent of our Board, and thus reduce our vulnerability to an unsolicited takeover proposal.

Our supermajority vote requirements to approve some transactions or to amend some provisions of our Articles of Incorporation or Bylaws may discourage some types of transactions that involve an actual or threatened change in control. We believe these provisions enable us to develop our business in a manner that will foster its long-term growth, by reducing the threat of a takeover that is not in the best interests of us and our shareholders and the potential disruption entailed by the threat. On the other hand, these provisions may adversely affect the ability of shareholders to influence our governance and the possibility that shareholders would receive a premium above market price for their securities from a potential acquirer who is unfriendly to management.

Missouri Statutory Provisions

Missouri law contains certain provisions which may have an anti-takeover effect and otherwise discourage third parties from effecting transactions with us, including control share acquisition and business combination statutes. The following description does not purport to be complete and you should refer to the actual provisions of Missouri law for more information.

Business Combination Statute. Missouri law contains a “business combination statute” which generally restricts certain “business combinations” between us and an “interested shareholder,” or affiliates or associates of the interested shareholder. Under this statute a “business combination” generally means:

- any merger or consolidation of us or any subsidiary of us with any interested shareholder or any affiliate or associate of any interested shareholder;
- specified sales, leases, exchanges, mortgages, pledges, transfers or other dispositions (in one transaction or a series of transactions) to or with any interested shareholder or any affiliate or associate of any interested shareholder of any assets of ours or any subsidiary of ours;
- specified issuances or transfers by us or any subsidiary of us (in one transaction or a series of transactions) of any stock of us or any subsidiary of us to any interested shareholder or any affiliate or associate of any interested shareholder;

- the adoption of any plan or proposal for our liquidation or dissolution proposed by, or pursuant to any agreement, arrangement or understanding with any interested shareholder or any affiliate or associate of any interested shareholder;

- specified reclassifications of securities or recapitalizations of us, or specified mergers or consolidations of us with any of our subsidiaries or any other transaction (whether or not with or into or otherwise involving an interested shareholder) which have the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of our voting stock which are directly or indirectly owned by any interested shareholder or any affiliate or associate of any interested shareholder; or

- any receipt by any interested shareholder or any affiliate or associate of any interested shareholder of the benefit, directly or indirectly, except proportionately as a shareholder of us, of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by or through us.

An “interested shareholder” is generally any person which is the beneficial owner of 20% or more of the outstanding shares of our common stock, or is one of our affiliates or associates who, within the past five years, beneficially owned 20% or more of our common stock.

The statute prohibits business combinations between us and an interested shareholder for a period of five years after the date of the transaction in which the person becomes an interested shareholder, unless either the business combination or such transaction is approved by our Board on or before the date the interested shareholder obtains such status.

The statute also provides that, after the expiration of the five-year period, business combinations are prohibited unless:

- the business combination or the transaction in which the person becomes an interested shareholder is approved by our Board on or before the date the interested shareholder obtains such status;

- the holders of a majority of the outstanding voting stock, other than the stock beneficially owned by the interested shareholder, or any affiliate or associate of such interested shareholder, approve the business combination at a meeting no earlier than five years after such interested shareholder’s stock acquisition date; or

- the business combination satisfies certain detailed fairness and procedural requirements.

A Missouri corporation may opt out of coverage by the business combination statute by including a provision to that effect in its governing corporate documents. We have not done so. The business combination statute may make it more difficult for a 20% beneficial owner to effect other transactions with us and may encourage persons that seek to acquire us to negotiate with our Board prior to acquiring a 20% interest. It is possible that such a provision could make it more difficult to accomplish a transaction which the shareholders may otherwise deem to be in their best interest.

Control Share Acquisition Statute. Missouri also has a “control share acquisition statute” that can limit the rights of a shareholder to vote some or all of his or her shares. Generally, a shareholder whose acquisition of shares results in that shareholder having the power to exercise or direct the exercise of voting power in the election of directors more than a specified percentage of our outstanding stock (beginning at 20%), will lose the right to vote some or all of his or her shares in excess of such percentage.

The limitation on voting the shares in excess of the threshold percentage may be waived with shareholder approval. First, the acquiring shareholder must meet certain disclosure requirements specified in the statute. Second, a majority of the outstanding shares entitled to vote, by class if so required, must approve the acquisition of such shares. Third, a majority of the outstanding shares entitled to vote, by class if so required (but excluding all interested shares such as shares held by the acquiring shareholder or by certain employees, directors and officers of the company), must approve the acquisition.

Not all acquisitions of shares constitute control share acquisitions. Examples include:

- transfers in accordance with wills or the laws of descent and distribution or by gift where such gift is made in good faith and not for the purpose of circumventing the statute;
- purchases made in connection with an issuance by us;
- purchases by or pursuant to any of our compensation or benefit plans;
- conversions of our debt securities in accordance with their terms;
- acquisitions pursuant to a binding contract whereby the holders of shares representing at least two-thirds of our voting power agree to sell their shares to the acquirer, provided that such holders act simultaneously and the transaction is not pursuant to or in connection with a tender offer;
- acquisitions pursuant to the satisfaction of a pledge or other security interest created in good faith and not for the purpose of circumventing the statute;
- mergers involving us which satisfy other specified requirements of Missouri law;
- transactions with a person who owned a majority of our voting power within the prior year; or
- purchases from a person who previously satisfied the requirements of the control share acquisition statute, so long as the acquiring person does not have voting power after the purchase in a different ownership range (as defined in the statute) than the selling shareholder prior to the sale.

A Missouri corporation may opt out of coverage under the control share acquisition statute by including a provision to that effect in its governing corporate documents. We have not opted out of coverage of the statute.

Takeover Bid Disclosure Act. Missouri’s Takeover Bid Disclosure Act requires that, under some circumstances, before making a tender offer that would result in the offeror acquiring control of us, the offeror must file specified disclosure materials with the Missouri Commissioner of Securities.

Exhibit 21

Schedule of Subsidiaries of the Company

Name	*Doing Business As*	*% of Ownership*	*Place of Incorporation or Organization*
Administradora Soal S.A. de C.V.		100%	Mexico
Atlas Spring Manufacturing Corp.		100%	California
Buffalo Batt & Felt, LLC		100%	Delaware
Changshu L&V Automobile Motion Co. Ltd.		100%	China
Chieng Yeng Ent. Co., Ltd.		100%	British Virgin Islands
Church Corporate Park Owner's Association, LLC		62%	Delaware
Crest-Foam Corp.	Edison Foam Processing Corp.	100%	New Jersey
	Industrial Components Group		
	L&P Carpet Cushion		
	L&P Flooring Products		
	Leggett & Platt Carpet Cushion		
	Leggett & Platt Carpet Cushion Division		
	Leggett & Platt Flooring Products		
	S.C.S.		
	Sleep Comfort Systems by Leggett & Platt		
David Hart Aerospace Pipes Limited		100%	United Kingdom
David Hart Aerospace Pipes (Machining Division) Ltd		100%	United Kingdom
De Todo en Alambre de Aguascalientes, S. de R.L. de C.V.		100%	Mexico
DHAP Corporate Trustee Limited		100%	United Kingdom
DHAP Ltd		100%	United Kingdom
Dresher, Inc.	Harris-Hub Company, Inc.	100%	Delaware
Eagan Products, LLC		100%	Delaware
Elite Comfort Solutions LLC		100%	Delaware
Elite Comfort Solutions, Inc.		100%	Delaware
Fides s.r.l.		100%	Italy
Flex-O-Lators, Incorporated		100%	Missouri
Fo Shan City Nan Hai Chieng Yeng Plastic & Hardware Product Co., Ltd.		100%	China
Guangdong Zhaoqing L&V Co. Ltd.		100%	China
Hanes CNC Services Co.		100%	North Carolina

Name	*Doing Business As*	*% of Ownership*	*Place of Incorporation or Organization*
Hanes Companies - New Jersey, LLC	Hanes	100%	Delaware
	Hanes Companies		
	Hanes Converting Company		
	Hanes Engineered Materials		
	Hanes Fabrics Company		
	Hanes Geo Components		
	Hanes Trading Company		
Hanes Companies Foundation		100%	North Carolina
Hanes Companies, Inc.	Attila Environmental Products	100%	North Carolina
	Civ-Con		
	Civ-Con Products & Solutions		
	DDD Erosion Control		
	ERO-TEX		
	Geo-Civ Products		
	Geotex Supply		
	Greenscapes Home and Garden Products		
	Hanes		
	Hanes Companies		
	Hanes Companies - New Jersey		
	Hanes Converting Company		
	Hanes Dye & Finishing Division		
	Hanes Engineered Materials		
	Hanes Fabrics Company		
	Hanes Geo Components		
	Hanes Industries Division		
	Hanes Industries Division, Inc.		
	Hanes Industries Engineered Materials		
	Hanes Trading Company		
	Hill Country Culvert		
	Hill Country Culverts		
	Hill Country Site Supply		
	Ikex		
	Interwoven		
	Interwoven Group		
	Jarex		
	JMD Geo Components		
	Lone Star Geo Products		
	North American Textile		
	North American Textiles		

Name	***Doing Business As***	***% of Ownership***	***Place of Incorporation or Organization***
	North American Textile Component		
	North American Textile Components		
	Price & Company		
	VWR Textiles & Supplies		
	Webtec		
	West End Textiles Company		
Hongkong Veilon Limited		100%	Hong Kong
Jiaxing Ellermann Asia Trading Ltd.		100%	China
JP&S Holdings Limited		100%	United Kingdom
JP&S Unlimited		100%	United Kingdom
Kintec-Solution GmbH		100%	Germany
L and C Windsor Cables Ltd.		100%	Canada
L and G Acquisition Company, LLC		100%	Delaware
L and P Mexico, S. de R.L. de C.V.	L and P Mexico, Incorporated	100%	Mexico
L and P Springs South Africa (Pty) Ltd.		100%	S. Africa
L&C Changsha Cable Industries Ltd.		100%	China
L&C Suizhou Cable Industries Ltd.		100%	China
L&P Acquisition Company - 58		100%	Delaware
L&P Acquisition Company - 59		100%	Delaware
L&P Acquisition Company - 62		100%	Delaware
L&P Acquisition LLC - 10		100%	Delaware
–Linwood Hospitality, LLC		100%	Delaware
L&P Acquisition LLC - 21		100%	Delaware
Leggett & Platt Aerospace Middletown, LLC	L&P Aerospace	100%	Delaware
	Leggett & Platt Aerospace		
	Pegasus Manufacturing		
L&P Automotive (Korea) LLC		100%	South Korea
L&P Automotive Europe GmbH		100%	Germany
L&P Automotive Europe Headquarters GmbH		100%	Germany
L&P Automotive France SAS		100%	France
L&P Automotive Japan Ltd.		100%	Japan
L&P Automotive Luxembourg, S.à r.l.		100%	Luxembourg
L&P Denmark ApS		100%	Denmark
L&P Electric, Inc.	Leggett & Platt Electric, Inc.	100%	Delaware
L&P Europe SCS		100%	Luxembourg

Name	*Doing Business As*	*% of Ownership*	*Place of Incorporation or Organization*
L&P Financial Services Co.	Hi Life Products	100%	Delaware
	Industrial Components Group		
	L&P Carpet Cushion		
	L&P Flooring Products		
	Leggett & Platt Carpet Cushion		
	Leggett & Platt Flooring Products		
L&P Holdings, Inc.		100%	Delaware
L&P Hungary Ltd.		100%	Hungary
L&P International Holdings Company		100%	Delaware
L&P Materials Manufacturing, Inc.	Adcom Wire	100%	Delaware
	Adcom Wire Company		
	Consumer Products Group		
	L&P Flooring Products		
	Leggett & Platt Consumer Products Group		
	Leggett & Platt Flooring Products		
	Mary Ann Industries		
L&P Netherlands Holdings B.V.		100%	Netherlands
L&P Property Foremost Industrial Park LLC		100%	Michigan
L&P Property Management Company	Consumer Products	100%	Delaware
	Consumer Products Group		
	IDEA Center		
	L&P PMC, Inc.		
	Leggett & Platt Consumer Products		
	Leggett & Platt Consumer Products Group		
	Leggett & Platt West Coast Furniture		
L&P Real Estate Services, LLC		100%	Missouri
L&P Springs Denmark ApS		100%	Denmark
L&P Springs Manufacturing, LLC		100%	Delaware
L&P Supply Chain Management, LLC		100%	Delaware
L&P Swiss Holding GmbH		100%	Switzerland
L&P Transportation LLC	L&P Global Supply Chain	100%	Delaware
	Leggett & Platt Consumer Products Group		
	Leggett & Platt Global Supply Chain		
	Leggett & Platt Transportation, LLC		
L&P UK Holdings LP		100%	United Kingdom

Name	Doing Business As	% of Ownership	Place of Incorporation or Organization
L&P UK-1 Limited		100%	United Kingdom
L&P UK-2 Limited		100%	United Kingdom
L&P/Chieng Yeng Management Co. Limited		100%	Hong Kong
L&V 5 México, S. de R.L. de C.V.		100%	Mexico
Landmark Earth Solutions, Inc.		100%	Nevada
Leggett & Platt (Barbados) Ltd.		100%	Barbados
Leggett & Platt (Guangzhou) Co. Ltd.		100%	China
Leggett & Platt (Jiaxing) Co. Ltd.		100%	China
Leggett & Platt (Shanghai) Co. Ltd.		100%	China
Leggett & Platt (Shanghai) Consulting Co. Ltd.		100%	China
Leggett & Platt (Shanghai) Machinery Technology Co., Ltd.		100%	China
Leggett & Platt (Taizhou) Co. Ltd.		100%	China
Leggett & Platt Administradora, S.A. de C.V.		100%	Mexico
Leggett & Platt Asia (HT) Limited		100%	Hong Kong
Leggett & Platt Asia Limited	L&P Global Supply Chain Solutions	100%	Hong Kong
Leggett & Platt Automotive Group - New Jersey, LLC		100%	Delaware
Leggett & Platt Automotive Group de Mexico, S. de R.L. de C.V.		100%	Mexico
Leggett & Platt Automotive India Private Limited		100%	India
Leggett & Platt Canada Co.		100%	Canada
	Canadian Furniture		
	Crown North America		
	Crown-VMS		
	Design Fabricators		
	Design Fabricators/Fabricants de Design		
	Globe Spring		
	Hanes Engineered Materials		
	Hanes Geo Components		
	Hanes Geo Components/Geocomposites Hanes		
	Hanes Industries		
	L&P Automotive Group		
	L&P Automotive Group London		
	L&P Plastics		
	L&P Plastics/Plastiques L et P		

Name	*Doing Business As*	*% of Ownership*	*Place of Incorporation or Organization*
	L&P Work Furniture		
	Leggett & Platt Automotive Group		
	Leggett & Platt Work Furniture		
	Leggettwood		
	Leggettwood, Roberval		
	Leggettwood, St-Germain		
	Leggettwood, St-Nicolas		
	Lenrod		
	Lenrod - Hanes		
	Lenrod Industries		
	Lenrod Industries, a Division of Leggett & Platt Canada Co.		
	Les Industries Lenrod		
	Les Industries Lenrod, une Division de Societe Leggett & Platt Canada		
	No-Sag Spring Company		
	Northfield Metal Products		
	Paris Spring		
	Rothtex		
	Schukra of North America		
	Spruceland Forest Products		
	Vehicle Management Systems		
	VMS		
	Westex		
	Westex International		
	Wiz Wire and Spring		
Leggett & Platt Components Company, Inc.	Ark-Ell Springs	100%	Delaware
	Cameo Fibers		
	Cumulus Fibres		
	Industrial Components Group		
	L&P Carpet Cushion		
	L&P Flooring Products		
	L&P Work Furniture		
	Leggett & Platt Bedding		
	Leggett & Platt Carpet Cushion		
	Leggett & Platt Flooring Products		
	Leggett & Platt Work Furniture		
	Matrex		
	Matrex Furniture Components		
	Moiron		

Name	*Doing Business As*	*% of Ownership*	*Place of Incorporation or Organization*
	Omega Motion		
	Petco Sackner		
	Sackner		
	Sterling & Adams Bentwood		
	Super Sagless Hardware		
	Tupelo Sleeper		
Leggett & Platt Components Europe Limited	Wellhouse	100%	United Kingdom
	Wellhouse Wire Products		
Leggett & Platt de Mexico, S. de R.L. de C.V.	Leggett & Platt de Mexico, Incorporated	100%	Mexico
Leggett & Platt do Brasil Ltda.		100%	Brazil
Leggett & Platt Eastern Europe LLC		100%	Russia
Leggett & Platt Europe Finance SCS		100%	Luxembourg
Leggett & Platt France		100%	France
Leggett & Platt Industry (Huizhou) Co. Ltd.		100%	China
Leggett & Platt International Service Corporation		100%	Delaware
Leggett & Platt International Trade (Shanghai) Co., Ltd.		100%	China
Leggett & Platt Luxco 5, S.à r.l.		100%	Luxembourg
Leggett & Platt Luxembourg Holdings S.à r.l.	Leggett & Platt Luxembourg Holdings, S.a r.l., Incorporated – US Branch	100%	Luxembourg
Leggett & Platt Luxembourg S.à r.l.		100%	Luxembourg
Leggett & Platt Middle East, Incorporated		100%	Delaware
Leggett & Platt Office Components, LLC	L&P Work Furniture	100%	Delaware
	Leggett & Platt Work Furniture		
	LP Cincro		
Leggett & Platt Office Components International S.r.l.		100%	Italy
Leggett & Platt Residencial, S. de R.L. de C.V.		100%	Mexico
Leggett & Platt Servicios Comerciales, S.A. de C.V.		100%	Mexico
Leggett & Platt Servicios de Manufactura, S.A. de C.V.		100%	Mexico
Leggett & Platt Servicios Ejecutivos, S. de R.L. de C.V.		100%	Mexico
Leggett & Platt Tax Partnership		100%	Missouri
Leggett & Platt Texas Properties, LLC		100%	Texas

Name	*Doing Business As*	*% of Ownership*	*Place of Incorporation or Organization*
Leggett & Platt U.K. Limited		100%	United Kingdom
Legplat, S. de R.L. de C.V.		100%	Mexico
LPI Michigan Realty LLC		100%	Delaware
LPT d.o.o.		100%	Croatia
Luxco Holdings, LLC		100%	Delaware
Nestaway LLC		100%	Delaware
ORG PHC Midco, Inc.		100%	Delaware
Peterson Chemical Technology, LLC		100%	Texas
Portstewart Capital, LLC		100%	Delaware
Portstewart Funding, LLC		100%	Delaware
Precision Hydraulic Cylinders (UK) Limited		100%	United Kingdom
Precision Hydraulic Cylinders, Inc.	PHC	100%	North Carolina
	Precision Hydraulic		
	Precision Hydraulic Cylinders		
Precision Hydraulics Private Limited		100%	India
Pullmaflex Benelux N.V.		100%	Belgium
Pullmaflex International Limited		100%	United Kingdom
Pullmaflex Southern Africa (Proprietary) Limited		49%	South Africa
Pullmaflex U.K. Limited		100%	United Kingdom
Schukra Berndorf Ges.m.b.H.		100%	Austria
SCHUKRA Geratebau GmbH		100%	Austria
SCI Parent, Inc.		100%	Delaware
Solon Specialty Wire Co.	Shaped Wire	100%	Delaware
Specitubes SAS		100%	France
Sponge-Cushion, Inc.		100%	Illinois
Spuhl GmbH		100%	Switzerland
Sterling Steel Company, LLC		100%	Delaware
Suncoast Lots 579, LLC		100%	Florida
TAG Environmental Inc.		51%	Canada
Taizhou Intes-Leggett & Platt Special Textile Co., Ltd.		50%	China
Terrafix Environmental Technology Inc.		100%	Canada
Terrafix Geosynthetics Inc.		100%	Canada
Trio Line Polska sp. z o.o.		85%	Poland
Valley Metals, LLC	L&P Aerospace	100%	California
	Leggett & Platt Aerospace		
Walk-On Products, Inc.	L&P Flooring Products	100%	North Carolina

Name	*Doing Business As*	*% of Ownership*	*Place of Incorporation or Organization*
	Leggett & Platt Flooring Products		
Western Pneumatic Tube Company, LLC	L&P Aerospace	100%	Washington
	Leggett & Platt Aerospace		
Western Pneumatic Tube Holding, LLC		100%	Delaware
Wuxi Leggett & Platt-Huaguang Automobile Parts Co. Ltd.		100%	China

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements listed below of Leggett & Platt, Incorporated of our report dated February 20, 2020 relating to the consolidated financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

1. Form S-3ASR, Registration No. 333-223621
2. Form S-8, Registration No. 333-157536
3. Form S-8, Registration No. 333-166960
4. Form S-8, Registration No. 333-181432
5. Form S-8, Registration No. 333-203992
6. Form S-8, Registration No. 333-203995
7. Form S-8, Registration No. 333-210077
8. Form S-8, Registration No. 333-228189

/s/ PricewaterhouseCoopers LLP
St. Louis, Missouri
February 20, 2020

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors of ***LEGGETT & PLATT, INCORPORATED,*** a Missouri corporation (the *"Corporation"*), does hereby nominate, constitute and appoint Karl G. Glassman, J. Mitchell Dolloff and Scott S. Douglas, or any one of them individually, his or her true and lawful attorneys-in-fact, to sign in the name of and on behalf of the undersigned directors of the Corporation and to file with the Securities and Exchange Commission (*"SEC"*) the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and any other document or further Amendment to said Annual Report, and to take such other action, all as said attorneys-in-fact, or any one of them individually, deem necessary or advisable to the end that such Annual Report or Amendments thereto in respect of same, shall comply with the Securities Exchange Act of 1934, as amended, and the applicable rules of the SEC thereunder; and does hereby ratify and confirm all that said attorneys-in-fact, and each of them individually, may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned have executed this Power of Attorney or a counterpart hereof as of the 19th day of February 2020.

/s/ MARK A. BLINN	/s/ KARL G. GLASSMAN
Mark A. Blinn	Karl G. Glassman
/s/ ROBERT E. BRUNNER	/s/ JOSEPH W. MCCLANATHAN
Robert E. Brunner	Joseph W. McClanathan
/s/ MARY CAMPBELL	/s/ JUDY C. ODOM
Mary Campbell	Judy C. Odom
/s/ J. MITCHELL DOLLOFF	/s/ SRIKANTH PADMANABHAN
J. Mitchell Dolloff	Srikanth Padmanabhan
/s/ R. TED ENLOE, III	/s/ JAI SHAH
R. Ted Enloe, III	Jai Shah
/s/ MANUEL A. FERNANDEZ	/s/ PHOEBE A. WOOD
Manuel A. Fernandez	Phoebe A. Wood

Exhibit 31.1

CERTIFICATION

I, Karl G. Glassman, certify that:

1. I have reviewed this report on Form 10-K of Leggett & Platt, Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2020

/s/ KARL G. GLASSMAN

Karl G. Glassman
Chairman and Chief Executive Officer
Leggett & Platt, Incorporated

Exhibit 31.2

CERTIFICATION

I, Jeffrey L. Tate, certify that:

1. I have reviewed this report on Form 10-K of Leggett & Platt, Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2020

/s/ JEFFREY L. TATE

Jeffrey L. Tate
Executive Vice President and Chief Financial Officer
Leggett & Platt, Incorporated

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Leggett & Platt, Incorporated (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Karl G. Glassman, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Leggett & Platt, Incorporated and will be retained by Leggett & Platt, Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ KARL G. GLASSMAN

Karl G. Glassman
Chairman and Chief Executive Officer

February 20, 2020

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Leggett & Platt, Incorporated (the “Company”) on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey L. Tate, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Leggett & Platt, Incorporated and will be retained by Leggett & Platt, Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ JEFFREY L. TATE

Jeffrey L. Tate
Executive Vice President and Chief Financial Officer

February 20, 2020