Company Update
August 2020

LEG (NYSE)
www.leggett.com

Forward-Looking Statements

Statements in this presentation that are not historical in nature are “forward-looking.” These statements are identified either by their context or by use of words such as “anticipate,” “believe,” “estimate,” “expect,” “forecasted,” “intend,” “may,” “plan,” “should,” “guidance” or the like. All such forward-looking statements are expressly qualified by the cautionary statements described in this provision. We do not have, and do not undertake, any duty to update any forward-looking statement. Forward-looking statements should not be relied upon as a prediction of actual future events or results. Any forward-looking statement reflects only the beliefs of Leggett at the time the statement is made. All forward-looking statements are subject to risks and uncertainties which might cause actual events or results to differ materially from the forward-looking statements. Some of these risks and uncertainties include: the adverse impact caused by the COVID-19 pandemic upon (i) the demand for our products, (ii) our manufacturing facilities' ability to remain open and produce at historical utilization rates, obtain necessary raw materials and parts, maintain appropriate labor levels and ship finished products to customers, (iii) operating costs related to pay and benefits for our terminated employees, (iv) our ability to collect receivables in accordance with their terms due to customer bankruptcy, financial difficulties or insolvency, (v) impairment of goodwill and long-lived assets, (vi) restructuring-related charges and (vii) our ability to access the commercial paper market or borrow under our credit facility, including our inability to comply with the restrictive covenants in our credit facility; our ability to reduce fixed costs; our ability to achieve our operating targets; projections of Company sales, earnings, EBIT margin, depreciation and amortization, capital expenditures, dividends, cash from operations, net interest expense, tax rate and diluted shares; price and product competition; cost and availability of raw materials and labor, fuel and energy costs, climate change regulations, environmental, social and governance risks, foreign currency fluctuation, cash repatriation, litigation risks and other risk factors in Leggett's most recent Form 10-K and subsequent Form 8-Ks and Form 10-Qs.

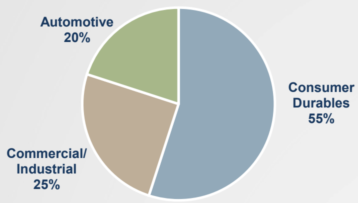
Market and Industry Data
Unless we indicate otherwise, we base the information concerning our markets/industry contained herein on our general knowledge of and expectations concerning those markets/industry, on data from various industry analyses, on our internal research, and on adjustments and assumptions that we believe to be reasonable. However, we have not independently verified data from market/industry analyses and cannot guarantee their accuracy or completeness.

Leggett Distinctives

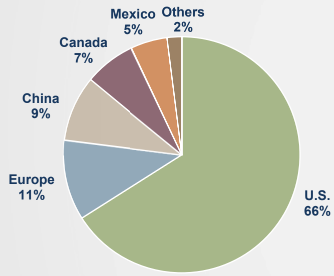
- **Strong** balance sheet and cash flow
- **Disciplined** use of cash
- **~4%** dividend **yield**; 49 consecutive annual increases
- **Leader** in most markets; few large competitors
- Opportunities for **long-term growth**
  - Internal initiatives + market growth + acquisitions
  - Large addressable markets
- Management has “**skin in the game**”
  - Significant stock owners; forego comp in exchange for shares
  - Incentive comp aligned with TSR focus

Our Markets

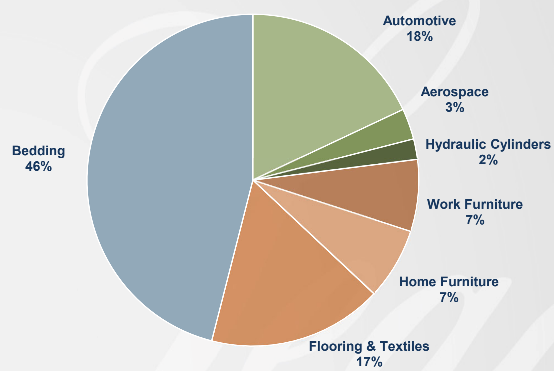
Macro Market Exposure



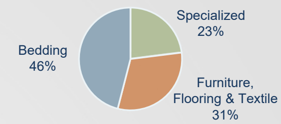
Geographic Split
(based on production)



Product Mix
(based on 2019 net trade sales)



% of 2019 net trade sales



Segments

Bedding Products

Bedding
- Mattress springs
- Private-label finished mattresses, mattress toppers, pillows
- Specialty bedding foams
- Foundations

Wire
- Drawn steel wire
- Steel rod

Adjustable Bed
- Adjustable beds

Machinery
- Quilting & sewing machinery for bedding mfg.
- Mattress packaging and glue-drying equipment

Specialized Products

Automotive
- Auto seat support & lumbar systems
- Motors, actuators & cables

Aerospace
- Tubing
- Tube assemblies

Hydraulic Cylinders
- Hydraulic cylinders primarily for material handling, transportation & construction equipment

Furniture, Flooring & Textile Products

Home Furniture
- Recliner mechanisms
- Seating and sofa sleeper components

Work Furniture
- Chair controls, bases, frames
- Private-label finished seating

Flooring & Textiles
- Flooring underlayment
- Textile converting
- Geo components

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Current Topics

COVID-19 Update

Prioritizing Employee Health & Safety

- Developed a layered approach to manage the impact of the COVID-19 pandemic in order to effectively reach all levels of the company
  - Focused on four primary workstreams: safety and social distancing; communications, training and visual management; manufacturing layout; and governance and compliance

Managing Costs

- Continue to closely monitor costs as demand returns
- Bringing back variable costs and some fixed costs in businesses where demand is recovering more quickly
- Expect fixed cost reductions of ~$100 million in 2020
  - Q2 savings were ~$35-$40 million

Optimizing Cash Flow

- Closely monitoring working capital, including customer collections and inventory levels as demand improves
- Expect capital expenditures to be ~$60 million (~60% lower than 2019)

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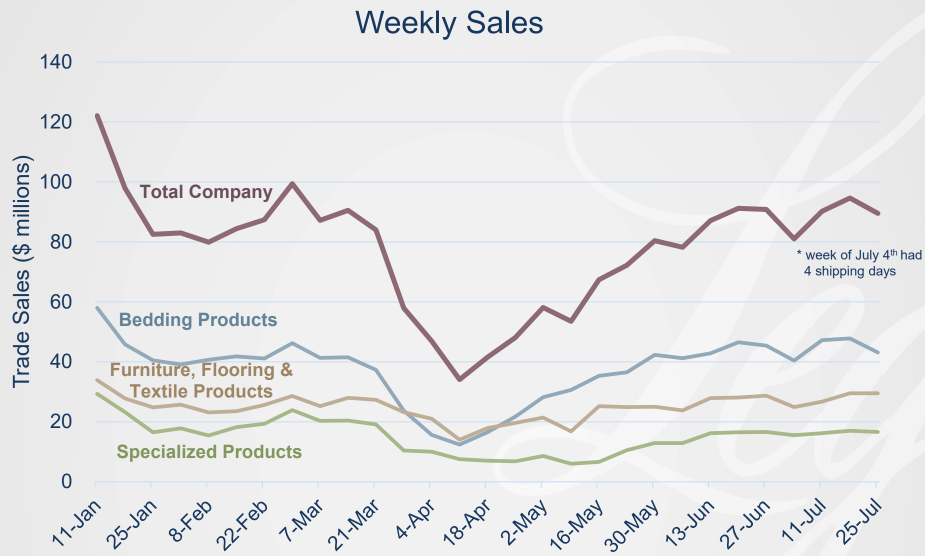
Responding to Demand

- Sales improved throughout 2nd quarter from low in early April
- Aligning production and staffing levels to demand



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Liquidity Profile (as of 6/30/20)

Liquidity

- $1.3 billion of liquidity
  - $209 million cash on hand
  - $1.1 billion available under our revolving credit facility

Debt Structure

- Total debt of $2.1 billion
  - $102 million commercial paper with a weighted average interest rate of 0.4% and weighted average maturity of 6 days
  - $437 million 5-year Tranche A term loan at a 3% rate (bears a variable interest rate)
  - $1.6 billion in bonds at a weighted average coupon of 3.8%

Maturities

- No significant maturities until August 2022

Primary Financial Covenant

- $1.2 billion unsecured revolving credit facility agreement amended 5/6/20
  - ≤ 4.75x net debt to trailing 12-months adjusted EBITDA through 3/31/21
    - Ratio reduced 0.5x every quarter until 3.25x (at 12/31/21 and thereafter)
  - $1.2 billion maximum borrowing capacity

Q2 2020 Highlights

- Sales decreased 30%, to $845 million
  - Volume was down 29%
    - 2% attributable to exited business
  - Raw material-related price decreases and currency impact reduced sales 2%
  - Acquisitions added 1%
- Adj. EPS [1] of $.16, down $.48 vs. adj. EPS [1] of $.64 in Q2-19
- Adj. EBIT [1] of $51 million, down $85 million vs. Q2-19
- Adj. EBIT [1] margin down 520 bps, to 6.0%, vs. 11.2% in Q2-19
- 2020 guidance suspended, as previously announced April 2nd

[1] See appendix for non-GAAP reconciliations

Q3 2020 Priorities

- Keeping our employees safe
- Increasing production to meet bedding demand
- Tackling wide-spread labor shortages
- Managing supply chain issues:
  - Global shortage of non-woven fabrics due to surge in demand for medical PPE applications
  - Ongoing government restrictions on production in Mexico and India
- Monitoring changes in demand signals and responding rapidly to control costs
- Optimizing cash flow

Macro Indicators

Consumer confidence

- More crucial than home sales since majority (~2/3rds) of bedding/furniture purchases are replacement of existing product
- "Large ticket" purchases that are deferrable

Total **housing** turnover

- Combination of **new and existing** homes sales

Employment levels

Consumer discretionary spending

Interest rate levels

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Longer Term Value Creation

TSR in Top Third of S&P 500

SOURCES

Revenue Growth	Margin Improvement	Dividend Yield	Stock Buybacks
Target: 6–9% annually	Growth in attractive markets, product development, cost savings, efficiency improvements	Payout target: ~50% of earnings	With available cash

Total Shareholder Return = (Δ Stock Price + Dividends) / Initial Price

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Growth Framework

6–9%
Average Annual
Revenue Growth

Organic + Acquisition

1	2	3
Increasing Content and New Programs	Expanding Addressable Markets	Identifying New Growth Platforms

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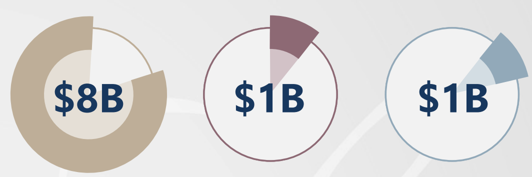
U.S. Bedding Market Overview

Finished Mattresses & Foundations at Wholesale Addressable Market



SEGMENT	MATTRESSES	ADJUSTABLE FOUNDATIONS	STATIC FOUNDATIONS
APPROXIMATE MARKET SIZE	$8B	$1B	$1B

COMPETITORS

Innerspring maker-users and foam component suppliers

Importers of innersprings, finished mattresses and adjustable foundations

Private-label mattress manufacturers, primarily all foam

Source: ISPA; Furniture Today; internal analysis

Bedding Market Disruption and Trends

Consumers accept online purchasing and compressed mattresses

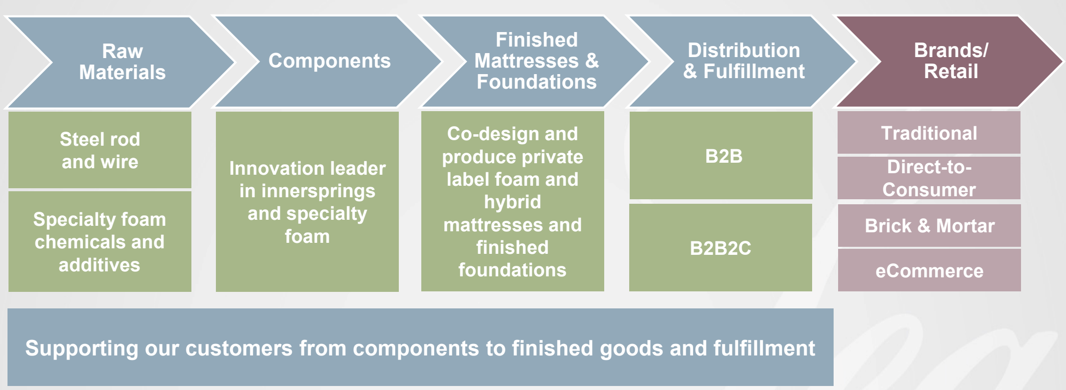
- Changed traditional mattress route-to-market, number of brands and product types
- Growth of hybrid mattresses
- Compressed mattresses expected to be half of the market by 2026

Non-traditional retail channels likely gain share, employing direct-to-consumer (DTC) brands and compressed mattresses

Traditional mattress retail channels remain and private label product offering grows

Effects of COVID-19 accelerate growth of online purchasing and compressed mattresses

L&P Bedding Value Chain



Vertical Integration in Bedding Products

Each year at our rod mill in Sterling, Illinois, approximately 550,000 tons of steel scrap are melted and formed into billets. The billets are then used to make around 500,000 tons of steel rod.

The majority of the rod goes to our two domestic wire mills to be drawn into various gauges of wire, while most of the wire goes to our spring-making plants to be coiled into innersprings on wire-forming machines manufactured by our Spühl facility in Switzerland.

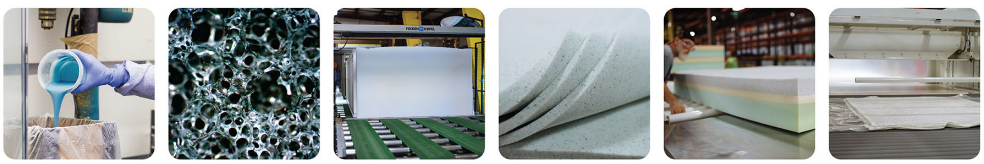
Our innersprings are sold to most U.S. bedding manufacturers and used in private-label finished hybrid compressed mattresses produced in our facilities across the country.

MELTING FURNACE | FORMING STEEL ROD | DRAWING WIRE | FORMING SPRINGS | INNERSPRING CORE

COMPONENTS COMBINE IN HYBRID MATTRESSES

RAW STEEL TO SPRING CORES >>

POLYOL CHEMISTRY TO SPECIALTY FOAM >>



POLYOL LABORATORY | FOAM ADDITIVES | FOAM POURING | SPECIALTY FOAM | MATTRESS ASSEMBLY | COMPRESSING AND ROLL-PACKING

Polyols and foam additives that improve durability, increase airflow, and decrease odor are developed at Peterson Chemical Technology.

Specialty foam is produced at our domestic pouring and fabrication facilities and either used in private-label fully finished products such as compressed mattresses, mattress toppers and pillows, or sold to bedding and furniture manufacturers.

L&P Positioned to Win in Omni-Channel Environment

- Innovation and low-cost production advantage from integrated rod-wire-machinery-innerspring value chain
- Innovation advantage from ECS chemical-specialty foam value chain
- Innovation and value engineering advantage in private-label finished mattress production, particularly innerspring and foam hybrids
- Pair with adjustable and static ready-to-assemble foundations
- Build out B2B2C distribution and fulfillment capability

Global Automotive Market Overview

Cabin Comfort & Convenience Addressable Market

~$20B

APPROXIMATE MARKET SIZE	$1B	$2B	$3B	$4B	$10B
SEGMENT	COMFORT	CABLES	MOTORS	ACTUATORS	ADJACENT ELECTRONICS/ SOFTWARE
COMPETITORS	Few, single-product focus	Many; fragmented	Many; functionality vs. cost	Many; make vs. buy	Many; make vs. buy
CAGR	5%	2%	5%	5%	9%

~6% CAGR
outpacing vehicle production

Market Trends

- Consumer demands for additional comfort, convenience and connectivity
- Increasing global programs and platform sharing
- OEM directed sourcing
- Stricter standards drive innovation in lightweighting, efficiency, noise, and sustainability
- Large share of the value chain is shifting to C.A.S.E.

Technological advances will have significant consumer and industry impacts over next 5-10 years – industry is transforming to our space in comfort and convenience

Trends Play to our Strengths

C	A	S	E
CONNECTED	AUTONOMOUS	SHARED	ELECTRIFICATION

Advantages Are Rooted In Our Deep Industry Knowledge And Customer Engagement

- ✓ Brand Reputation in Comfort Products
- ✓ Vertical Integration
- ✓ Intellectual Property/ Trade Secrets
- ✓ Flexible Global Manufacturing

The Results

- Long-term growth above industry production
- Share leader in targeted segments
- Share leader in fast growing SUV and CUV segments
- Positioned for growth in convenience and adjacent electronics/software applications
- The most complete seat comfort subsystem supplier

Long-Term Sources of Margin Improvement

- Portfolio management
- Product innovation
- Continuous improvement

Long-Term Disciplined Use of Cash

1. Fund organic growth in attractive businesses
2. Pay dividends
   - **49 year history** of dividend increases
   - S&P 500 *Dividend Aristocrat*
   - Payout target is **~50% of earnings**
3. Fund strategic acquisitions
4. Repurchase stock with available cash

Key Take-Aways

Near-term focus on **COVID-19 issues**
- Prioritizing employee health & safety
- Increasing production to meet demand growth
- Monitoring changes in demand signals and responding rapidly to control costs
- Managing supply chain and labor shortage issues
- Optimizing cash flow

Opportunities for long-term **profitable growth**

Maintaining **capital discipline**

FOR ADDITIONAL INFORMATION

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Find our Fact Book at www.leggett.com

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Additional Information

Cost Structure

- Costs are roughly 75% variable, 25% fixed
- Incremental/decremental volume
  - 25–35% contribution margin
- Cost of Goods Sold composition (approximate):
  - 60% Materials, composed of:
    - Steel ~25% of RMs
    - Chemicals ~15% of RMs
    - Woven & non-woven fabrics ~10% of RMs
    - Foam scrap, fibers ~3% of RMs
    - Titanium, nickel, stainless ~2% of RMs
    - Others, including sub-assemblies, hardware, components, finished products purchased for resale, etc. ~45% of RMs
  - 20% Labor (includes all burden and overhead)
  - 20% Other, composed of:
    - Depreciation, utilities, maintenance, supplies – each ~3% of COGS
    - Shipping/transportation ~10% of COGS
    - Other also includes rent, insurance, property tax, etc.

Steel Impact

- Primary commodity exposure is steel; ~25% of RM's
- Main categories are scrap, rod, and flat-rolled
  - Many grades of scrap – market data is generally available
  - Limited credible data to track moves in other types of steel
- Impact from inflation/deflation
  - Typically pass through; lag is ~90 days
- LIFO accelerates inflation/deflation into COGS
- Changes in metal margin (mkt price for rod - mkt price for scrap) also impact earnings
  - Our scrap cost and rod pricing moves with the market; large swings cause Industrial Products segment earnings volatility

Customers Include

In North America:

Adient	Home Depot	MCF	Tesla
Ashley Furniture	JLG (Oshkosh)	Purple	Toyota Boshoku
Best Home Furniture	Knoll	Rooms-to-Go	Toyota Industrial Equip
Berkshire Hathaway	La-Z-Boy	Sanyo	Tuft & Needle
Casper	Lear	Serta	United Technologies
Eaton	Lincoln Electric	Simmons	Walmart
Haworth	Lowe's	Sleep Number	Wayfair
Herman Miller	Magna	Steelcase	
HNI	Mattress Firm	Tempur Sealy	

In Europe and Asia:

Dreams	Hay	Kuka	Silentnight Beds
Eurasia	Hilding Anders	Natuzzi	Steinhoff
Faurecia	Himolla	Nestledown	Volkswagen
Fritz Hansen	Howe	Profim	

Diverse Customer Base – Low Concentration

L&P's Style of Competition: Critical Components

		Dimension	Characteristic
Where we compete	Product / Service / Solution	1. Role in value chain	**Translate RM or components** into critical component
		2. Functional role	**Functionally essential** to end product
		3. % of finished COGS	**<25%** of finished COGS
	Industry Structure	4. Customer set	Concentrated in **few large customers**
		5. Competitive set	**Small private** companies w/ single focus
	Economics	6. Gross margin	Earns **attractive returns** at ~20-30% GM
		7. Asset intensity	**Light manufacturing** ~2x asset turns
How we compete		8. Deep customer engagements	**Deep understanding of customer** design, production pain points, long-term relationships
		9. Collaborative design	**Co-design** products/components for **better functionality** and lower total cost
		10. Flexible mfg	**Long-run SKUs** that can be adjusted to deliver **custom specs** w/ minimal additional capital
		11. Continuous cost improvement	**Continuous cost improvement** throughout life of long run-length SKUs

Strong Peer Group

Diversified Manufacturers

w/ Ticker & Fortune 1000 Ranking (May 2020)
Leggett Ranking = 569

CSL	Carlisle	563	ITW	Illinois Tool Works	229
DHR	Danaher	161	IR	Ingersoll Rand	n/a
DOV	Dover	433	MAS	Masco	384
ETN	Eaton Corp	n/a	PNR	Pentair	n/a
EMR	Emerson	176	PPG	PPG Industries	209

Characteristics of the Group

- Multiple Business Segments
- Sell Mainly to Other Manufacturers
- Low Customer Concentration
- Stamp, Cast & Machine Materials
- Moderate Labor & Capital Intensity
- Primarily Manufacturers
- In "Old Economy" Markets
- Complex; Hard to Grasp
- Old, Established Firms
- Diverse Products

Governance/Directors

August 2020

- 9 Non-Management Directors (out of 11 total)
- Only Non-Mgmt Directors on Key Board Committees

Non-Management		Age	Joined	Position	Firm
Mark Blinn	¤	58	2019	Retired President & CEO	Flowserve
Robert Brunner	◆⚹	62	2009	Retired EVP	ITW
Mary Campbell	¤	53	2019	Chief Merchandising Officer/ Chief Commerce Officer	Qurate Retail Group/ QVC U.S.
Manuel Fernandez	◆⚹	74	2014	Managing Director	SI Ventures
Joe McClanathan	◆⚹	68	2005	Retired President & CEO	Energizer Household Products
Judy Odom †	¤	67	2002	Retired Chair & CEO	Software Spectrum
Srikanth Padmanabhan	¤	56	2018	Vice President	Cummins Inc.
Jai Shah	◆⚹	54	2019	Group President	Masco
Phoebe Wood	¤	67	2005	Principal	CompaniesWood
Management					
Karl Glassman ‡		61	2002	Chairman & CEO	Leggett & Platt
Mitch Dolloff		54	2020	President & COO	Leggett & Platt

† **Lead Director**
‡ **Chairman of the Board**

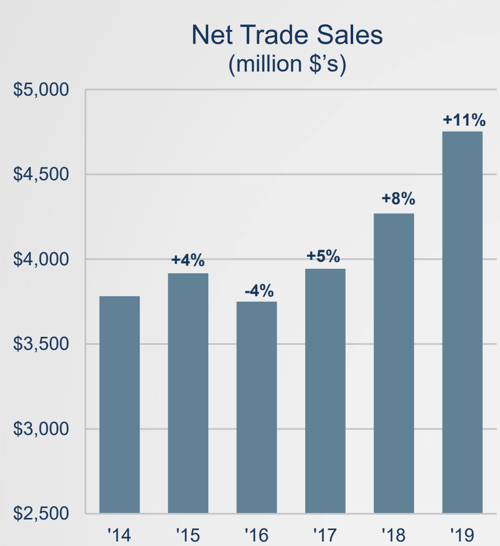
Committees: ¤ Audit ◆ Compensation ⚹ Nominating & Corporate Governance

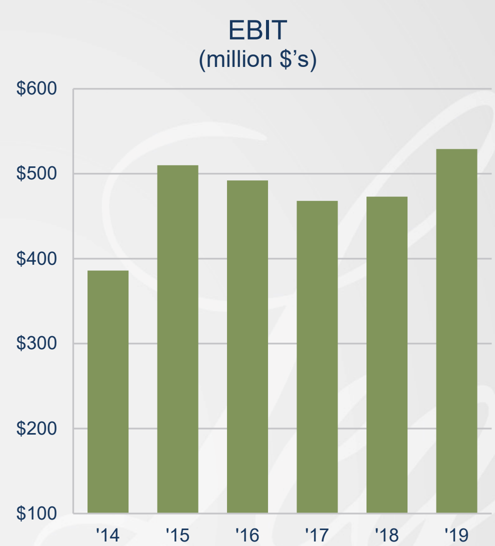
Compensation Rewards Strong Performance

- Annual Incentive
  - Based on current year **ROCE**, **free cash flow**, and individual goals
- Performance Stock Units
  - Long-term equity-based, significant portion of total comp for execs
  - Three-year performance period with two equal measures
    - **Relative TSR performance** (vs. peer group of ~300 companies)
    - Company or segment **EBIT CAGR**
- Deferred Comp Program
  - Opportunity (in December) to **forego** a portion of next year's cash salary and bonus to **buy** stock units

Financial Information

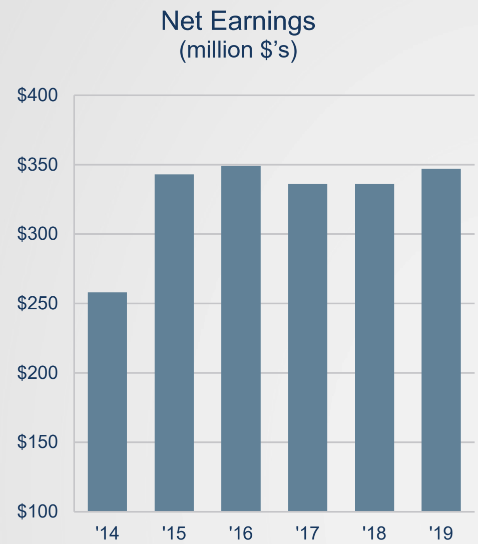
Sales and EBIT

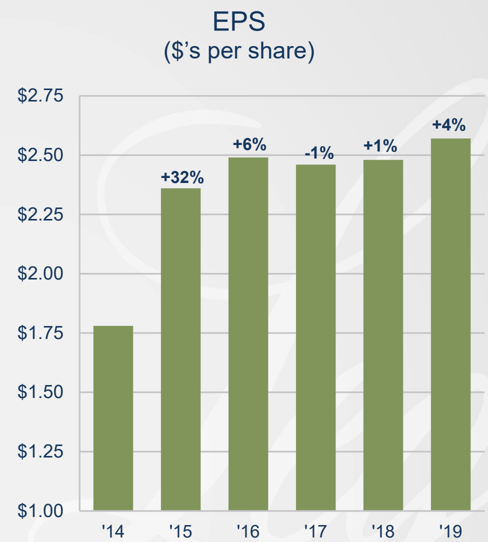




- Amounts are from continuing operations and exclude unusual items. See appendix for non-GAAP reconciliations.

Net Earnings and EPS





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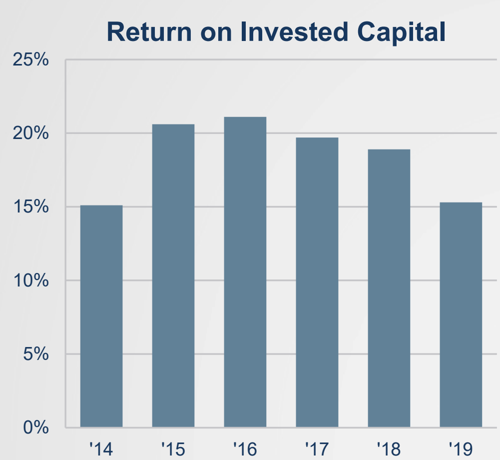
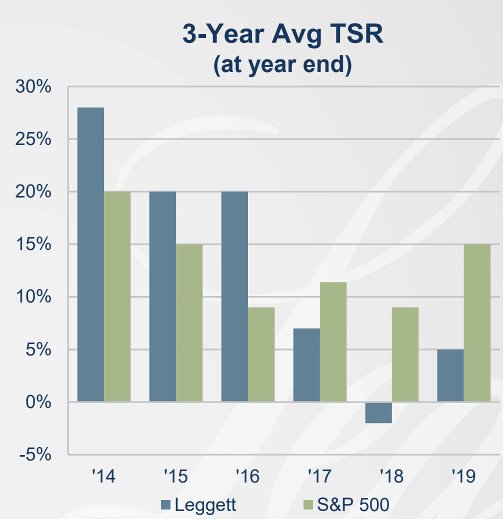
Returns and TSR





- See appendix for return calculation
- TSR assuming dividends continually reinvested

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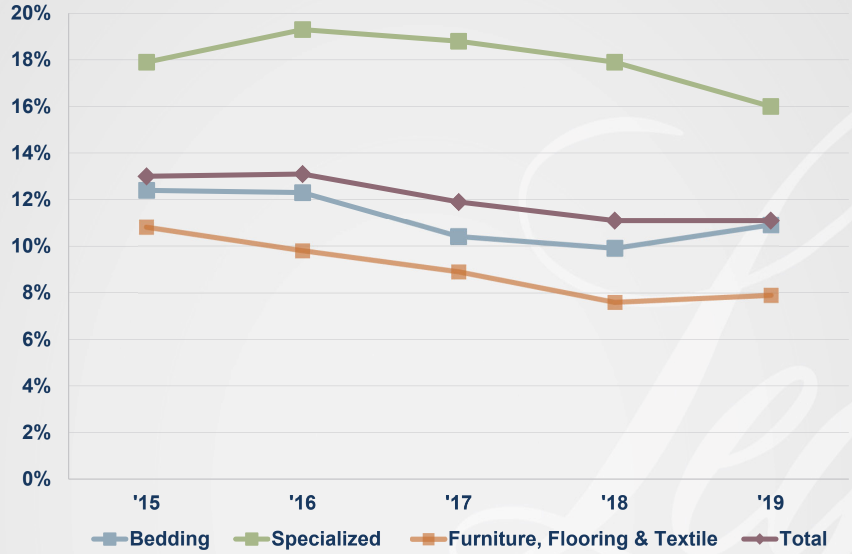
Segment EBIT Margins



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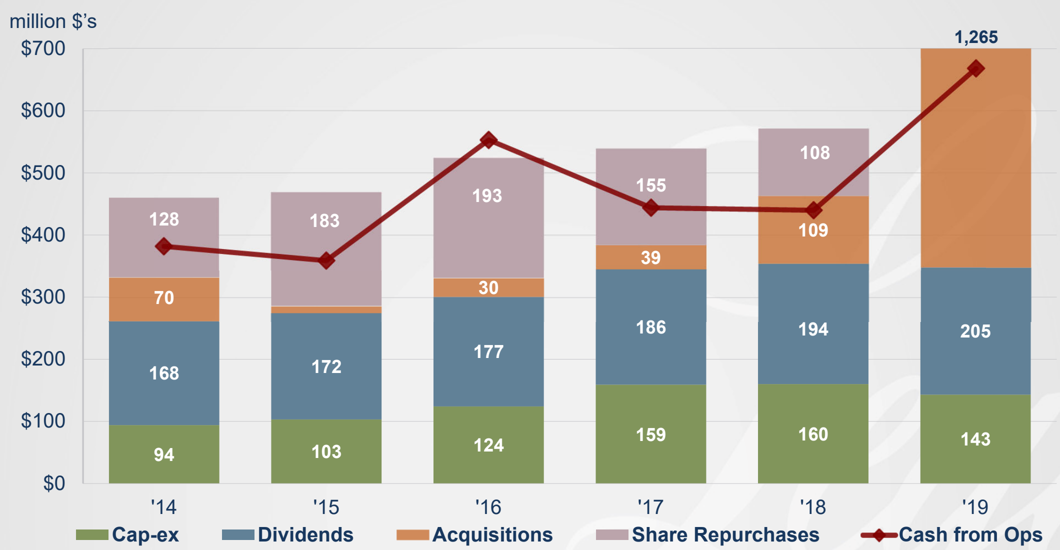
Uses of Cash Flow



Operating Cash > Capital Expenditures + Dividends for over 30 years

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Cash Flow Details

$'s in millions	2014	2015	2016	2017	2018	2019
Net Income	101	329	286	293	306	334
Deprec & Amort	118	113	115	126	136	192
Def Income Taxes	(40)	24	18	16	(3)	8
Impairment & Other	124	19	15	11	32	20
Working Capital	54	(171)	15	(80)	(46)	80
Other Non-Cash[1]	25	45	4	78	15	34
Cash from Operations	**382**	**359**	**553**	**444**	**440**	**668**
Uses of Cash						
Capital Expenditures	(94)	(103)	(124)	(159)	(160)	(143)
Dividends	(168)	(172)	(177)	(186)	(194)	(205)
Acquisitions	(70)	(11)	(30)	(39)	(109)	(1,265)
Share Repurchases	(128)	(183)	(193)	(155)	(108)	(7)

[1] 2017 Other Non-Cash includes $67 million in deemed repatriation taxes as a result of the Tax Cuts and Jobs Act

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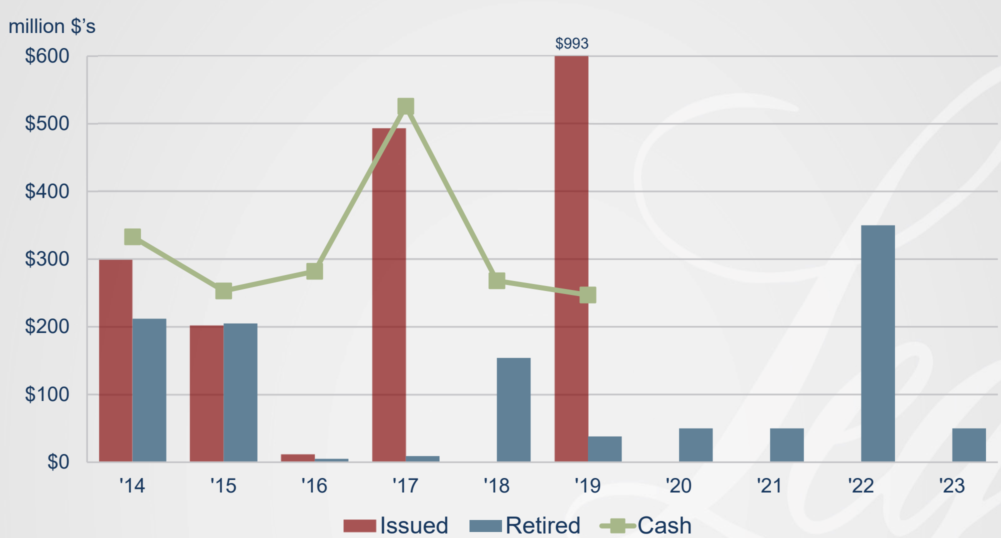
Debt Issued and Retired



- Excludes commercial paper borrowings and operating lease liabilities

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Financial Metrics Defined

- TSR: Total Shareholder Return
  - Total benefit investor realizes from owning our stock
  - (Δ stock price + dividends) / initial stock price
- EBIT CAGR: Compound Annual Growth Rate of EBIT
- ROCE: Return on Capital Employed
  - Drives ~60–70% of annual bonus at operating level and corporate
  - EBIT / (working capital (ex cash & current debt) + net PP&E)
- FCF: Free Cash Flow
  - Drives ~20–30% of annual bonus at operating level and corporate
  - EBITDA – capex +/– Δ working capital (ex cash & current debt)

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Appendix
Non-GAAP Reconciliations

Q2 Non-GAAP Adjustments

($ millions, except EPS)	Q2-20	Q2-19	YTD 2020	YTD 2019
Non-GAAP Adjustments ($'s)[1]				
Goodwill impairment [2]	$25	$—	$25	$—
Restructuring-related charges [3]	3	—	3	6
Note impairment [4]	—	—	8	—
Stock write-off for prior year divestiture [5]	—	—	4	—
ECS transaction costs [6]	—	—	—	1
Non-GAAP adjustments (pre-tax $'s)	**28**	**—**	**40**	**7**
Income tax impact	—	—	(3)	(2)
Non-GAAP adjustments (after tax $'s)	28	—	37	5
Diluted shares outstanding	135.7	135.2	135.7	135.1
EPS impact of non-GAAP adjustments	**$.21**	**$—**	**$.28**	**$.04**

[1] Calculations impacted by rounding

[2] Goodwill impairment affected the following line item on the income statement: Q2-20/YTD 2020: Other Expense $25

[3] Restructuring-related charges affected the following line items on the income statement: Q2-20/YTD 2020: COGS $1, Other Expense $2; YTD 2019: COGS $2, Other Expense $4

[4] Note impairment affected the following line item on the income statement: YTD 2020: SG&A $8

[5] Stock write-off affected the following line item on the income statement: YTD 2020: Other Expense $4

[6] ECS transaction costs affected the following line item on the income statement: YTD 2019: SG&A $1

Non-GAAP Adjustments

($ millions, except EPS)	2014	2015	2016	2017	2018	2019	2020
Non-GAAP Adjustments ($'s)[1]							
Impairment charges	-	6	4	5	-	-	25
Note impairment	-	-	-	-	16	-	8
Stock write-off from 2008 divestiture	-	-	-	-	-	-	4
Restructuring-related charges	-	-	-	-	16	15	3
ECS transaction costs[2]	-	-	-	-	7	1	-
Gain from real estate sale	-	-	-	(23)	-	-	-
Litigation accruals	54	6	-	-	-	-	-
Pension settlement charge	-	12	-	15	-	-	-
Gain/loss from sale of business	-	-	(27)	3	-	-	-
Litigation settlement gain	-	-	(7)	-	-	-	-
Non-GAAP adjustments (pre-tax $'s)	**54**	**23**	**(30)**	**-**	**39**	**16**	**40**
Income tax impact	(21)	(9)	12	-	(7)	(2)	(3)
TCJA impact[3]	-	-	-	50	(2)	-	-
Unusual tax items	-	-	-	(8)	-	-	-
Non-GAAP adjustments (after tax $'s)	**33**	**15**	**(18)**	**42**	**30**	**14**	**37**
Diluted shares outstanding	143.2	142.9	140.0	137.3	135.2	135.4	135.7
EPS impact of non-GAAP adjustments	**$.23**	**$.09**	**($.13)**	**$.32**	**$.22**	**$.10**	**$.28**

[1] Calculations impacted by rounding
[2] 2018 includes $4 million in SG&A charges and $3 million of financing-related charges in interest expense
[3] Tax Cuts and Jobs Act of 2017

Reconciliation of Adj EBIT, Adj EBIT Margin, Adj EBITDA, and Adj EBITDA Margin

($ millions, except EPS)	2014	2015	2016	2017	2018	2019
Net trade sales	$3,782	$3,917	$3,750	$3,944	$4,270	$4,753
EBIT (continuing operations)	$332	$487	$522	$468	$437	$513
Non-GAAP adjustments, pre-tax[1]	54	23	(30)	-	36	16
Adjusted EBIT (cont. operations)	**$386**	**$510**	**$492**	**$468**	**$473**	**$529**
Adjusted EBIT margin	***10.2%***	***13.0%***	***13.1%***	***11.9%***	***11.1%***	***11.1%***
Adjusted EBIT (cont. operations)	$386	$510	$492	$468	$473	$529
Depreciation & amortization	118	113	115	126	136	192
Adjusted EBITDA (cont. operations)	**$504**	**$623**	**$607**	**$594**	**$609**	**$721**
Adjusted EBITDA margin	***13.3%***	***15.9%***	***16.2%***	***15.1%***	***14.3%***	***15.2%***

[1] See slide 50 for adjustment details

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Reconciliation of Adj Earnings and Adj EPS

($ millions, except EPS)	2014	2015	2016	2017	2018	2019
Earnings (continuing operations)	$225	$328	$367	$294	$306	$334
Non-GAAP adjustments, after tax[1]	33	15	(18)	42	30	14
Adjusted Earnings (cont. operations)	**$258**	**$343**	**$349**	**$336**	**$336**	**$347**
Diluted EPS (continuing operations)	$1.55	$2.27	$2.62	$2.14	$2.26	$2.47
EPS impact from non-GAAP adjs[1]	.23	.09	(.13)	.32	.22	.10
Adjusted EPS (cont. operations)	**$1.78**	**$2.36**	**$2.49**	**$2.46**	**$2.48**	**$2.57**

[1] See slide 50 for adjustment details

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Calculation of Return on Invested Capital

	2014	2015	2016	2017	2018	2019
Adjusted EBIT (cont. operations)[1]	**$386**	**$510**	**$492**	**$468**	**$473**	**$529**
Tax rate	*26.0%*	*27.7%*	*23.7%*	*22.2%*	*20.7%*	*22.1%*
Net Operating Profit After Tax (NOPAT)[2]	**285**	**369**	**375**	**364**	**375**	**412**
Total debt (long-term + current)	$964	$945	$960	$1,252	$1,169	$2,118
Operating lease liabilities[3]	-	-	-	-	-	161
Equity	1,155	1,098	1,094	1,191	1,158	1,312
Less: Cash & Cash equivalents	(333)	(253)	(282)	(526)	(268)	(248)
Invested Capital	$1,786	$1,790	$1,772	$1,917	$2,059	$3,343
Average Invested Capital	**$1,891**	**$1,788**	**$1,781**	**$1,844**	**$1,988**	**$2,701**
Return on Invested Capital (ROIC)	**15.1%**	**20.6%**	**21.1%**	**19.7%**	**18.9%**	**15.3%**

[1] See slide 50 for adjustment details
[2] NOPAT = Adjusted EBIT x (1 – tax rate)
[3] New lease accounting rules adopted January 1, 2019. Prior year data is not available.

Calculation of Dividend Payout % of Adjusted EPS

	2016	2017	2018	2019
Diluted EPS from cont. operations	**$2.62**	**$2.14**	**$2.26**	**$2.47**
EPS impact from non-GAAP adjs[1]	(.13)	.32	.22	.10
Adjusted EPS from cont. operations	**$2.49**	**$2.46**	**$2.48**	**$2.57**
Annual dividend per share	**$1.34**	**$1.42**	**$1.50**	**$1.58**
Dividend payout % of diluted EPS from continuing operations	**51%**	**66%**	**66%**	**64%**
Dividend payout % of adjusted EPS	**54%**	**58%**	**60%**	**61%**

[1] See slide 50 for adjustment details

Non-GAAP Financial Measures

While we report financial results in accordance with accounting principles generally accepted in the U.S. ("GAAP"), this presentation includes non-GAAP measures. These include **adjusted EBIT**, **adjusted EBIT margin**, **adjusted EBITDA, adjusted EBITDA margin, adjusted earnings**, and **adjusted EPS**. We believe these non-GAAP measures are useful to investors in that they assist investors' understanding of underlying operational profitability. Management uses these non-GAAP measures as supplemental information to assess the company's operational performance.

We believe the presentation of **return on invested capital (ROIC)** provides investors a useful way to assess how efficiently the Company uses investors' funds to generate income. Management uses this ratio as supplemental information to assess how effectively its invested capital is utilized.

The above non-GAAP measures may not be comparable to similarly titled measures used by other companies and should not be considered a substitute for, or more meaningful than, their GAAP counterparts.