Company Update
May 2018

LEG (NYSE)
www.leggett.com

Leggett & Platt

Forward-Looking Statements

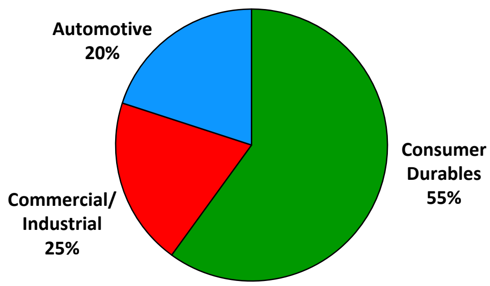
Statements in this presentation that are not historical in nature are “forward-looking.” These statements involve uncertainties and risks, including the company’s ability to achieve its longer-term operating targets, the impact of the Tax Cuts and Jobs Act, price and product competition from foreign and domestic competitors, changes in demand for the company’s products, cost and availability of raw materials and labor, fuel and energy costs, future growth of acquired companies, general economic conditions, possible goodwill or other asset impairment, foreign currency fluctuation, litigation risks, and other factors described in the company’s Form 10-K and Form 10-Q’s. Any forward-looking statement reflects only the company’s beliefs when the statement is made. Actual results could differ materially from expectations, and the company undertakes no duty to update these statements.

TSR Focused Mid-Cap Manufacturer

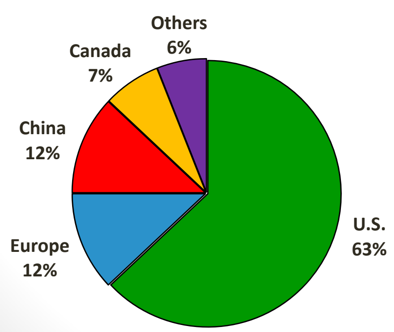
- Targeting **Total Shareholder Return in top third** of S&P 500
- **~3.5%** dividend **yield**; 47 consecutive annual increases
- **Strong** balance sheet and cash flow
- **Leader** in most markets; few/no large competitors
- Poised for **continued growth**
  - Internal initiatives + market growth + acquisitions
- Management has "**skin in the game**"
  - Significant stock owners; forego comp in exchange for shares
  - Incentive comp aligned with TSR focus

Our Markets

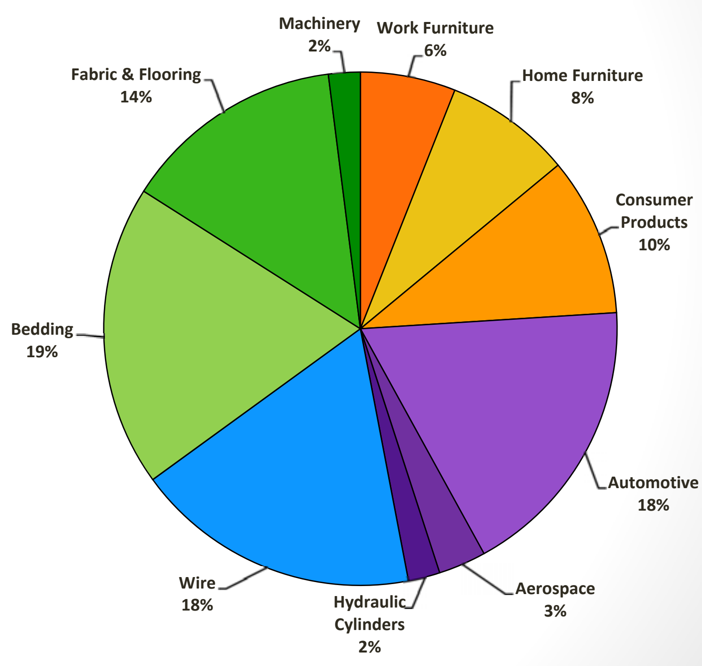
Macro Market Exposure



Geographic Split
(based on production)



Product Mix
% of 2018 est. total sales



4 segments; 10 groups

Strategy

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TSR in Top Third of S&P 500

Sources of TSR: Growth, Margin Improvement, Dividend Yield, and Share Buybacks

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

Revenue Growth Target:	6-9% annually
Margin Improvement:	Growth in attractive markets, product development, cost savings, efficiency impr.
Dividend Payout Target:	50-60% of earnings
Excess Cash Use:	Stock Buyback

TSR Performance

3-year CAGR

	13-16	14-17	15-18[2]	17-20[4]	Target
Revenue Change	3	2	4	8	6-9
ex divestitures/deflation/currency	*7*	*5*	*5*		
Margin Change	12	6	(3)	3	1
Change in Multiple	--	(5)	3	1	--
Dividend Yield	3	3	3	3	3
Stock Buyback	2	1	1	1	1
Annual TSR	20	7	8	16	11-14
% Rank in S&P 500[1]	11%	56%	77%[3]		

[1] 1% is best.

[2] TSR estimated based on mid-point of 2018 guidance and assumes a $48 year-end share price.

[3] Relative TSR performance through April 2018.

[4] TSR estimated based on 2020 operating targets.

Growth Framework

- Targeting 6-9% average annual revenue growth; organic + acquisition
- Three avenues of growth:
  1. **Recent Growth Sources** should continue for at least next few years
  2. Implemented a **Growth Identification Process** → to generate profitable growth initiatives in current markets
  3. Utilizing our **Styles of Competition** → to identify longer-term opportunities in new attractive markets

Enhanced framework for consistent, disciplined long-term profitable growth

1. Recent Growth Sources

- Market growth + **Other Sources**
  - Targeting 8% annual growth through 2020
- **Other Sources** include:
  - Content gains in Automotive and Bedding
  - Adjustable Bed share gains and market growth
- Program awards, customer focus, consumer preference trends support growth for at least the next few years
- Acquisitions should also contribute to growth
  - Averaged ~2% acquisition growth over past several years

2. Growth Identification Process

- Implemented **Growth Toolkit** to generate profitable growth initiatives in current markets
- Toolkit framework:
  1. Analyze our current markets and define attractive spaces for growth
  2. Identify specific opportunities within spaces of interest and prioritize based on potential for value creation
  3. Determine action plans, including both **Organic** and **Acquisition** initiatives

3. Styles of Competition

- Defines and measures **"fit"** based on fundamentals of where and how we currently compete
- Lens used longer term to identify, screen, and pursue opportunities across **more diverse and faster-growing markets**
- Leggett's predominant style is **Critical Components**
  - ~60% of sales; typically higher margins/returns
  - Majority of recent sales growth
- Precision Hydraulic Cylinders acquired January 31, 2018

PHC Acquisition

- PHC annual revenue of ~$85 million; slightly EPS accretive
- Formed new growth platform in Hydraulic Cylinders
- $5 billion addressable market; primarily construction equipment, material handling, and transportation
  - Global market growth ~5%+
  - Growth via: geographic expansion + penetration in existing markets
- Strong fit with "Critical Components" Style of Competition
  - Highly engineered, co-designed components
  - Long product life cycles
  - Small part of end product's total cost
  - Many large OEM customers

Acquisition Criteria Unchanged

- Strategy: clear strategic rationale; sustainable competitive advantage; strong **"fit"** with L&P
- Financials: TSR accretive; IRR > 10%
- **New Platforms**: revenue > $50m; strong management; subsequent growth opportunity
  - Mkt size > $250m; growing > GDP
  - Industry EBIT margin approximates Leggett's average
- **Add-on** businesses: revenue > $15m; significant synergy; strategic fit in an existing BU

Sources of Margin Improvement

Short-Term Opportunity:

- Recover Cost Inflation
  - 2017/1H 2018 margins impacted by RM pricing lag
  - Typically catch up w/ pricing when costs stabilize

Longer Term Opportunities:

- **Portfolio management**
  - Continue to invest in our advantaged businesses
  - Improve or exit low-margin operations
- **New products** with higher margins
- Incremental **volume**
  - **25-35%** contribution margin <u>in businesses with spare capacity</u>
- **Continuous improvement**
  - Management tools
  - Cost reduction, efficiency, etc.

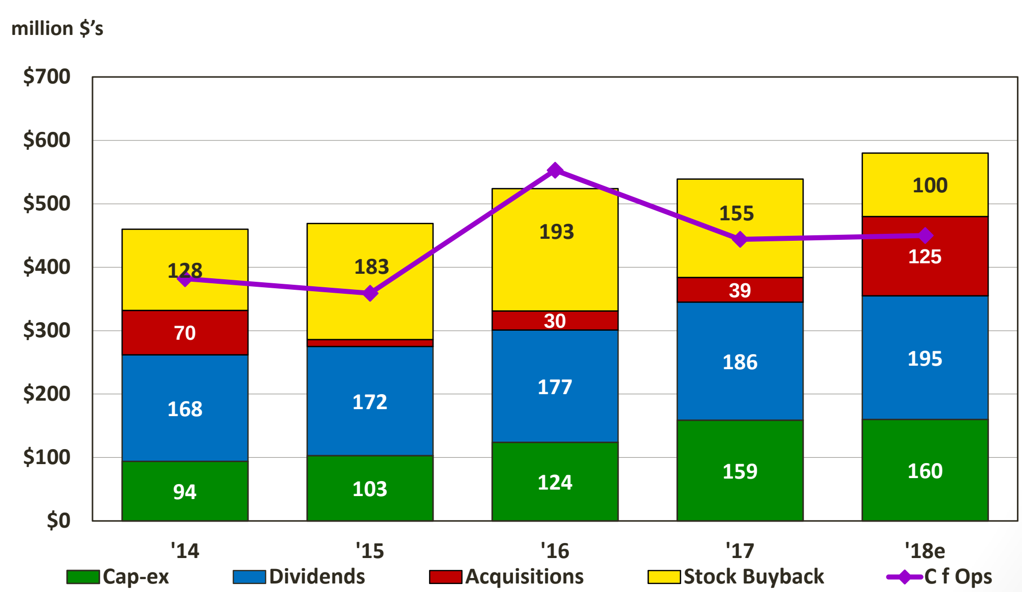
Priorities for Use of Cash

1. Fund organic growth in attractive businesses
   - Capital expenditures
   - Working capital investments
2. Increase dividends
   - **47 year history** of dividend increases
     - Member of S&P 500 *Dividend Aristocrats*
3. Fund strategic acquisitions
4. Repurchase stock with available cash, if any remains

Operating Cash has exceeded Dividends & Capital Expenditures every year for nearly 30 years

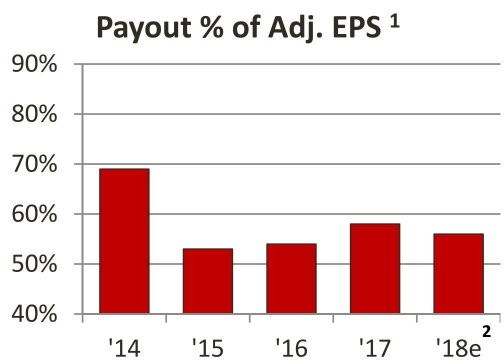
Operating Cash & Uses

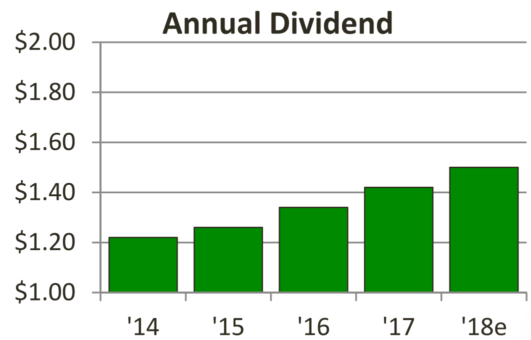
- Continued strong cash from operations
- Cash use consistent with stated priorities



Dividend Growth

- Dividend payout target is **50-60% of earnings**
- Dividend growth should approximate earnings growth

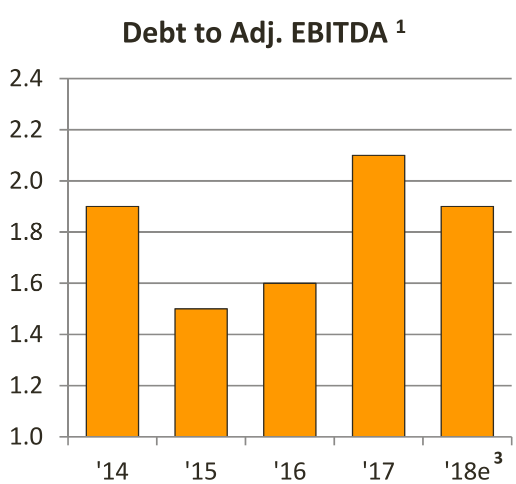


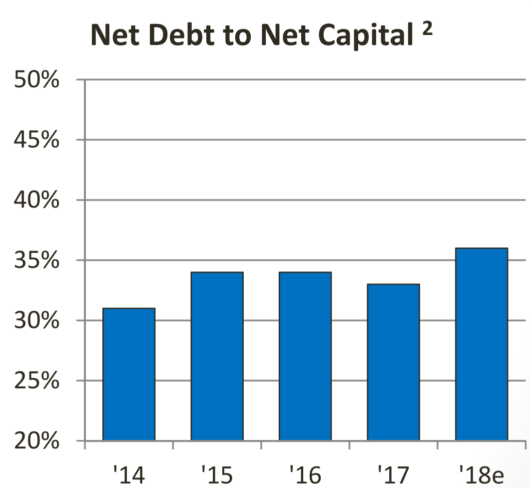


[1] EPS from continuing ops exclude unusual items. See appendix for non-GAAP reconciliations.
[2] 2018 estimates based on mid-point of guidance.

Strong Balance Sheet

- Maintaining priority on financial strength
- Flexibility to pursue attractive investment opportunities





[1] EBITDA from continuing ops exclude unusual items. See appendix for non-GAAP reconciliations.
[2] See appendix for calculation of Net Debt to Net Capital.
[3] 2018 estimates based on mid-point of guidance.

Current Topics

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Q1 2018 Highlights

- Sales were up 7%, to $1,029 million
  - Organic sales grew 6% and acquisitions added 2%; growth partially offset by divestitures (1%)
  - Volume increased 1%; raw material-related pricing and currency added 5%
- EPS from continuing ops of $.57, down vs. $.62 in Q1-17
  - Primarily from pricing lag associated with commodity inflation
- EBIT of $107 million, down 7% vs. Q1-17
- EBIT margin of 10.4%, down 170 bps vs. 12.1% in Q1-17
- Cash from ops of $44 million, vs. $58 million in Q1-17
- Adjusted working capital at 12.0% of annualized sales
- Net debt to net capital at 37.8% (target is 30-40%)
  - Debt to TTM EBITDA of 2.4x

Commodity 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

2018 Guidance (issued 4/26/18; not updated since)

- Continuing Ops EPS lowered $.05 to $2.60-$2.80
- Sales guidance raised to $4.3 - $4.4 billion
  - 9-12% growth versus 2017
  - Assumes mid-single-digit volume growth; commodity inflation and currency should also add to sales growth
  - PHC acquisition expected to add 2% to sales
- Implied EBIT margin of 11.5% to 12.0%
- Operating cash is expected to approximate $450 million
- Dividends should require ~$195 million
- Cap-ex of ~$160 million
- Full year tax rate of ~22%
  - 1Q = 18%; 2Q-4Q = ~23%
- Diluted shares of ~136 million

2020 Targets (issued 2/5/18; not updated since)

- Sales of $5 billion, assumes:
  - Macro environment supports reasonable strength in market demand
  - Sales continue to benefit from content gains and new program awards
  - Organic sales growth augmented by strategic acquisitions
  - No significant impact from inflation, deflation, currency, or divestitures
- EBIT margin of 13%
- EPS of $3.50
  - ~1% annual reduction in outstanding shares; 22% tax rate; ~flat interest
- Dividend payout 50-60% of earnings; approx. 3% yield
- Implied TSR of ~16%

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** home sales
- Employment levels
- Consumer discretionary spending
- Interest rate levels

Key Take-Aways

- **TSR in top-third of S&P 500** remains key financial goal
- Enhanced framework for long-term **profitable growth**
- Maintaining vigilant **capital discipline**
- **Dividend growth** remains a top priority
- Optimistic about near/medium-term opportunities

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FOR ADDITIONAL INFORMATION

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Additional Information

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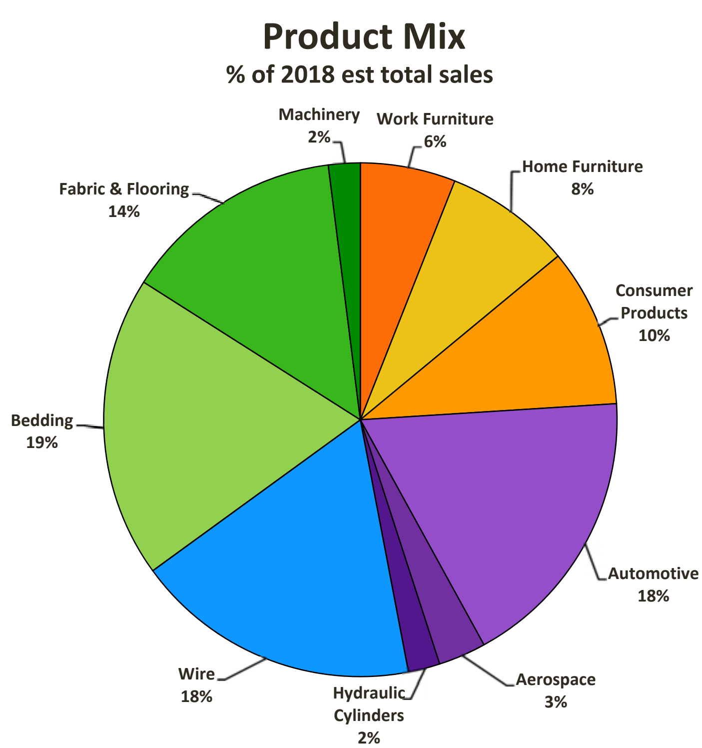
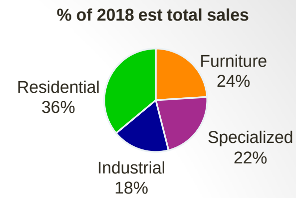
Product Mix

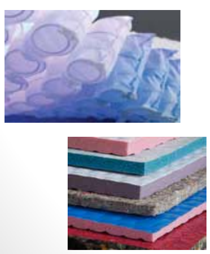
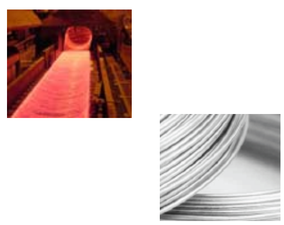


4 segments; 10 groups; 14 business units

Segments



Residential Products	Industrial Products	Furniture Products	Specialized Products
Bedding ➢ Mattress springs ➢ Foundations Fabric & Flooring Products ➢ Textile converting ➢ Flooring underlayment ➢ Geo components Machinery ➢ Quilting and sewing machinery for bedding mfg. ➢ Mattress packaging and glue-drying equipment	Wire ➢ Drawn steel wire ➢ Steel rod	Work Furniture ➢ Chair controls, bases, frames ➢ Private-label finished seating Home Furniture ➢ Recliner mechanisms ➢ Seating and sofa sleeper components Consumer Products ➢ Adjustable beds ➢ Fashion beds ➢ Bed frames	Automotive ➢ Auto seat support and lumbar systems ➢ Motors, actuators & cables Aerospace ➢ Tubing ➢ Tube assemblies Hydraulic Cylinders ➢ Hydraulic cylinders used in forklifts, lift trucks, construction equipment, truck-mounted cranes, aerial work platforms, and other equipment

Customers Include

In North America:

Aaron's	Corsicana	Lowe's	Serta
Adient	Haworth	Magna	Simmons
Airbus	Herman Miller	Mattress Firm	Steelcase
Ashley Furniture	HNI	*MCF**	Tempur Sealy
Best Home Furniture	*JLG (Oshkosh)**	Overhead Door	Toyota Boshoku
Berkshire Hathaway	La-Z-Boy	Rooms-to-Go	*Toyota Industrial Equip**
Boeing	Lear	Sanyo	Walmart
*Caterpillar**	Lincoln Electric	Select Comfort	Wayfair

In Europe and Asia:

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

Diverse Customer Base – Low Concentration

**Caterpillar, JLG (Oshkosh), Mitsubishi Caterpillar Forklift and Toyota Industrial Equipment are customers of PHC, our January 2018 acquisition in the hydraulic cylinders industry.*

Cost Structure

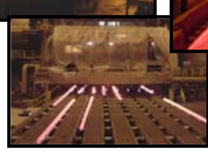
Cost of Goods Sold composition (approximate):

- 55% Materials, composed of:
  - Steel ~25% of RMs
  - Woven & non-woven fabrics ~15% of RMs
  - Foam scrap, fibers, chemicals ~10% of RMs
  - Titanium, nickel, stainless ~2% of RMs
  - Others, including sub-assemblies, hardware, components, finished products purchased for resale, etc. ~50% of RMs
- 20% Labor (includes all burden and overhead)
- 25% Other, composed of:
  - Depreciation, utilities, maintenance, supplies -- each ~3% of COGS
  - Shipping/transportation ~10% of COGS
  - Other also includes rent, insurance, property tax, etc.
- Costs are roughly 75% variable, 25% fixed
- $10 million of incremental volume (produced utilizing spare capacity) yields ~$2.5-$3.5 million of additional EBIT

Vertical Integration in Steel

Melt Furnace

Steel Rod

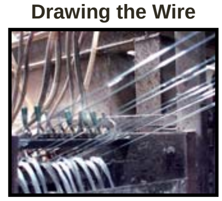


Steel Billets

Each year at our Sterling, Illinois Rod Mill, roughly 550,000 tons of steel scrap are melted and formed into billets. The billets are then used to make approximately 500,000 tons of steel rod. The majority of this rod goes to our three domestic wire mills to be drawn into various gauges of wire.

Leggett also purchases certain types of steel rod on the open market to meet the raw material requirements of our wire mills.

Drawing the Wire



Wire on Spools

Spring-Making Plant

Wire Innerspring

Approximately 2/3 of the wire we produce goes to other Leggett operations, including our spring-making operations. The remaining wire is sold externally.

Strong Peer Group

Diversified Manufacturers

w/ Ticker & Fortune 1000 Ranking (May 2017)

Leggett Ranking = 613

CSL	**Carlisle**	**623**	**ITW**	**Illinois Tool Works**	**202**
DHR	**Danaher**	**144**	**IR**	**Ingersoll Rand**	**n/a**
DOV	**Dover**	**392**	**MAS**	**Masco**	**372**
ETN	**Eaton Corp**	**n/a**	**PNR**	**Pentair**	**n/a**
EMR	**Emerson**	**139**	**PPG**	**PPG Industries**	**183**

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

May 2018

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

Non-Mgmt		Age	Joined	Position	Firm
Robert Brunner	¤ ◆	**60**	**2009**	**Retired EVP**	**ITW**
Robert Culp	¤ ⚹	**71**	**2013**	**Chairman**	**Culp, Inc.**
R. Ted Enloe †	¤ ◆ ⚹	**79**	**1969**	**Managing Partner**	**Balquita Partners**
Manuel Fernandez	◆ ⚹	**72**	**2014**	**Managing Director**	**SI Ventures**
Joe McClanathan	¤ ◆ ⚹	**65**	**2005**	**Retired President & CEO**	**Energizer Household Products**
Judy Odom	¤ ◆ ⚹	**65**	**2002**	**Retired Chair & CEO**	**Software Spectrum**
Phoebe Wood	¤ ◆	**65**	**2005**	**Principal**	**CompaniesWood**
Management					
Karl Glassman		**59**	**2002**	**President & CEO**	**Leggett & Platt**
Matthew Flanigan		**56**	**2010**	**EVP & CFO**	**Leggett & Platt**

† **Independent Board Chair**
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 ~320 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

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Other Strategy Details

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Strategic Shift Outlined in 2007

What We Said:

Goal = TSR in top third of S&P 500

Sources: Growth, Margin Improvement, Dividend Yield, and Share Buybacks

3 STEPS:

1. **FOCUS** by divesting low performing businesses
2. **IMPROVE** margins & returns on assets we keep
3. **GROW** revenue, long-term, at 4-5% annually

- Successfully executed **"Focus"** and **"Improve"**
- Now turning more attention to **Growth**

TSR Targets & Performance

3-year CAGR

	07-16 Target	12-15 Actual	13-16 Actual	Revised Target
Revenue Change	4-5	5	3	6-9
ex divest/deflation/currency		*7*	*7*	
Margin Change	2-3	11	12	1
Change in Multiple	--	(2)	--	--
Dividend Yield	3-4	4	3	3
Stock Buyback	2-4	2	2	1
Annual TSR	12-15	20	20	11-14
% Rank in S&P 500[1]		31%	11%	

[1] Goal is top third for S&P 500. 1% is best.

Role-Based Portfolio Management

- Strategic Planning Process
  - Assess market attractiveness and Leggett's advantages
  - 3-year plan to achieve ≥ 10% TBR/year
  - Used to determine portfolio role
- Place each BU into Portfolio Role
  - Grow, core, fix, or divest
  - Different goals for each
    - Grow: profitable **Growth**
    - Core: maximize **Cash**
    - Fix: rapidly **Improve**

Criteria for Role Assignments

	GROW	CORE	FIX / DIVEST
1. COMPETITIVE POSITION	Advantaged	Solid, Stable	Tenuous or Disadvantaged
2. MARKET ATTRACTIVE?	Strong, Growing	Attractive, but with Lower Growth Potential	Poor or Declining
3. FIT w/ LEGGETT	Strong	Strong	Limited
4. RETURN (ROGI)	Consistently > 12%	Stable, 9-12%	Erratic or < WACC
5. BU SIZE & MATERIALITY	Large, Significant	Large, Significant	Inconsequential, Distracting

Expectations by Portfolio Role

- All: Credible Path to ≥ 10% TBR Required, else Exit

- Grow: Provide Profitable **Growth**; Return > WACC
  - Invest capital in competitively advantaged positions
  - Identify major organic, M&A, or rollup investments

- Core: **Generate Cash**; Return ≥ WACC
  - Maintain stable, competitive positions to generate cash
  - Aggressively improve EBITDA and free cash flow
  - Profitably grow market share, but with minimal capex
  - Enhance productivity; reduce costs, overhead, working capital

- Fix: **Rapidly** Restructure, else Exit
  - Limited time to achieve return ≥ WACC, else divest / liquidate

Critical Components Style Defined

		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
	Econ-omics	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

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3-Year Targets

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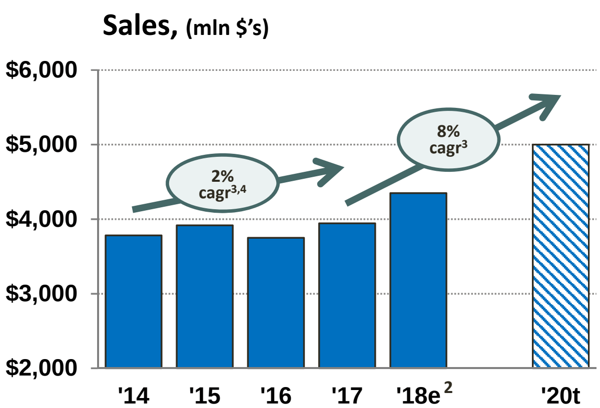
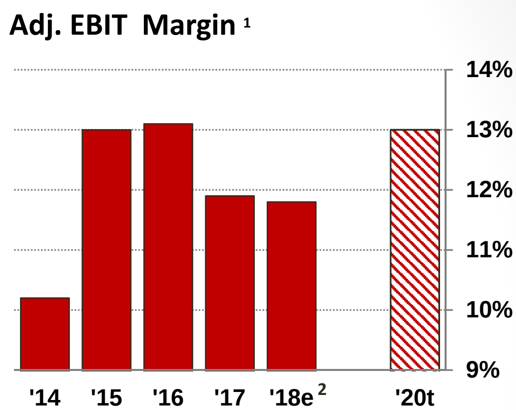
2020 Operating Targets

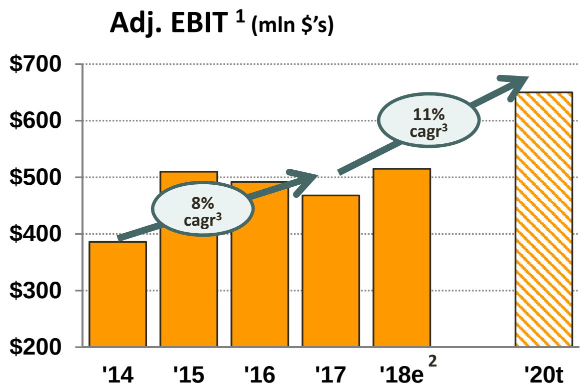


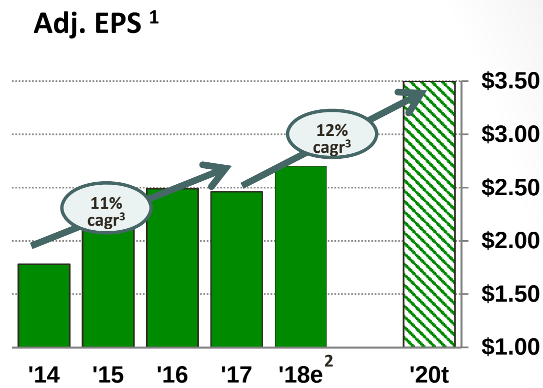


- Sales growth assumptions through 2020:
  - Macro environment supports reasonable strength in market demand
  - Sales continue to benefit from content gains and new program awards
  - Organic sales growth augmented by strategic acquisitions
  - No significant impact from inflation, deflation, currency, or divestitures

[1] Amounts are from continuing operations and exclude unusual items. See appendix for non-GAAP reconciliations.
[2] 2018 estimates based on mid-point of guidance.
[3] CAGRs are 3-year.
[4] 5% growth from volume + acquisitions, offset 3% by divestitures, commodity deflation, and currency.

2020 Operating Targets





- 2020 EBIT is based on sales and margin targets
- 2020 EPS assumes 1% annual reduction in outstanding shares; 22% tax rate; flat interest expense

[1] Amounts are from continuing operations and exclude unusual items. See appendix for non-GAAP reconciliations.
[2] 2018 estimates based on mid-point of guidance.
[3] CAGRs are 3-year.

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Financial Information

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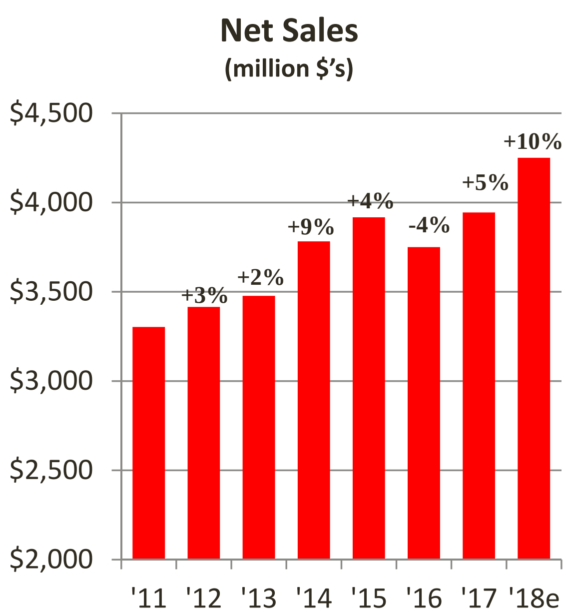
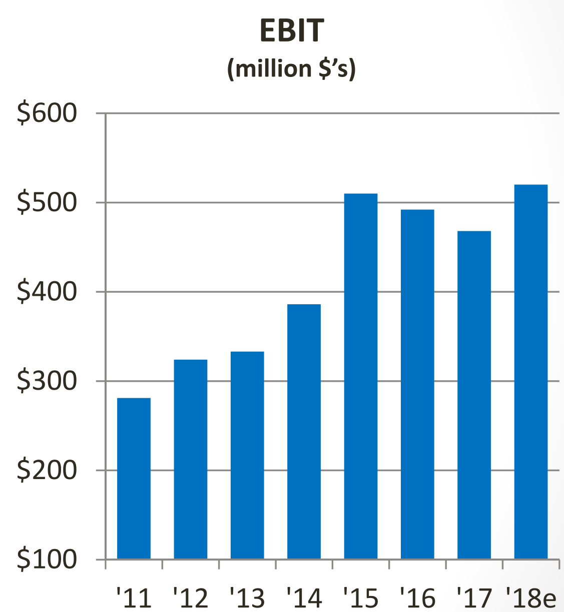
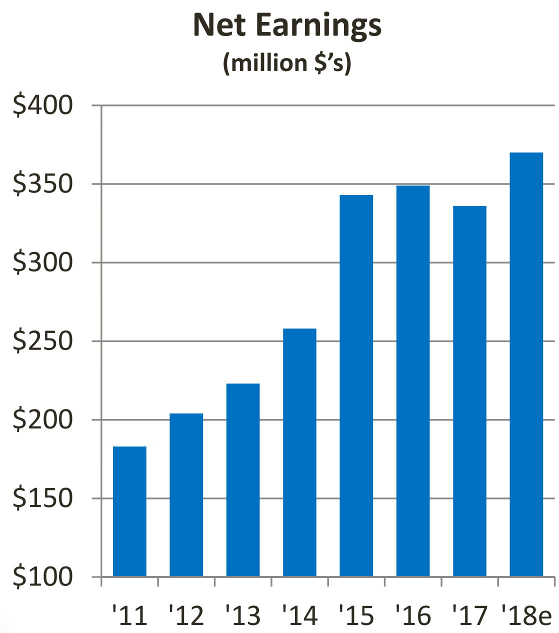
Sales and EBIT

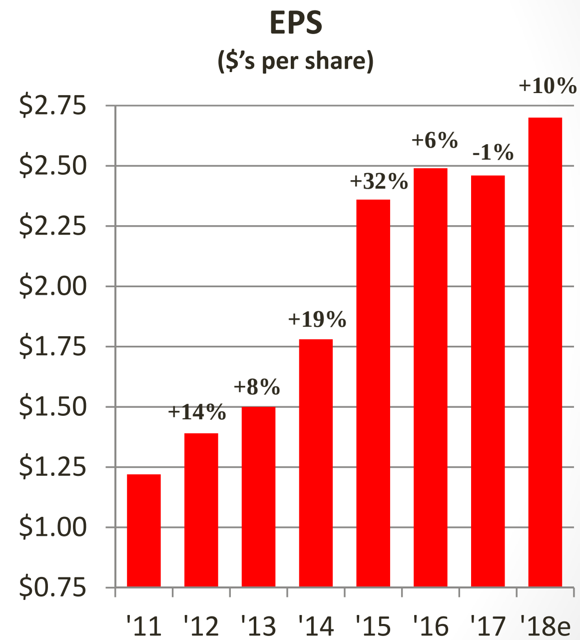




- Amounts are from continuing operations and exclude unusual items. See appendix for non-GAAP recon.
- 2018 estimates are based on mid-point of guidance.

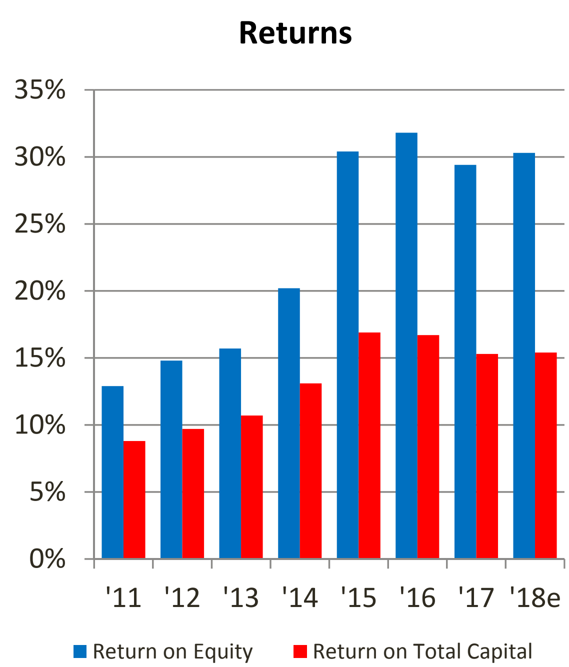
Net Earnings and EPS

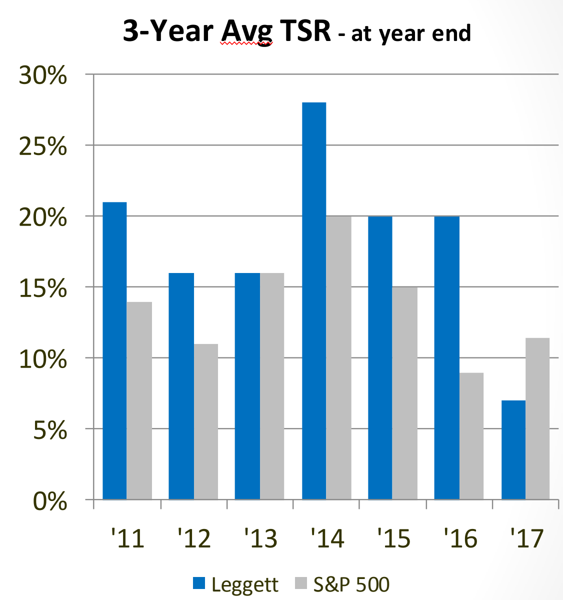




- Amounts are from continuing operations and exclude unusual items. See appendix for non-GAAP recon.
- 2018 estimates are based on mid-point of guidance.

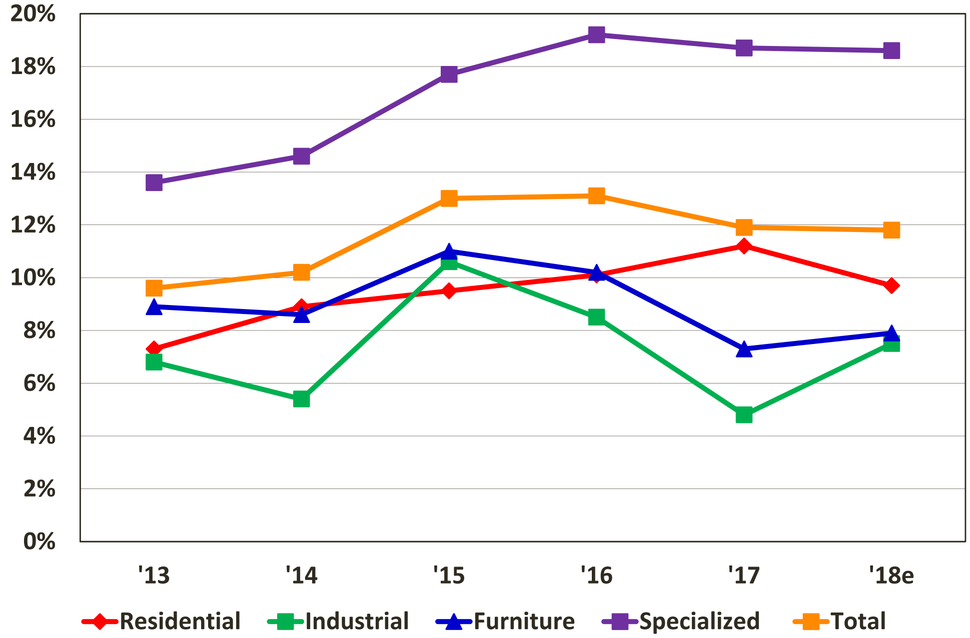
Returns and TSR





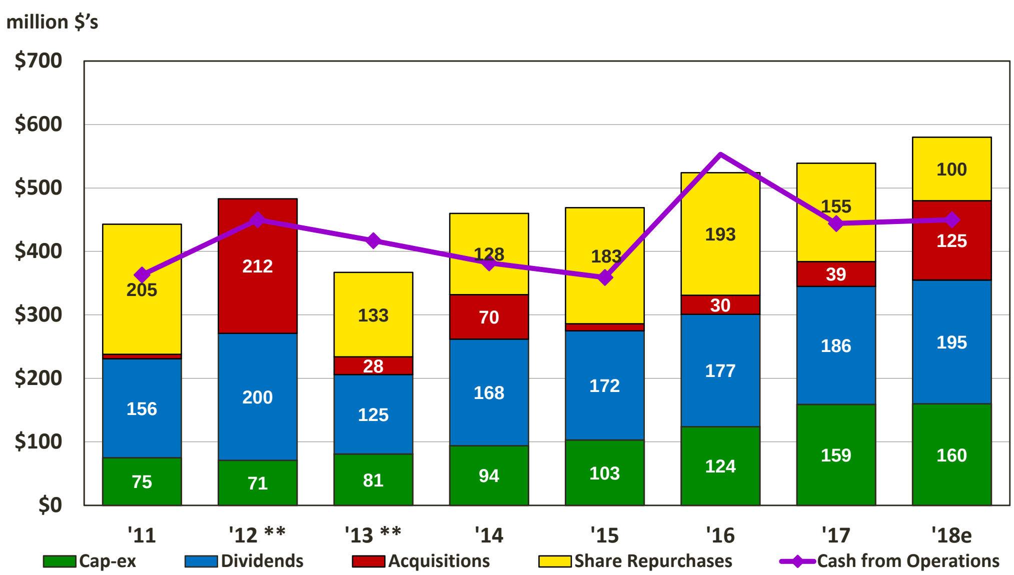
- See appendix for return calculations.
- 2018 estimates are based on mid-point of guidance.
- TSR assuming dividends continually reinvested.

Segment EBIT Margins



- Amounts exclude unusual items. See appendix for non-GAAP recon.
- 2018 estimates are based on mid-point of guidance.

Uses of Cash Flow



** 3 qtr dividends paid in 2013; accelerated the Jan-2013 dividend payment of $41 million into Dec 2012 in anticipation of higher tax rates.

- **Operating Cash > Capital expenditures + Dividends for nearly 30 years**

Cash Flow Details

$'s in millions	2011	2012	2013	2014	2015	2016	2017	2018e [3]
Net Income	156	251	200	101	329	386	293	370
Deprec & Amort	117	116	123	118	113	115	126	135
Def Income Taxes	(1)	(22)	(33)	(40)	24	18	16	
Impairment & Other	54	17	83	124	19	15	11	
Working Capital	(14)	57	26	54	(171)	15	(80)	(85)
Other Non-Cash [2]	17	31	18	25	45	4	78	30
Cash from Operations	**329**	**450**	**417**	**382**	**359**	**553**	**444**	**450**
Uses of Cash								
Capital Expenditures	(75)	(71)	(81)	(94)	(103)	(124)	(159)	(160)
Dividends [1]	(156)	(200)	(125)	(168)	(172)	(177)	(186)	(195)
Acquisitions	(7)	(212)	(28)	(70)	(11)	(30)	(39)	(125)
Share Repurchases	(205)	6	(133)	(128)	(183)	(193)	(155)	(100)

[1] 5 qtr dividends paid in 2012 and 3 qtr dividends paid in 2013; accelerated the Jan-2013 dividend payment of $41 million into Dec-2012 in anticipation of higher tax rates.

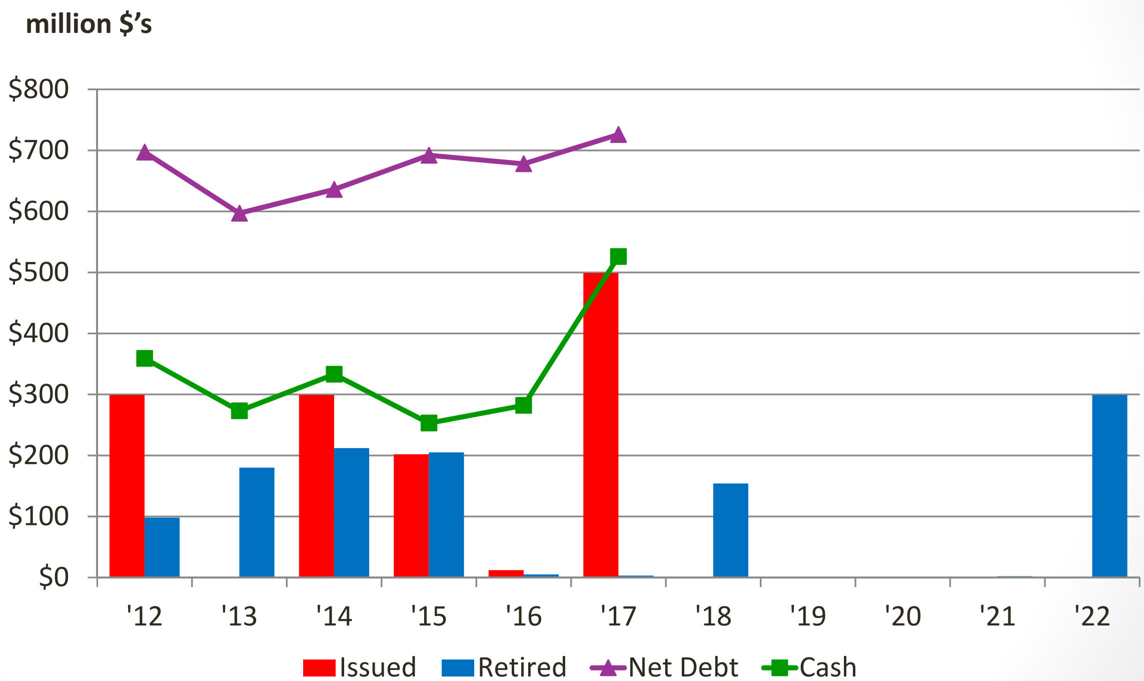
[2] 2017 Other Non-Cash includes $67 million in deemed repatriation taxes as a result of the Tax Cuts and Jobs Act.

[3] 2018 estimated net income is based on mid-point of guidance.

Debt Structure (at 3/31/2018)

- $1,393 million total debt
  - 3.7% avg. rate, 6.7 years avg. maturity
  - $898 million net debt ($1,393m debt less $495m cash)
- $659 million available commercial paper
  - Backed by $800 million revolver
    - 14 participating banks
    - Matures in November 2022
- Issued $500 million of 10-year Notes at 3.5% in November 2017

Debt Issued and Retired



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 & 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)

Appendix
Non-GAAP Reconciliations

Leggett & Platt®

Non-GAAP Adjustments, Continuing Ops

($ millions, except EPS)	2011	2012	2013	2014	2015	2016	2017
Non-GAAP Adjustments ($'s)[1]							
Gain from real estate sale	-	-	-	-	-	-	(23)
Restructuring-related charges	15	-	-	-	-	-	-
Impairment charges	-	-	67	-	6	4	5
Litigation accruals	-	-	-	54	6	-	-
Acq-related bargain purchase gain	-	-	(9)	-	-	-	-
Pension settlement charge	-	-	-	-	12	-	15
Gain/loss from sale of business	-	-	-	-	-	(27)	3
Litigation settlement gain	-	-	-	-	-	(7)	-
Non-GAAP adjustments (pre-tax $'s)	**15**	**-**	**58**	**54**	**23**	**(30)**	**-**
Income tax impact	(5)	-	(21)	(21)	(9)	12	-
TCJA impact[2]	-	-	-	-	-	-	50
Unusual tax items	-	(27)	-	-	-	-	(8)
Non-GAAP adjustments (after tax $'s)	**10**	**(27)**	**37**	**33**	**15**	**(18)**	**42**
Diluted shares outstanding	147.0	146.0	147.2	143.2	142.9	140.0	137.3
EPS impact of non-GAAP adjustments	**$.07**	**$ (.18)**	**$ .25**	**$ .23**	**$ .09**	**$ (.13)**	**$.32**

[1] Calculations impacted by rounding.
[2] Tax Cuts and Jobs Act of 2017.

Reconciliation of Adj EBIT, Adj EBIT Margin, Adj Earnings, and Adj EPS

($ millions, except EPS)	2011	2012	2013	2014	2015	2016	2017
EBIT (continuing operations)	$266	$324	$275	$332	$487	$522	468
Non-GAAP adjustments, pre-tax [1]	15	-	58	54	23	(30)	-
Adjusted EBIT (cont. operations)	**$281**	**$324**	**$333**	**$386**	**$510**	**$492**	**$468**
Net sales	$3,303	$3,415	$3,477	$3,782	$3,917	$3,750	$3,944
Adjusted EBIT margin	**8.5%**	**9.5%**	**9.6%**	**10.2%**	**13.0%**	**13.1%**	**11.9%**
Earnings from cont. operations	$173	$231	$186	$225	$328	$367	$294
Non-GAAP adjustments, after tax [1]	10	(27)	37	33	15	(18)	42
Adj Earnings from cont. operations	**$183**	**$204**	**$223**	**$258**	**$343**	**$349**	**$336**
Diluted EPS from cont. operations	$1.15	$1.57	$1.25	$1.55	$2.27	$2.62	$2.14
EPS impact from non-GAAP adjs [1]	.07	(.18)	.25	.23	.09	(.13)	.32
Adjusted EPS from cont. operations	**$1.22**	**$1.39**	**$1.50**	**$1.78**	**$2.36**	**$2.49**	**$2.46**

[1] See slide 60 for adjustment details.

Calculation of Return on Equity and Return on Total Capital

($ millions)	2011	2012	2013	2014	2015	2016	2017	2018e [3]
Return on Equity								
Earnings from cont. operations	$173	$231	$186	$225	$328	$367	$294	$370
Non-GAAP adjustments, after tax [1]	10	(27)	37	33	15	(18)	42	-
Adj earnings from cont. operations	$183	$204	$223	$258	$343	$349	$336	$370
Avg shareholder equity	$1,416	$1,375	$1,421	$1,277	$1,126	$1,096	$1,142	$1,220
Adj. Return on Avg. Equity	**12.9%**	**14.8%**	**15.7%**	**20.2%**	**30.4%**	**31.8%**	**29.4%**	**30.3%**
Return on Total Capital								
Adj earnings from cont. operations	$183	$204	$223	$258	$343	$349	$336	$370
Plus: After-tax interest expense	28	31	34	31	30	30	34	42
	$211	$235	$257	$289	$373	$379	$370	$412
Avg total capital [2]	$2,402	$2,424	$2,398	$2,210	$2,204	$2,270	$2,426	$2,680
Adj. Return on Avg. Total Capital	**8.8%**	**9.7%**	**10.7%**	**13.1%**	**16.9%**	**16.7%**	**15.3%**	**15.4%**

[1] See slide 60 for adjustment details.
[2] Total capital = long-term debt + shareholder equity + d. taxes + other LT liabilities.
[3] 2018 estimates are based on mid-point of guidance.

Calculation of Dividend Payout % of Adjusted EPS

	2014	2015	2016	2017	2018e[2]
Diluted EPS from cont. operations	**$1.55**	**$2.27**	**$2.62**	**$2.14**	**$2.70**
EPS impact from non-GAAP adjs [1]	.23	.09	(.13)	.32	-
Adjusted EPS from cont. operations	**$1.78**	**$2.36**	**$2.49**	**$2.46**	**$2.70**
Annual dividend per share	**$1.22**	**$1.26**	**$1.34**	**$1.42**	**$1.50**
Dividend payout % of diluted EPS from continuing operations	**79%**	**56%**	**51%**	**66%**	**56%**
Dividend payout % of adjusted EPS	**69%**	**53%**	**54%**	**58%**	**56%**

[1] See slide 60 for adjustment details.
[2] 2018 estimates are based on mid-point of guidance.

Calculation of Debt to Adjusted EBITDA

($ millions)	2014	2015	2016	2017	2018e[3]
EBIT (cont. operations)	**$332**	**$487**	**$522**	**$468**	**$515**
Non-GAAP adjustments, pre-tax [1]	54	23	(30)	-	-
Adjusted EBIT (cont. operations)	**386**	**510**	**492**	**468**	**515**
Depreciation and amortization [2]	118	113	115	126	135
Adjusted EBITDA	**$504**	**$623**	**$607**	**$594**	**$650**
Total Debt (long-term + current)	**$964**	**$945**	**$960**	**$1,252**	**$1,250**
Debt to Adjusted EBITDA	**1.9**	**1.5**	**1.6**	**2.1**	**1.9**

[1] See slide 60 for adjustment details.
[2] D&A is from continuing operations.
[3] 2018 estimates are based on mid-point of guidance.

Calculation of Net Debt to Net Capital

Net Debt *($ millions)*	2014	2015	2016	2017	2018e
Current Maturities of Long-Term Debt	$202	$3	$4	$154	-
Long-Term Debt	762	942	956	1,098	1,250
Total Debt	**964**	**945**	**960**	**1,252**	**1,250**
Less:					
Cash and Cash Equivalents	(333)	(253)	(282)	(526)	(375)
Net Debt	**$631**	**$692**	**$678**	**$726**	**$875**

Net Capital *($ millions)*	2014	2015	2016	2017	2018e
Long-Term Debt	$762	$942	$956	$1,098	$1,250
Plus:					
Deferred Income Taxes	42	38	54	83	85
Other Long-Term Liabilities	185	185	173	203	200
Total Equity	1,155	1,098	1,094	1,191	1,250
Total Capital	**2,144**	**2,263**	**2,277**	**2,575**	**2,785**
Add:					
Current Maturities of Long-Term Debt	202	3	4	154	-
Less:					
Cash and Cash Equivalents	(333)	(253)	(282)	(526)	(375)
Net Capital	**$2,013**	**$2,013**	**$1,999**	**$2,203**	**$2,410**
Long-term Debt to Total Capital	**36%**	**42%**	**42%**	**43%**	**45%**
Net Debt to Net Capital	**31%**	**34%**	**34%**	**33%**	**36%**

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 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.

Other non-GAAP measures included in this presentation are **net debt**, **net capital**, and **adjusted EBITDA**. We believe the presentation of net debt to net capital provides investors a useful way to evaluate the company’s debt leverage if we were to use cash to pay down debt. Our cash has fluctuated, sometimes significantly, from period to period. We use this ratio as supplemental information to track leverage trends across time periods with variable levels of cash. Because we may not be able to use our cash to reduce our debt on a dollar-for-dollar basis, the net debt to net capital ratio may have material limitations.

We also believe the presentation of debt to adjusted EBITDA provides investors a useful way to assess the time it would take the Company to pay off all of its debt, ignoring various factors including interest and taxes. Management uses this ratio as supplemental information to assess its ability to pay off its incurred debt.

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.