

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2015

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

LEGETT & PLATT, INCORPORATED

(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of
incorporation or organization)

44-0324630
(I.R.S. Employer
Identification No.)

No. 1 Leggett Road
Carthage, Missouri
(Address of principal executive offices)

64836
(Zip Code)

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

Common stock outstanding as of October 23, 2015: 136,095,709

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LEGGETT & PLATT, INCORPORATED
CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)

(Amounts in millions)	September 30, 2015	December 31, 2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 251.2	\$ 332.8
Trade receivables, net	486.8	470.4
Other receivables, net	42.8	52.9
Total receivables, net	529.6	523.3
Inventories		
Finished goods	252.8	251.9
Work in process	41.6	55.5
Raw materials and supplies	255.4	247.0
LIFO reserve	(45.2)	(73.0)
Total inventories, net	504.6	481.4
Other current assets	94.3	91.8
Total current assets	1,379.7	1,429.3
PROPERTY, PLANT AND EQUIPMENT—AT COST		
Machinery and equipment	1,105.1	1,151.4
Buildings and other	551.6	551.1
Land	40.9	40.1
Total property, plant and equipment	1,697.6	1,742.6
Less accumulated depreciation	1,153.9	1,193.8
Net property, plant and equipment	543.7	548.8
OTHER ASSETS		
Goodwill	815.4	829.4
Other intangibles, less accumulated amortization of \$139.8 and \$129.7 as of September 30, 2015 and December 31, 2014, respectively	200.3	204.7
Sundry	127.1	128.4
Total other assets	1,142.8	1,162.5
TOTAL ASSETS	\$ 3,066.2	\$ 3,140.6
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 3.4	\$ 201.7
Accounts payable	343.5	369.8
Accrued expenses	312.7	337.6
Other current liabilities	91.4	83.1
Total current liabilities	751.0	992.2
LONG-TERM LIABILITIES		
Long-term debt	989.1	766.7
Other long-term liabilities	179.9	185.0
Deferred income taxes	45.8	41.8
Total long-term liabilities	1,214.8	993.5
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common stock	2.0	2.0
Additional contributed capital	521.2	502.4
Retained earnings	2,173.4	2,061.3
Accumulated other comprehensive loss	(68.4)	(2.6)
Treasury stock	(1,538.8)	(1,416.6)
Total Leggett & Platt, Inc. equity	1,089.4	1,146.5
Noncontrolling interest	11.0	8.4
Total equity	1,100.4	1,154.9
TOTAL LIABILITIES AND EQUITY	\$ 3,066.2	\$ 3,140.6

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

(Amounts in millions, except per share data)	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 2,972.6	\$ 2,829.0	\$ 1,009.1	\$ 997.4
Cost of goods sold	2,283.0	2,242.4	768.0	788.3
Gross profit	689.6	586.6	241.1	209.1
Selling and administrative expenses	301.0	317.6	96.9	131.4
Amortization of intangibles	15.6	14.5	5.2	4.9
Goodwill impairment	4.1	—	—	—
Other (income) expense, net	(3.5)	(8.9)	(2.5)	(2.6)
Earnings from continuing operations before interest and income taxes	372.4	263.4	141.5	75.4
Interest expense	32.5	31.2	10.3	10.4
Interest income	3.4	4.3	1.1	1.5
Earnings from continuing operations before income taxes	343.3	236.5	132.3	66.5
Income taxes	97.1	57.5	36.1	13.1
Earnings from continuing operations	246.2	179.0	96.2	53.4
Earnings (loss) from discontinued operations, net of tax	1.2	(99.4)	(.1)	(4.4)
Net earnings	247.4	79.6	96.1	49.0
(Earnings) attributable to noncontrolling interest, net of tax	(2.8)	(2.2)	(.9)	(.8)
Net earnings attributable to Leggett & Platt, Inc. common shareholders	\$ 244.6	\$ 77.4	\$ 95.2	\$ 48.2
Earnings per share from continuing operations attributable to Leggett & Platt, Inc. common shareholders				
Basic	\$ 1.72	\$ 1.25	\$.68	\$.37
Diluted	\$ 1.70	\$ 1.23	\$.67	\$.37
Earnings (loss) per share from discontinued operations attributable to Leggett & Platt, Inc. common shareholders				
Basic	\$.01	\$ (.70)	\$ —	\$ (.03)
Diluted	\$.01	\$ (.69)	\$ —	\$ (.03)
Net earnings per share attributable to Leggett & Platt, Inc. common shareholders				
Basic	\$ 1.73	\$.55	\$.68	\$.34
Diluted	\$ 1.71	\$.54	\$.67	\$.34
Cash dividends declared per share	\$.94	\$.91	\$.32	\$.31
Average shares outstanding				
Basic	141.3	141.5	140.4	140.8
Diluted	143.2	143.2	142.5	142.5

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(Amounts in millions)	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
Net earnings	\$ 247.4	\$ 79.6	\$ 96.1	\$ 49.0
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	(63.9)	(38.0)	(28.9)	(33.7)
Cash flow hedges	(4.8)	3.0	(4.4)	1.2
Defined benefit pension plans	2.7	1.3	.9	.6
Other comprehensive (loss) income	(66.0)	(33.7)	(32.4)	(31.9)
Comprehensive income	181.4	45.9	63.7	17.1
Less: comprehensive (income) attributable to noncontrolling interest	(2.6)	(2.2)	(.6)	(1.0)
Comprehensive income attributable to Leggett & Platt, Inc.	\$ 178.8	\$ 43.7	\$ 63.1	\$ 16.1

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(Amounts in millions)	Nine Months Ended September 30,	
	2015	2014
OPERATING ACTIVITIES		
Net earnings	\$ 247.4	\$ 79.6
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	62.7	67.0
Amortization of intangibles and debt issuance costs	22.3	20.6
Provision for losses on accounts and notes receivable	2.9	4.1
Writedown of inventories	6.5	7.2
Goodwill impairment	4.1	108.0
Long-lived asset impairments	2.4	1.1
Net gain from sales of assets and businesses	(5.1)	(4.8)
Deferred income tax expense (benefit)	6.4	(22.1)
Stock-based compensation	33.5	29.7
Excess tax benefits from stock-based compensation	(14.8)	(5.2)
Other, net	(.8)	(10.4)
Increases/decreases in, excluding effects from acquisitions and divestitures:		
Accounts and other receivables	(25.4)	(155.2)
Inventories	(42.0)	(6.2)
Other current assets	2.1	.3
Accounts payable	(22.0)	35.1
Accrued expenses and other current liabilities	(23.4)	66.9
NET CASH PROVIDED BY OPERATING ACTIVITIES	256.8	215.7
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(78.5)	(63.0)
Purchases of companies, net of cash acquired	(11.1)	(70.2)
Proceeds from sales of assets and businesses	17.8	12.0
Other, net	(4.9)	(15.8)
NET CASH USED FOR INVESTING ACTIVITIES	(76.7)	(137.0)
FINANCING ACTIVITIES		
Payments on long-term debt	(204.5)	(7.4)
Additions to long-term debt	.4	.1
Change in commercial paper and short-term debt	229.3	140.1
Dividends paid	(128.0)	(124.9)
Issuances of common stock	7.1	16.5
Purchases of common stock	(162.5)	(129.0)
Excess tax benefits from stock-based compensation	14.8	5.2
Other, net	(6.8)	(.9)
NET CASH USED FOR FINANCING ACTIVITIES	(250.2)	(100.3)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(11.5)	(8.2)
DECREASE IN CASH AND CASH EQUIVALENTS	(81.6)	(29.8)
CASH AND CASH EQUIVALENTS—January 1,	332.8	272.7
CASH AND CASH EQUIVALENTS—September 30,	\$ 251.2	\$ 242.9

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

(Amounts in millions, except per share data)

1. INTERIM PRESENTATION

The interim financial statements of Leggett & Platt, Incorporated (“we”, “us” or “our”) included herein have not been audited by an independent registered public accounting firm. The statements include all adjustments, including normal recurring accruals, which management considers necessary for a fair presentation of our financial position and operating results for the periods presented. We have prepared the statements pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in conformity with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The operating results for interim periods are not necessarily indicative of results to be expected for an entire year.

The December 31, 2014 financial position data included herein was derived from the audited consolidated financial statements included in Form 10-K, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). For further information, refer to the financial statements and footnotes included in our annual report on Form 10-K for the year ended December 31, 2014.

Reclassifications

Certain reclassifications have been made to the prior year's information in the Consolidated Condensed Financial Statements and related notes to conform to the third quarter 2015 presentation. The first reclassification was a result of changes in our management organizational structure and related internal reporting (See Note 4 - Segment Information); The final was for a small balance sheet reclassification between Machinery and Equipment and Goodwill associated with a measurement period adjustment related to an acquisition.

2. NEW ACCOUNTING GUIDANCE

In May 2014, the Financial Accounting Standards Board (FASB) issued new authoritative literature, Revenue from Contracts with Customers, which supersedes much of the existing authoritative literature for revenue recognition. This guidance will be effective January 1, 2018. We are evaluating the newly issued guidance and the impact on our future financial statements.

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.

3. INVENTORIES

About 50% of our inventories are valued using the Last-In, First-Out (LIFO) cost method and the remainder using the First-In, First-Out (FIFO) cost method. We calculate our LIFO reserve (the excess of FIFO cost over LIFO cost) on an annual basis. During interim periods, we estimate the current year annual change in the LIFO reserve (i.e., the annual LIFO expense or benefit) and allocate that change ratably to the four quarters. Because accurately predicting inventory prices for the year is difficult, the change in the LIFO reserve for the full year could be significantly different from the amount currently estimated. In addition, a variation in expected ending inventory levels could also impact total change in the LIFO reserve for the year. Any change in the annual LIFO estimate will be reflected in the fourth quarter.

The following table contains the LIFO benefit (expense) included in continuing operations for each of the periods presented.

	Nine Months Ended		Three Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
LIFO benefit (expense)	\$ 23.3	\$ (1.6)	\$ 13.3	\$ (1.2)

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

4. SEGMENT INFORMATION

Our reportable segments are the same as our operating segments, which also correspond with our management organizational structure. Because of the November 2014 divestiture of the majority of the Store Fixtures business unit (formerly in the Commercial Products segment) along with the retirement of the Senior Operating Vice President of the Industrial Materials segment, our management organizational structure and all related internal reporting changed during the first quarter of 2015. As a result, the composition of our four reportable segments changed to reflect the new structure beginning in the first quarter of 2015. The segment changes include: (i) the Adjustable Bed and Fashion Bed (formerly named Consumer Products) business units moved from Residential Furnishings to Commercial Products; (ii) the Aerospace Products business unit moved from Industrial Materials to Specialized Products; and (iii) the Spuhl machinery division moved from Specialized Products to Residential Furnishings. These segment changes were retrospectively applied to all prior periods presented.

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

- Residential Furnishings—components for bedding and furniture, fabric and carpet cushion
- Commercial Products—components for office and institutional furnishings, adjustable beds and consumer products
- Industrial Materials—drawn steel wire, fabricated wire products, steel rod and welded steel tubing
- Specialized Products—automotive seating components, tubing and sub-assemblies for the aerospace industry, specialized machinery and equipment, and commercial vehicle interiors

Each reportable segment has a senior operating vice-president that reports to the chief operating officer. The chief operating officer in turn reports directly to the chief operating decision maker. The operating results and financial information reported through the segment structure are regularly reviewed and used by the chief operating decision maker to evaluate segment performance, allocate overall resources and determine management incentive compensation.

Separately, we also utilize a role-based approach (Grow, Core, Fix or Divest) as a supplemental management tool to ensure capital (which is a subset of the overall resources referred to above) is efficiently allocated within the reportable segment structure.

The accounting principles used in the preparation of the segment information are the same as those used for the consolidated financial statements, except that the segment assets and income reflect the FIFO basis of accounting for inventory. Certain inventories are accounted for using the LIFO basis in the consolidated financial statements. We evaluate performance based on earnings from operations before interest and income 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. 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 from continuing operations are shown in the following tables.

	External Sales	Inter- Segment Sales	Total Sales	EBIT
Three Months Ended September 30, 2015				
Residential Furnishings	\$ 527.0	\$ 16.6	\$ 543.6	\$ 58.2
Commercial Products	150.2	20.9	171.1	14.5
Industrial Materials	102.9	63.8	166.7	15.2
Specialized Products	229.0	10.8	239.8	38.0
Intersegment eliminations and other				2.3
Change in LIFO reserve				13.3
	<u>\$ 1,009.1</u>	<u>\$ 112.1</u>	<u>\$ 1,121.2</u>	<u>\$ 141.5</u>
Three Months Ended September 30, 2014				
Residential Furnishings	\$ 532.4	\$ 17.0	\$ 549.4	\$ 25.4
Commercial Products	123.7	12.5	136.2	9.5
Industrial Materials	121.8	72.9	194.7	13.6
Specialized Products	219.5	8.9	228.4	29.1
Intersegment eliminations and other				(1.0)
Change in LIFO reserve				(1.2)
	<u>\$ 997.4</u>	<u>\$ 111.3</u>	<u>\$ 1,108.7</u>	<u>\$ 75.4</u>

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

	External Sales	Inter- Segment Sales	Total Sales	EBIT
Nine Months Ended September 30, 2015				
Residential Furnishings	\$ 1,560.9	\$ 52.1	\$ 1,613.0	\$ 161.5
Commercial Products	409.1	62.5	471.6	33.3
Industrial Materials	321.2	210.2	531.4	38.0
Specialized Products	681.4	30.1	711.5	115.0
Intersegment eliminations and other				1.3
Change in LIFO reserve				23.3
	<u>\$ 2,972.6</u>	<u>\$ 354.9</u>	<u>\$ 3,327.5</u>	<u>\$ 372.4</u>
Nine Months Ended September 30, 2014				
Residential Furnishings	\$ 1,440.1	\$ 49.6	\$ 1,489.7	\$ 121.8
Commercial Products	347.8	29.3	377.1	22.8
Industrial Materials	378.6	187.0	565.6	30.3
Specialized Products	662.5	24.3	686.8	93.1
Intersegment eliminations and other				(3.0)
Change in LIFO reserve				(1.6)
	<u>\$2,829.0</u>	<u>\$ 290.2</u>	<u>\$ 3,119.2</u>	<u>\$ 263.4</u>

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 periods presented.

	September 30, 2015	December 31, 2014
Residential Furnishings	\$ 635.9	\$ 588.1
Commercial Products	106.7	96.2
Industrial Materials	185.7	200.9
Specialized Products	259.1	261.2
Other (1)	7.2	68.0
Average current liabilities included in segment numbers above	524.5	520.8
Unallocated assets (2)	1,369.6	1,470.4
Difference between average assets and period-end balance sheet	(22.5)	(65.0)
Total assets	<u>\$ 3,066.2</u>	<u>\$ 3,140.6</u>

(1) Businesses sold or classified as discontinued operations.

(2) Unallocated assets consist primarily of goodwill, other intangibles, cash and deferred tax assets.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

5. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

During 2014 we engaged an investment banker and began exploring strategic alternatives regarding the Store Fixtures reporting unit, including the possibility of divestiture of this business. Activity related to Store Fixtures is:

- During the third quarter of 2014, all of the criteria to classify this unit as held for sale and discontinued operations were met. Store Fixtures was previously part of the Commercial Products segment.
- During the fourth quarter of 2014, we sold the majority of the Store Fixtures reporting unit for total consideration of \$59.2 and recorded an after-tax loss of \$4.7.
- During the second quarter 2015 we sold our metal store fixtures operation in China, and recorded an after-tax gain of \$2.9.
- We have one remaining small Store Fixtures business, and we are actively pursuing the sale of this business.

The table below includes activity related to these operations:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
External sales:				
Commercial Products - Store Fixtures	\$ 17.1	\$ 146.7	\$ 4.8	\$ 57.6
Earnings (loss):				
Commercial Products - Store Fixtures (1)	3.2	(110.5)	(.1)	1.9
Subsequent activity related to previous divestitures (2)	(1.5)	(8.3)	—	(8.3)
Earnings (loss) before interest and income taxes	1.7	(118.8)	(.1)	(6.4)
Income tax (expense) benefit	(.5)	19.4	—	2.0
Earnings (loss) from discontinued operations, net of tax	<u>\$ 1.2</u>	<u>\$ (99.4)</u>	<u>\$ (.1)</u>	<u>\$ (4.4)</u>

(1) This includes goodwill impairment charges of \$108.0 as discussed in Note 6.

(2) Subsequent activity for businesses divested in prior years has been reported as discontinued operations in the table above, including a third quarter 2014 antitrust litigation settlement of \$8.3 associated with our former Prime Foam Products unit. This unit was sold in March 2007 and was previously a part of the Residential Furnishings segment.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The major classes of assets and liabilities held for sale included in the Consolidated Condensed Balance Sheets were as follows:

	September 30, 2015	December 31, 2014
Current assets associated with discontinued operations:		
Trade receivables, net	\$ 5.7	\$ 7.0
Other receivables, net	—	.3
Inventories, net	.8	3.0
Other current assets	.1	.1
Total current assets held for sale associated with discontinued operations	6.6	10.4
Current assets held for sale not associated with discontinued operations (1)	21.2	—
Total current assets held for sale (included in "Other current assets")	27.8	10.4
Non-current assets associated with discontinued operations:		
Property, plant and equipment, net	.2	5.2
Other intangibles, net	—	.6
Sundry	—	1.4
Total non-current assets held for sale associated with discontinued operations	.2	7.2
Non-current assets held for sale not associated with discontinued operations (1) (2)	22.1	15.2
Total non-current assets held for sale (included in "Sundry")	22.3	22.4
Total assets held for sale	50.1	32.8
Current liabilities associated with discontinued operations:		
Accounts payable	.9	3.7
Accrued expenses	.7	1.5
Other current liabilities	.3	.3
Total current liabilities held for sale associated with discontinued operations	1.9	5.5
Total current liabilities held for sale not associated with discontinued operations (1)	6.2	—
Total current liabilities held for sale (included in "Other current liabilities")	8.1	5.5
Long term liabilities associated with discontinued operations:		
Deferred income tax (included in "Other long-term liabilities")	—	.1
Total liabilities held for sale	8.1	5.6
Net assets held for sale	\$ 42.0	\$ 27.2

(1) The Steel Tubing business reached held for sale status in the first quarter of 2015, but did not qualify for discontinued operations treatment.

(2) This table includes \$8.5 and \$15.2 of property, plant and equipment held for sale at September 30, 2015, and December 31, 2014, respectively, primarily associated with the closings of various operations and prior year restructurings.

Net assets held for sale by segment were as follows:

	September 30, 2015			December 31, 2014		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
Residential Furnishings	\$ 1.5	\$ —	\$ 1.5	\$ 4.1	\$ —	\$ 4.1
Commercial Products	10.9	1.9	9.0	20.1	5.6	14.5
Industrial Materials	37.7	6.2	31.5	3.4	—	3.4
Specialized Products	—	—	—	5.2	—	5.2
	\$ 50.1	\$ 8.1	\$ 42.0	\$ 32.8	\$ 5.6	\$ 27.2

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

6. IMPAIRMENT CHARGES

Pre-tax impact of impairment charges is summarized in the following table.

Other long-lived asset impairments are reported in "Other (income) expense, net." Charges associated with discontinued operations are reported on the Statements of Operations in "Earnings (loss) from discontinued operations, net of tax."

	Nine Months Ended September 30,				Three Months Ended September 30,			
	2015		2014		2015		2014	
	Goodwill	Other Long-Lived Assets	Goodwill	Other Long-Lived Assets	Goodwill	Other Long-Lived Assets	Goodwill	Other Long-Lived Assets
Continuing operations:								
Residential Furnishings	\$ —	\$.2	\$ —	\$ 1.0	\$ —	\$ —	\$ —	\$ —
Industrial Materials - Steel Tubing	4.1	1.4	—	—	—	—	—	—
Specialized Products - Commercial Vehicles Products Group	—	.6	—	—	—	—	—	—
Total continuing operations	4.1	2.2	—	1.0	—	—	—	—
Discontinued operations:								
Commercial Products - Store Fixtures	—	—	108.0	—	—	—	—	—
Subsequent activity related to previous divestitures	—	.2	—	.1	—	—	—	—
Total discontinued operations	—	.2	108.0	.1	—	—	—	—
Total impairment charges	\$ 4.1	\$ 2.4	\$ 108.0	\$ 1.1	\$ —	\$ —	\$ —	\$ —

Other Long-Lived Assets

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.

2015 Goodwill Impairment Review

Goodwill is required to be tested for impairment at least once a year and as triggering events may occur. We perform our annual goodwill impairment review in the second quarter of each year. The 2015 goodwill impairment review indicated no goodwill impairments.

As discussed in Note 4, our internal management organizational structure and all related internal reporting changed during the first quarter of 2015. We reassigned the assets and liabilities of the reporting units affected, and also reassigned goodwill using a relative fair value approach for our first quarter 2015 reporting. We performed the 2015 impairment test utilizing the revised structure.

The Steel Tubing unit met the held for sale criteria during the first quarter of 2015. Because fair value less costs to sell had fallen below recorded book value, we fully impaired this unit's goodwill and incurred a \$4.1 goodwill impairment charge in the first quarter of 2015.

The fair values of reporting units in relation to their respective carrying values and significant assumptions used in the second quarter 2015 review are presented in the table below.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

<u>Excess of Fair Value over Carrying Value as a Percentage of Fair Value</u>	<u>September 30, 2015 Goodwill Value</u>	<u>10-year Compound Annual Growth Rate Range for Sales</u>	<u>Terminal Values Long-term Growth Rate for Debt-Free Cash Flow</u>	<u>Discount Rate Ranges</u>
< 25%	\$ —	—	—	—
25% - 49%	—	—	—	—
50% - 74%	594.3	.6% - 7.0%	3.0%	8.0% - 12.5%
75%+	221.1	3.1% - 10.9%	3.0%	8.0% - 9.0%
	<u>\$ 815.4</u>	<u>.6% - 10.9%</u>	<u>3.0%</u>	<u>8.0% - 12.5%</u>

2014 Goodwill Impairment Reviews

After completing our annual goodwill impairment review in June 2014, we concluded on July 14, 2014 that a goodwill impairment charge was required for one reporting unit, Store Fixtures which was reported in discontinued operations, and was previously part of the Commercial Products segment.

The Store Fixtures reporting unit was dependent upon capital spending by retailers on both new stores and remodeling of existing stores. Because of the seasonal nature of the fixture & display industry (where revenue and profitability are typically expected to increase in the second and third quarters assuming the normal historical pattern of heavy shipments during these months) we reasonably anticipated being awarded significant customer orders in the second quarter of 2014. However, as the second quarter progressed, anticipated orders did not materialize and the Store Fixtures business deteriorated, with declines most pronounced in May and June. Taking these developments into account, we lowered our projection of future margins and growth rates (from 4.8% in prior year's review to .5% in the current year for 10-year compound annual growth rate for EBIT plus depreciation and amortization) and increased the discount rate from 10.5% to 12%, causing fair value to fall below carrying value. The lower expectations of future revenue and profitability were due to reduced overall market demand for the shelving, counters, showcases and garment racks as many retailers are reducing their investments in traditional store space and focusing more on e-commerce initiatives.

Because the fair value of the Store Fixtures reporting unit had fallen below recorded book values, we performed the second step of the test which requires a fair value assessment of all assets and liabilities of the reporting unit to calculate an implied goodwill amount. This resulted in a \$108.0 goodwill impairment charge that was recorded in the second quarter of 2014. This charge reflected the complete impairment of all goodwill associated with the Store Fixtures reporting unit. The majority of the Store Fixtures business was divested in November 2014.

As a result of the above circumstances, we also determined a triggering event had occurred in the second quarter to test other long-lived assets which were evaluated for impairment under the held for use model. No long-lived asset impairments (excluding goodwill) were indicated during the review. During the third quarter of 2014, all of the criteria to classify this unit as held for sale and discontinued operations were met as discussed in Note 5.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

7. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
<u>Earnings:</u>				
Earnings from continuing operations	\$ 246.2	\$ 179.0	\$ 96.2	\$ 53.4
(Earnings) attributable to noncontrolling interest, net of tax	(2.8)	(2.2)	(9)	(8)
Net earnings from continuing operations attributable to Leggett & Platt, Inc. common shareholders	243.4	176.8	95.3	52.6
Earnings (loss) from discontinued operations, net of tax	1.2	(99.4)	(1)	(4.4)
Net earnings attributable to Leggett & Platt, Inc. common shareholders	<u>\$ 244.6</u>	<u>\$ 77.4</u>	<u>\$ 95.2</u>	<u>\$ 48.2</u>
<u>Weighted average number of shares (in millions):</u>				
Weighted average number of common shares used in basic EPS	141.3	141.5	140.4	140.8
Dilutive effect of equity-based compensation	1.9	1.7	2.1	1.7
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	<u>143.2</u>	<u>143.2</u>	<u>142.5</u>	<u>142.5</u>
<u>Basic and Diluted EPS:</u>				
Basic EPS attributable to Leggett & Platt, Inc. common shareholders				
Continuing operations	\$ 1.72	\$ 1.25	\$.68	\$.37
Discontinued operations	.01	(.70)	—	(.03)
Basic EPS attributable to Leggett & Platt, Inc. common shareholders	<u>\$ 1.73</u>	<u>\$.55</u>	<u>\$.68</u>	<u>\$.34</u>
Diluted EPS attributable to Leggett & Platt, Inc. common shareholders				
Continuing operations	\$ 1.70	\$ 1.23	\$.67	\$.37
Discontinued operations	.01	(.69)	—	(.03)
Diluted EPS attributable to Leggett & Platt, Inc. common shareholders	<u>\$ 1.71</u>	<u>\$.54</u>	<u>\$.67</u>	<u>\$.34</u>
<u>Other information:</u>				
Anti-dilutive shares excluded from diluted EPS computation	—	—	—	—

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

8. ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables consisted of the following:

	September 30, 2015		December 31, 2014	
	Current	Long-term	Current	Long-term
Trade accounts receivable	\$ 496.4	\$ —	\$ 484.0	\$ —
Trade notes receivable	.4	.4	1.1	2.9
Total trade receivables	496.8	.4	485.1	2.9
Other notes receivable:				
Notes received as partial payment for divestitures	—	—	.9	—
Other	—	.4	—	3.3
Income tax receivables	6.9	—	14.0	—
Other receivables	35.9	—	38.0	—
Subtotal other receivables	42.8	.4	52.9	3.3
Total trade and other receivables	539.6	.8	538.0	6.2
Allowance for doubtful accounts:				
Trade accounts receivable	(10.0)	—	(14.7)	—
Trade notes receivable	—	(.2)	—	(2.1)
Total trade receivables	(10.0)	(.2)	(14.7)	(2.1)
Other notes receivable	—	(.4)	—	(.4)
Total allowance for doubtful accounts	(10.0)	(.6)	(14.7)	(2.5)
Total net receivables	\$ 529.6	\$.2	\$ 523.3	\$ 3.7

Notes that were past due more than 90 days or had been placed on non-accrual status were not significant for the periods presented.

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

	Balance at December 31, 2014	2015 Charges	2015 Charge- offs, Net of Recoveries	Balance at September 30, 2015
Trade accounts receivable	\$ 14.7	\$ 2.7	\$ 7.4	\$ 10.0
Trade notes receivable	2.1	.2	2.1	.2
Total trade receivables	16.8	2.9	9.5	10.2
Other notes receivable	.4	—	—	.4
Total allowance for doubtful accounts	\$ 17.2	\$ 2.9	\$ 9.5	\$ 10.6

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

9. STOCK-BASED COMPENSATION

The following table recaps the components of stock-based and stock-related compensation for each period presented:

	Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2014	
	To be settled with stock	To be settled in cash	To be settled with stock	To be settled in cash
Options:				
Amortization of the grant date fair value	\$.2	\$ —	\$.6	\$ —
Cash payments in lieu of options	—	1.0	—	.8
Stock-based retirement plans contributions	5.5	1.0	4.7	1.2
Discounts on various stock awards:				
Deferred Stock Compensation Program	1.5	—	1.7	—
Stock-based retirement plans	1.1	—	1.5	—
Discount Stock Plan	.8	—	.7	—
Performance Stock Unit awards (1)	5.5	6.9	4.7	3.7
Restricted Stock Unit awards	2.6	—	2.5	—
Profitable Growth Incentive awards (2)	4.9	4.7	1.3	1.3
Other, primarily non-employee directors restricted stock	.9	—	.9	—
Total stock-related compensation expense	23.0	<u>\$ 13.6</u>	18.6	<u>\$ 7.0</u>
Employee contributions for above stock plans	10.5		11.1	
Total stock-based compensation	<u>\$ 33.5</u>		<u>\$ 29.7</u>	
Recognized tax benefits on stock-based compensation expense	<u>\$ 8.8</u>		<u>\$ 7.1</u>	

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2014	
	To be settled with stock	To be settled in cash	To be settled with stock	To be settled in cash
Options:				
Amortization of the grant date fair value	\$ —	\$ —	\$.2	\$ —
Cash payments in lieu of options	—	—	—	(.1)
Stock-based retirement plans contributions	1.6	.3	1.4	.4
Discounts on various stock awards:				
Deferred Stock Compensation Program	.4	—	.4	—
Stock-based retirement plans	.4	—	.3	—
Discount Stock Plan	.3	—	.2	—
Performance Stock Unit awards (1)	2.2	1.1	1.6	1.3
Restricted Stock Unit awards	.9	—	.8	—
Profitable Growth Incentive awards (2)	1.0	1.0	.5	.5
Other, primarily non-employee directors restricted stock	.2	—	.3	—
Total stock-related compensation expense	7.0	<u>\$ 2.4</u>	5.7	<u>\$ 2.1</u>
Employee contributions for above stock plans	3.1		3.8	
Total stock-based compensation	<u>\$ 10.1</u>		<u>\$ 9.5</u>	
Recognized tax benefits on stock-based compensation expense	<u>\$ 2.7</u>		<u>\$ 2.2</u>	

Included below is the activity in our most significant stock-based plans:

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

(1) Performance Stock Unit Awards

We grant Performance Stock Unit (PSU) awards in the first quarter of each year to selected officers and other key managers. These awards contain 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 Total Shareholder Return [TSR = (Change in Stock Price + Dividends) / Beginning Stock Price] 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 320 companies). Participants will earn from 0% to 175% of the base award depending upon how our Total Shareholder Return ranks within the peer group at the end of the 3-year performance period.

Grant date fair values are calculated using a Monte Carlo simulation of stock and volatility data for Leggett and each of the comparator companies. Grant date fair values are amortized using the straight-line method over the three-year vesting period.

Below is a summary of the number of shares and related grant date fair value of PSU’s for the periods presented.

	Nine Months Ended September 30,	
	2015	2014
Total shares base award	.2	.2
Grant date per share fair value	\$ 42.22	\$ 30.45
Risk-free interest rate	1.1%	.8%
Expected life in years	3.0	3.0
Expected volatility (over expected life)	19.8%	25.9%
Expected dividend yield (over expected life)	2.9%	3.9%

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
2011	December 31, 2013	55th percentile	64.2%	.2 million	\$ 2.7	January 2014
2012	December 31, 2014	30th percentile	157.0%	.4 million	9.9	January 2015

For outstanding awards, we intend to pay 65% in shares of our common stock, although we reserve the right to pay up to 100% in cash. The additional amount that represents 35% of the award will be settled in cash, and is recorded as a liability and adjusted to fair value at each reporting period.

(2) Profitable Growth Incentive Awards

Starting in 2013, certain key management employees participated in a new Profitable Growth Incentive (PGI) program in lieu of the annual option grant. The PGI awards are issued as growth performance stock units (GPSUs). The GPSUs vest (0% to 250%) at the end of a two-year performance period. Vesting is based on the Company's or 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. The 2015 and 2014 base target PGI awards were each .1 shares. If earned, we intend to pay half in shares of our common stock and half in cash, although we reserve the right to pay up to 100% in cash. Both components are adjusted to fair value at each reporting period.

Two-Year Performance Cycle

Award Year	Completion Date	Average Payout as a Percent of the Base Award	Number of Shares Distributed	Cash Portion	Distribution Date
2013	December 31, 2014	127.0%	.1 million	\$ 3.5	February 2015

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

10. ACQUISITIONS

The following table contains the estimated fair values (using inputs as discussed in Note 13) of the assets acquired and liabilities assumed at the date of acquisition for all acquisitions during the periods presented, and any additional consideration paid for prior years' acquisitions. We are finalizing all the information required to complete the purchase price allocations related to certain recent acquisitions and do not anticipate any material modifications.

	Nine Months Ended September 30,	
	2015	2014
Accounts receivable	\$ 3.7	\$ 7.6
Inventory	4.8	16.6
Property, plant and equipment	2.3	18.0
Goodwill (1)	8.3	21.1
Other intangible assets	14.7	18.2
Other current and long-term assets	.1	4.1
Current liabilities	(11.2)	(11.6)
Long-term liabilities	(10.4)	(2.7)
Additional consideration received for prior years' acquisitions	(1.2)	—
Fair value of net identifiable assets	11.1	71.3
Less: Non-cash consideration	—	1.1
Net cash consideration	<u>\$ 11.1</u>	<u>\$ 70.2</u>

(1) Goodwill associated with the 2015 and 2014 acquisitions are expected to provide an income tax benefit.

The following table summarizes acquisitions for the periods presented.

Nine Months Ended	Number of Acquisitions	Segment	Product/Service
September 30, 2015	1	Commercial Products	Upholstered office furniture
			Innersprings; Home furniture components; Geotextile products; Fabric converting for furniture and bedding; Foam carpet underlay
September 30, 2014	5	Residential Furnishings	

In March 2015, we acquired a 70% interest in a European private-label manufacturer of high-end upholstered furniture for office, commercial and other settings for a purchase price of \$22.7. This business, which is included in the Work Furniture Group of our Commercial Products segment, is complementary to our North American private-label operation and allows us to support our Work Furniture customers as they expand globally. We will acquire the remaining 30% over the next five years, per the terms of the agreement, and have recorded a long-term liability of \$10.7 for the future payments. Future payments are based upon a calculation that incorporates future EBIT plus depreciation and amortization. The recorded liability is based upon estimates and may fluctuate significantly until the 2018 and 2020 payment dates. Fluctuations in this liability will be reflected in interest income or expense on the Consolidated Condensed Statement of Operations.

On June 30, 2014, we acquired Tempur Sealy's three U.S. innerspring component production facilities for a purchase price of \$44.5. Factors contributing to the recognition of \$17.8 in goodwill from the acquisition included: additional production that enhances economies of scale; benefits from our vertical integration in steel rod and wire; and the optimization of manufacturing across a broad asset base.

The results of operations of the above acquired companies have been included in the consolidated financial statements since the dates of acquisition. The unaudited pro forma consolidated net sales, net earnings and earnings per share as though the 2015 and 2014 acquisitions had occurred on January 1 of each year presented are not materially different from the amounts reflected in the accompanying financial statements. Certain of our 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 September 30, 2015, there was no substantial remaining consideration payable other than the liability discussed above.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

11. EMPLOYEE BENEFIT PLANS

The following table provides interim information as to our domestic and foreign defined benefit pension plans. Expected 2015 employer contributions are not significantly different than the \$1.9 previously reported at December 31, 2014.

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
Components of net pension expense				
Service cost	\$ 3.1	\$ 2.3	\$ 1.2	\$.8
Interest cost	9.7	9.5	3.1	3.1
Expected return on plan assets	(12.4)	(11.7)	(4.1)	(3.9)
Recognized net actuarial loss	4.2	2.3	1.2	.7
Net pension expense	<u>\$ 4.6</u>	<u>\$ 2.4</u>	<u>\$ 1.4</u>	<u>\$.7</u>

12. STATEMENT OF CHANGES IN EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME

	Nine Months Ended September 30, 2015					
	Total Equity	Retained Earnings	Common Stock & Additional Contributed Capital	Treasury Stock	Noncontrolling Interest	Accumulated Other Comprehensive Income
Beginning balance, January 1, 2015	\$ 1,154.9	\$ 2,061.3	\$ 504.4	\$ (1,416.6)	\$ 8.4	\$ (2.6)
Net earnings	247.4	247.4	—	—	—	—
(Earnings) loss attributable to noncontrolling interest, net of tax	—	(2.8)	—	—	2.8	—
Dividends declared	(128.9)	(132.5)	3.6	—	—	—
Treasury stock purchased	(168.4)	—	—	(168.4)	—	—
Treasury stock issued	25.5	—	(20.7)	46.2	—	—
Foreign currency translation adjustments	(63.9)	—	—	—	(.2)	(63.7)
Cash flow hedges, net of tax	(4.8)	—	—	—	—	(4.8)
Defined benefit pension plans, net of tax	2.7	—	—	—	—	2.7
Stock options and benefit plan transactions, net of tax	35.9	—	35.9	—	—	—
Ending balance, September 30, 2015	<u>\$ 1,100.4</u>	<u>\$ 2,173.4</u>	<u>\$ 523.2</u>	<u>\$ (1,538.8)</u>	<u>\$ 11.0</u>	<u>\$ (68.4)</u>

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Nine Months Ended September 30, 2014

	Total Equity	Retained Earnings	Common Stock & Additional Contributed Capital	Treasury Stock	Noncontrolling Interest	Accumulated Other Comprehensive Income
Beginning balance, January 1, 2014	\$ 1,399.2	\$ 2,136.4	\$ 481.1	\$ (1,320.7)	\$ 7.9	\$ 94.5
Net earnings	79.6	79.6	—	—	—	—
(Earnings) loss attributable to noncontrolling interest, net of tax	—	(2.2)	—	—	2.2	—
Dividends declared	(125.4)	(129.0)	3.6	—	—	—
Treasury stock purchased	(152.2)	—	—	(152.2)	—	—
Treasury stock issued	53.2	—	(12.6)	65.8	—	—
Foreign currency translation adjustments	(38.0)	—	—	—	—	(38.0)
Cash flow hedges, net of tax	3.0	—	—	—	—	3.0
Defined benefit pension plans, net of tax	1.3	—	—	—	—	1.3
Stock options and benefit plan transactions, net of tax	7.9	—	7.9	—	—	—
Ending balance, September 30, 2014	<u>\$ 1,228.6</u>	<u>\$ 2,084.8</u>	<u>\$ 480.0</u>	<u>\$ (1,407.1)</u>	<u>\$ 10.1</u>	<u>\$ 60.8</u>

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The following tables set forth the components of and changes in each component of accumulated other comprehensive income (loss) for each of the periods presented:

	Foreign Currency Translation Adjustments	Cash Flow Hedges	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Beginning balance, January 1, 2015	\$ 86.8	\$ (20.1)	\$ (69.3)	\$ (2.6)
Other comprehensive income (loss) before reclassifications, pretax	(60.3)	(7.8)	—	(68.1)
Amounts reclassified from accumulated other comprehensive income, pretax:				
Net Sales	—	(.7)	—	(.7)
Cost of goods sold; selling and administrative expenses	—	—	4.2	4.2
Interest expense	—	3.1	—	3.1
Earnings (loss) from discontinued operations, net of tax	(3.6)	—	—	(3.6)
Subtotal of reclassifications, pretax	(3.6)	2.4	4.2	3.0
Other comprehensive income (loss), pretax	(63.9)	(5.4)	4.2	(65.1)
Income tax effect	—	.6	(1.5)	(.9)
Attributable to noncontrolling interest	.2	—	—	.2
Ending balance, September 30, 2015	<u>\$ 23.1</u>	<u>\$ (24.9)</u>	<u>\$ (66.6)</u>	<u>\$ (68.4)</u>
Beginning balance, January 1, 2014	\$ 158.3	\$ (23.5)	\$ (40.3)	\$ 94.5
Other comprehensive income (loss) before reclassifications, pretax	(38.0)	1.1	(.3)	(37.2)
Amounts reclassified from accumulated other comprehensive income, pretax:				
Net Sales	—	.3	—	.3
Cost of goods sold; selling and administrative expenses	—	—	2.3	2.3
Interest expense	—	3.0	—	3.0
Subtotal of reclassifications, pretax	—	3.3	2.3	5.6
Other comprehensive income (loss), pretax	(38.0)	4.4	2.0	(31.6)
Income tax effect	—	(1.4)	(.7)	(2.1)
Attributable to noncontrolling interest	—	—	—	—
Ending balance, September 30, 2014	<u>\$ 120.3</u>	<u>\$ (20.5)</u>	<u>\$ (39.0)</u>	<u>\$ 60.8</u>

13. 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

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

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.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

	As of September 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Bank time deposits with original maturities of three months or less	\$ —	\$ 161.3	\$ —	\$ 161.3
Derivative assets (Note 14)	—	.5	—	.5
Diversified investments associated with the Executive Stock Unit Program (ESUP)* (Note 9)	20.8	—	—	20.8
Total assets	\$ 20.8	\$ 161.8	\$ —	\$ 182.6
Liabilities:				
Derivative liabilities* (Note 14)	\$ —	\$ 8.9	\$ —	\$ 8.9
Liabilities associated with the ESUP* (Note 9)	20.9	—	—	20.9
Total liabilities	\$ 20.9	\$ 8.9	\$ —	\$ 29.8

	As of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Bank time deposits with original maturities of three months or less	\$ —	\$ 140.7	\$ —	\$ 140.7
Derivative assets (Note 14)	—	2.0	—	2.0
Diversified investments associated with the ESUP* (Note 9)	18.8	—	—	18.8
Total assets	\$ 18.8	\$ 142.7	\$ —	\$ 161.5
Liabilities:				
Derivative liabilities* (Note 14)	\$ —	\$ 2.7	\$ —	\$ 2.7
Liabilities associated with the ESUP* (Note 9)	18.6	—	—	18.6
Total liabilities	\$ 18.6	\$ 2.7	\$ —	\$ 21.3

* - Includes both current and long-term amounts combined.

There were no transfers between Level 1 and Level 2 for any of the periods presented.

The fair value for fixed rate debt (Level 2) was greater than its \$750 carrying value by \$11 at September 30, 2015 and was not significantly different from its \$950 carrying value at December 31, 2014. We value this debt using discounted cash flow and secondary market rates provided by Bloomberg.

Items measured at fair value on a non-recurring basis

The primary areas in which we use fair value measurements of non-financial assets and liabilities are allocating purchase price to the assets and liabilities of acquired companies as discussed in Note 10, and evaluating long-term assets (including goodwill) for potential impairment as discussed in Note 6. Determination of fair values for these items requires significant judgment and are calculated utilizing a variety of methods and models that utilize significant Level 3 inputs.

Long lived assets, acquisitions and the second step of a goodwill impairment test utilize the following methodologies in determining fair value: (i) 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. (ii) The most common identified intangible assets are customer relationships and tradenames. Customer relationships are valued using an excess earnings method, using various inputs such as the estimated customer attrition rate, future earnings forecast, the amount of contributory asset charges, and a discount rate. Tradenames are valued using a relief from royalty method, which is based upon comparable market royalty rates for tradenames of similar value. (iii) 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. (iv) Other working capital items are generally recorded at face value, unless there are known conditions that would impact the ultimate settlement amount of the particular item.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

14. RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Strategy & Objectives

We are subject to market and financial risks related to interest rates, foreign currency, and commodities. In the normal course of business, we utilize derivative instruments (individually or in combinations) to manage these risks. We seek to use derivative contracts that qualify for hedge accounting treatment; however, some instruments may not qualify for this treatment. It is our policy not to speculate using derivative instruments.

Cash Flow Hedges

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

- *Interest Rate Cash Flow Hedges* - In August 2012, we issued \$300 of 10-year notes with a coupon rate of 3.40%. As a part of this transaction, we settled our \$200 forward starting interest rate swaps we had entered into during 2010 and recognized a loss of \$42.7, which will be amortized out of accumulated other comprehensive income to interest expense over the life of the notes.
- *Currency Cash Flow Hedges*—The foreign currency hedges manage risk associated with exchange rate volatility of various currencies.

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

Our fair value hedges typically manage foreign currency risk associated with subsidiaries' inter-company assets and liabilities. Hedges designated as fair value hedges recognize gain or loss 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.

We have recorded the following assets and liabilities representing the fair value for 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.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

	Expiring at various dates through:	Total USD Equivalent Notional Amount	As of September 30, 2015		
			Assets		Liabilities
			Other Current Assets	Other Current Liabilities	Other Long-Term Liabilities
<u>Derivatives designated as hedging instruments</u>					
Cash flow hedges:					
Currency Hedges:					
-Future USD sales of Canadian, Chinese and Swiss subsidiaries	Dec 2017	\$ 200.9	\$ —	\$ 5.1	\$ 2.0
-Future MXN purchases of a USD subsidiary	Dec 2017	8.2	—	.6	.4
-Future USD purchases of Canadian, European, and Korean subsidiaries	Dec 2016	8.1	.3	—	—
-Future EUR sales of Chinese and Swiss subsidiaries	Aug 2016	6.9	.1	—	—
-Future DKK sales of Polish subsidiary	Jun 2016	13.2	—	.2	—
-Future EUR purchases of UK subsidiary	Dec 2016	2.9	—	.1	—
Total cash flow hedges			.4	6.0	2.4
Fair value hedges:					
USD inter-company note receivable on a CAD subsidiary	Oct 2015	9.0	—	.1	—
Total fair value hedges			—	.1	—
<u>Derivatives not designated as hedging instruments</u>					
Non-deliverable hedge on USD exposure to CNY	Apr 2016	8.0	—	.1	—
Non-deliverable hedge on EUR exposure to CNY	Apr 2016	1.1	—	.1	—
Hedge of EUR Cash on USD and UK subsidiaries	Nov 2015	23.7	.1	.2	—
			\$.5	\$ 6.5	\$ 2.4

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

	Expiring at various dates through:	Total USD Equivalent Notional Amount	As of December 31, 2014			
			Assets		Liabilities	
			Other Current Assets	Other Current Liabilities	Other Long-Term Liabilities	
<u>Derivatives designated as hedging instruments</u>						
Cash flow hedges:						
Currency Hedges:						
-Future USD sales of Canadian and Chinese subsidiaries	Dec 2016	\$ 153.3	\$.3	\$ 1.0	\$.2	
-Future USD purchases of Canadian and European subsidiaries	Dec 2015	10.4	.9	—	—	
-Future MXN purchases of a USD subsidiary	Dec 2016	5.3	—	.3	.1	
-Future JPY sales of a Chinese subsidiary	Dec 2015	6.9	.5	—	—	
-Future EUR sales of a Chinese subsidiary	Dec 2015	6.0	.3	—	—	
Total cash flow hedges			2.0	1.3	.3	
Fair value hedges:						
USD inter-company note receivable on a Swiss subsidiary	Sep 2015	18.5	—	1.1	—	
			<u>\$ 2.0</u>	<u>\$ 2.4</u>	<u>\$.3</u>	

The following table sets forth the pre-tax (gains) losses from continuing operations for our hedging activities for the years presented. This schedule includes reclassifications from accumulated other comprehensive income (see Note 12) as well as derivative settlements recorded directly to income or expense.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

	Income Statement Caption	Amount of (Gain) Loss Recorded in Income Nine Months Ended September 30		Amount of (Gain) Loss Recorded in Income Three Months Ended September 30	
		2015	2014	2015	2014
Derivatives designated as hedging instruments					
Interest rate cash flow hedges	Interest expense	\$ 3.1	\$ 3.0	\$ 1.1	\$ 1.0
Foreign currency cash flow hedges	Net sales *	1.1	1.6	1.6	.6
Foreign currency cash flow hedges	Cost of goods sold	(1.0)	(.1)	(.2)	(.1)
Foreign currency cash flow hedges	Other (income) expense, net	—	.1	—	—
Total cash flow hedges		3.2	4.6	2.5	1.5
Fair value hedges	Other (income) expense, net	.5	1.3	.7	1.4
Derivatives not designated as hedging instruments					
Hedge of USD cash-UK and Swiss subsidiaries	Other (income) expense, net	(.1)	—	—	—
Hedge of EUR cash-USD, UK and Swiss subsidiaries	Other (income) expense, net	1.1	—	.2	—
Hedge of DKK cash-USD subsidiary	Other (income) expense, net	.1	—	.2	—
Non-deliverable hedge on USD exposure to CNY	Other (income) expense, net	.1	—	.2	—
Non-deliverable hedge on EUR exposure to CNY	Other (income) expense, net	.1	—	.1	—
Total derivative instruments		\$ 5.0	\$ 5.9	\$ 3.9	\$ 2.9
* Discontinued operations amounts included in above:		\$ —	\$.1	\$ —	\$ —

15. CONTINGENCIES

We are a party to various proceedings and matters involving employment, antitrust, intellectual property, environmental, taxation 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 other than as indicated below. Also, when it is reasonably possible that we may incur additional loss in excess of accruals and we can reasonably estimate the additional losses or range of losses, we disclose such additional reasonably possible losses in these notes.

Foam Antitrust Lawsuits

We deny all allegations in all pending antitrust proceedings. We will vigorously defend ourselves in all proceedings and believe that we have valid bases to contest all claims. However, we have established an accrual for the estimated amount that we believe is necessary to resolve all antitrust matters. We also believe, based on current facts and circumstances, it is reasonably possible that we may incur losses in excess of recorded accruals associated with the pending antitrust proceedings. For specific information regarding accruals, and reasonably possible losses in excess of accruals please see "Accruals and Reasonably Possible Losses in Excess of Accruals" below.

Beginning in August 2010, a series of civil lawsuits was initiated in several U.S. federal courts and in Canada against several defendants alleging that competitors of our carpet underlay business unit and other manufacturers of polyurethane foam products had engaged in price fixing in violation of U.S. and Canadian antitrust laws.

U.S. Direct Purchaser Class Action Cases. We were named as a defendant in three pending direct purchaser class action cases (the first on November 15, 2010) on behalf of a class of all direct purchasers of polyurethane foam products. The direct purchaser class action cases were all filed in or were transferred to the U.S. District Court for the Northern District of Ohio under the name *In re: Polyurethane Foam Antitrust Litigation*, Case No. 1:10-MD-2196. The plaintiffs,

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

on behalf of themselves and/or a class of direct purchasers, seek three times the amount of damages allegedly suffered as a result of alleged overcharges in the price of polyurethane foam products from at least 1999 to the present. Each plaintiff also seeks attorney fees, pre-judgment and post-judgment interest, court costs, and injunctive relief against future violations. We filed motions to dismiss the U.S. direct purchaser class actions, for failure to state a legally valid claim, which were denied by the Ohio Court. A motion for class certification was filed on behalf of the direct purchasers. A hearing on the motion was held and the Court certified the direct purchaser class. We filed a Petition for Permission to Appeal from Class Certification Order to the United States Court of Appeals for the Sixth Circuit which was denied. The Court ordered all parties to attend non-binding mediation with a mediator of their choosing.

Settlement of U.S. Direct Purchaser Class Action Cases. We reached a tentative settlement of the U.S. direct purchaser class action cases on August 14, 2014, by agreeing to pay an aggregate amount of \$39.8, inclusive of plaintiff attorneys' fees and costs. We continue to deny all allegations in the cases, but settled the direct purchaser class cases to avoid the risk, uncertainty, expense and distraction of litigation. The settlement was subject to Court approval. We recorded a \$39.8 (pre-tax) accrual for the settlement in the third quarter 2014. In the fourth quarter of 2014, we paid \$4 to the Court related to the settlement. The deadline for direct purchasers to exclude themselves from the litigation and settlement classes was January 26, 2015. A final fairness hearing was held on February 3, 2015, and on February 26, 2015, the Court entered a memorandum opinion and order granting the motion for final approval of the class settlement. Subsequently, final judgments of dismissal with prejudice were entered on March 13, 2015. On March 20, 2015, an objector filed a notice of appeal of the order approving the class settlement to the Federal Circuit Court of Appeals. On March 27, 2015, the direct purchaser class plaintiffs filed a motion to dismiss or, in the alternative, transfer the appeal. On May 1, 2015, the Federal Circuit Court of Appeals denied the motion to dismiss and transferred the appeal to the United States Court of Appeals for the Sixth Circuit. We expect to make the final payment of \$35.8 to resolve this matter within the next year.

U.S. Indirect Purchaser Class Action Cases. We were named as a defendant in an indirect purchaser class consolidated amended complaint filed on March 21, 2011 and were subsequently sued in an indirect purchaser class action case filed on May 23, 2011, in the U.S. District Court for the Northern District of Ohio under the name *In re: Polyurethane Foam Antitrust Litigation*, Case No. 1:10-MD-2196. The plaintiffs, on behalf of themselves and/or a class of indirect purchasers, bring damages claims under various states' antitrust and consumer protection statutes, and are seeking three times an amount of damages allegedly suffered as a result of alleged overcharges in the price of polyurethane foam products from at least 1999 to the present. Each plaintiff also seeks attorney fees, pre-judgment and post-judgment interest, court costs, and injunctive relief against future violations. We filed motions to dismiss the indirect purchaser class action, for failure to state a legally valid claim. The Ohio Court denied the motions to dismiss. A motion for class certification was filed on behalf of the indirect purchasers. A hearing on the motion was held and the Court certified the indirect purchaser class. The deadline for indirect purchasers to exclude themselves from the litigation was March 13, 2015. We filed a Petition for Permission to Appeal from Class Certification Order to the United States Court of Appeals for the Sixth Circuit, which was denied. On November 18, 2014, we filed a Petition for a Writ of Certiorari in the U.S. Supreme Court, which was denied on March 2, 2015. The Ohio Court ordered all parties to attend non-binding mediation with a mediator of their choosing.

Tentative Settlement of U.S. Indirect Purchaser Class Action Cases. We reached a tentative settlement in the U.S. Indirect Class Action cases on May 18, 2015, by agreeing to pay an amount not materially different from the amount previously accrued for this claim. We continue to deny all allegations in the cases, but settled the indirect purchaser class cases to avoid the risk, uncertainty, expense and distraction of litigation. The settlement is subject to Court approval. The Court preliminarily approved the class settlement on July 31, 2015. A final fairness hearing is scheduled for December 15, 2015. The full settlement amount was paid into escrow in the third quarter of 2015. The final settlement approval hearing is scheduled for December 7, 2015.

U.S. Individual Direct Purchaser Cases. We have been named as a defendant in 34 pending or recently pending individual direct purchaser cases filed between March 22, 2011 and October 16, 2013, which were filed in or transferred to the U.S. District Court for the Northern District of Ohio under the name *In re: Polyurethane Foam Antitrust Litigation*, Case No. 1:10-MD-2196. Of those 34 cases, we remain a defendant in 6 cases (which include the two Kansas Restraint of Trade cases discussed below). The 28 other cases have been settled and dismissed with prejudice. Of the six cases remaining, one is scheduled for trial November 14, 2016. The other five cases have not been scheduled for trial. The claims in the individual direct purchaser cases are generally the same as those asserted in the direct purchaser class action case. Additionally, several individual direct purchaser plaintiffs bring state claims under individual states' consumer protection and/or antitrust statutes in addition to their federal claims. Once pretrial practice concludes, some of the individual direct purchaser cases are scheduled to be tried in the U.S. District Court for the Northern District of Ohio and

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

others will be remanded back to the federal district courts where the cases were originally filed for trial. Settlements reached in the individual direct purchaser cases in the aggregate, were not materially different than the previously recorded accruals allocated to the settled cases.

Kansas Restraint of Trade Act Cases. We have been named as a defendant in two individual cases alleging direct and indirect purchaser claims under the Kansas Restraint of Trade Act, one filed on November 29, 2012 in the United States District Court of Kansas under the name Lacrosse Furniture Company v. Future Foam, Inc., et al., Case No. 12-cv-2748 KHV/JPO and the other on April 11, 2013 in the District Court of Kansas under the name Cap Carpet, Inc. v. Future Foam, Inc., Case No. 13-cv-1140-JAR-KGG. These two cases were previously transferred to the U.S. District Court for the Northern District of Ohio under the name *In re: Polyurethane Foam Antitrust Litigation*, Case No. 1:10-MD-2196. The claims and allegations of these plaintiffs are generally the same as the other direct and indirect purchaser plaintiffs, with the exception that the Kansas plaintiffs seek full consideration damages (their total purchase amounts for the allegedly price-fixed polyurethane foam products). On April 6, 2015, the plaintiffs in these two actions filed a motion for immediate remand of those actions back to the District Court of Kansas for further pretrial practice and trial. On May 5, 2015, the Ohio Court entered an order suggesting to the U.S. Judicial Panel on Multidistrict Litigation that the Kansas cases be remanded to the U.S. District Court for the District of Kansas. On May 15, 2015, the Panel remanded the cases, which are now again pending in the District of Kansas. Trial is currently scheduled to begin on November 14, 2016, in Wichita, Kansas, in the Cap Carpet case. Trial has not been scheduled in the Lacrosse Furniture case.

Canadian Class Action Cases. We were named in two Canadian class action cases (for direct and indirect purchasers of polyurethane foam products), both under the name *Hi Neighbor Floor Covering Co. Limited and Hickory Springs Manufacturing Company, et.al.* in the Ontario Superior Court of Justice (Windsor), Court File Nos. CV-10-15164 (amended November 2, 2011) and CV-11-17279 (issued December 30, 2011). In each of these Canadian cases, the plaintiffs, on behalf of themselves and/or a class of purchasers, seek from over 13 defendants restitution of the amount allegedly overcharged, general and special damages in the amount of \$100, punitive damages of \$10, pre-judgment and post-judgment interest, and the costs of the investigation and the action. The first issued class action is on behalf of a class of purchasers of polyurethane foam. The second issued class action is on behalf of purchasers of carpet underlay. We are not yet required to file our defenses in these or any other Canadian actions. In addition, on July 10, 2012, plaintiff in a class action case (for direct and indirect purchasers of polyurethane foam products) styled *Option Consommateurs and Karine Robillard v. Produits Vitafoam Canada Limitée, et. al.* in the Quebec Superior Court of Justice (Montréal), Court File No. 500-6-524-104, filed an amended motion for authorization seeking to add us and other manufacturers of polyurethane foam products as defendants in this case, which was granted. This action has a pending motion for certification, which has been postponed indefinitely. We also were notified in June 2014 of two motions to add us as parties to two class proceedings in British Columbia. Those proceedings are similar to the Ontario proceedings in that one proposes a class of purchasers of polyurethane foam (*Majestic Mattress Mfg. Ltd. v. Vitafoam Products et al.*, No. VLC-S-S-106362 Vancouver Registry) and one proposes a class of purchasers of carpet underlay (*Trillium Project Management Ltd. v. Hickory Springs Manufacturing Company et al.*, No.S106213 Vancouver Registry). The motion to add us as parties to these actions was heard on April 7, 2015 and the British Columbia Supreme Court ordered our addition as parties to the two actions in British Columbia. The British Columbia actions involve British Columbia purchasers only whereas the Ontario actions propose classes of Canadian purchasers.

Tentative Settlement of Canadian Class Action Cases. We reached a tentative settlement in all Canadian Class Action cases on June 12, 2015 by agreeing to pay an amount not materially different than the amount previously accrued for these claims. We continue to deny all allegations in the cases, but settled all cases (each case being on behalf of both direct and indirect purchasers) to avoid the risk, uncertainty, expense and distraction of litigation. We made payment of the settlement amount into escrow. The settlement required the approval of courts in three provincial jurisdictions where class proceedings had been commenced, namely Ontario, British Columbia and Quebec. The settlement was conditioned on each Court providing approval. Approval hearings were held in British Columbia on September 21, 2015, Quebec on October 26, 2015 and Ontario on October 29, 2015. The British Columbia and Quebec courts have formally approved the settlement. The Ontario court raised no concerns with the settlement at the approval hearing but it has not yet formally granted an order approving the settlement. Unless an appeal is taken from any of the settlement approval orders, the settlement will be final 30 days following the release of the Ontario order.

Missouri Class Action Case. On June 22, 2012, we were made a party to a lawsuit brought in the 16th Judicial Circuit Court, Jackson County, Missouri, Case Number 1216-CV15179 under the caption “*Dennis Baker, on Behalf of Himself and all Others Similarly Situated vs. Leggett & Platt, Incorporated.*” The plaintiff, on behalf of himself and/or a class of indirect purchasers of polyurethane foam products in the State of Missouri, alleged that we violated the Missouri

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Merchandising Practices Act based upon our alleged illegal price inflation of flexible polyurethane foam products. The plaintiff seeks unspecified actual damages, punitive damages and the recovery of reasonable attorney fees. We filed a motion to dismiss this action, which was denied. Discovery has commenced and plaintiff has filed a motion for class certification. A hearing on the motion was held, and the Court subsequently entered an order denying plaintiff's motion for class certification on March 18, 2015. Plaintiff filed a motion for reconsideration of that order on March 30, 2015, which was also denied. Plaintiff did not timely appeal this ruling. On September 8, 2015 the parties agreed to settle the case for an immaterial amount. On October 20, 2015, the parties filed a joint stipulation of dismissal with prejudice and the court entered a docket text entry that the case was dismissed by parties.

Brazilian Value-Added Tax Matters

All dollar amounts (in millions) 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 of the allegations in all of the below Brazilian actions. We believe that we have valid bases upon which to contest such actions and will vigorously defend ourselves. However, these contingencies are subject to many uncertainties, and based on current facts and circumstances, we believe that it is reasonably possible (but not probable) that we may incur losses of approximately \$14 plus interest and attorney fees of approximately \$2 with respect to these assessments. Therefore, because it is not probable we will incur a loss, no accrual has been recorded for Brazilian VAT matters. For specific information regarding accruals, and reasonably possible losses in excess of accruals please see "*Accruals and Reasonably Possible Losses in Excess of Accruals*" below.

We have \$10.0 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, 2011, the Brazilian Finance Ministry, Federal Revenue Office issued a notice of violation against our wholly-owned subsidiary, Leggett & Platt do Brasil Ltda. ("L&P Brazil") in the amount of \$1.9, under Case No. 10855.724660/2011-43. The Brazilian Revenue Office claimed that for the period beginning November 2006 and continuing through December 2007, L&P Brazil used an incorrect tariff code for the collection and payment of value-added tax primarily on the sale of mattress innerspring units in Brazil. L&P Brazil responded to the notice of violation denying the violation. The Federal Revenue Office denied L&P Brazil's defenses and upheld the assessment at the first administrative level. L&P Brazil has filed an appeal.

On December 29, 2011, L&P Brazil received another assessment in the amount of \$.1, under case No. 10855.724509/2011-13 on the same subject matter in connection to certain import transactions carried out between 2007 and 2011. L&P Brazil has filed its defense.

On December 17, 2012, the Brazilian Revenue Office issued an additional notice of violation in the amount of \$3.3, under MPF Case No. 10855.725260/2012-36 covering the period from January 1, 2008 through December 31, 2010 on the same subject matter. L&P Brazil responded to the notice of violation denying the violation. The Brazilian Revenue Office denied L&P Brazil's defenses and upheld the assessment at the first administrative level. L&P Brazil has appealed this decision, but the appeal was denied by the second administrative level on January 27, 2015. L&P Brazil filed a motion for clarification on March 27, 2015.

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 Brazilian Federal Revenue Office where the Revenue Office challenged L&P Brazil's use of certain tax credits in the years 2005 through 2010. Such credits are generated based upon the tariff classification and rate used by L&P Brazil for value-added tax on the sale of mattress innersprings. On September 4, 2014, the tax authorities issued five additional assessments regarding this same issue (use of credits), covering certain periods of 2011 and 2012. L&P Brazil has filed its defense to all of these assessments. Combined with the prior assessments, L&P Brazil has received assessments totaling \$2.2 on the same or similar denial of tax credit matters.

On February 1, 2013, the Brazilian Finance Ministry filed a Tax Collection action against L&P Brazil in the Camanducaia Judicial District Court, Case No. 0002222-35.2013.8.13.0878, alleging the untimely payment of \$.1 of social contributions (social security and social assistance payments) for the period September to October 2010. L&P Brazil filed its response, a Motion to Stay of Execution. L&P Brazil argued the payments were not required to be made because of the application of certain tax credits that were generated by L&P Brazil's use of a correct tariff code for the classification of value-added tax on the sale of mattress innersprings (i.e., the same underlying issue at stake in the other Brazilian matters).

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

On June 26, 2014, the Brazilian Revenue Office issued a new notice of violation against L&P Brazil in the amount of \$.6, under Case No. 10660.721523/2014-87, covering the period from 2011 through 2012 on the same subject matter. L&P Brazil has filed its defense denying the assessments.

On July 1, 2014, the Brazilian Finance Ministry rendered a preliminary decision to reject certain offsetting requests presented by L&P Brazil, which originated with Administrative Proceeding No. 10660.720850/2014-11. The Brazilian Finance Ministry alleges that L&P Brazil improperly offset \$.1 of social contributions otherwise due in 2011. L&P Brazil filed its response denying the allegations. L&P Brazil is defending on the basis that the social contribution debts were correctly offset with certain tax credits that were generated by L&P Brazil's use of a correct tariff code classification for value-added tax on the sale of mattress innersprings (i.e., the same underlying issue at stake in the other Federal Brazilian matters).

On September 4, 2014, the Brazilian Federal Revenue issued an assessment against L&P Brazil in the amount of \$.1, No. 10660.722021/2014-73 for the period of April 2011 through June 2012, as a penalty for L&P Brazil's requests to offset certain tax credits. We have filed our defense.

State of São Paulo, Brazil Cases. L&P Brazil is party to a proceeding involving the State of São Paulo, Brazil where the State of São Paulo, on April 16, 2009, issued a Notice of Tax Assessment and Imposition of Fine to L&P Brazil seeking \$1.5 for the tax years 2006 and 2007, under Case No. 3.111.006 (DRT n° .04-256.169/2009). The State of São Paulo argued that L&P Brazil was using an incorrect tariff code for the collection and payment of value-added tax on sales of mattress innerspring units in the State of São Paulo. The Court of Tax and Fees of the State of São Paulo ruled in favor of L&P Brazil nullifying the tax assessment. The State filed a special appeal and the Special Appeals Court remanded the case back to the Court of Tax and Fees for further findings. The Court of Tax and Fees again ruled in favor of L&P Brazil and nullified the tax assessment. The State filed another special appeal. On April 17, 2014, the Court of Tax and Fees ruled in the State's favor upholding the original assessment of \$1.5. On July 31, 2014, L&P Brazil filed an annulment action, Case No. 101712346.2014.8260602 in the Sorocaba State Court, seeking to have the Court of Tax and Fees ruling annulled for an updated assessment amount of \$3.0 (which included interest from the original assessment date). On December 3, 2014, the State of São Paulo filed a Tax Collection action against L&P Brazil in Sorocaba Judicial District Court, Case No. 1501115-34.2014.8.26.0602, seeking to collect the same amounts at issue in annulment action No. 101712346.2014.8260602. This duplicative case was dismissed on August 14, 2015, while the annulment action continues. The updated assessment amount of \$3.0 was increased by 20% to include attorneys' fees.

On October 4, 2012, the State of São Paulo issued a Tax Assessment under Procedure Number 4.003.484 against L&P Brazil in the amount of \$1.2 for the tax years 2009 through 2011. Similar to the 2009 assessment, the State of São Paulo argues that L&P Brazil was using an incorrect tax rate for the collection and payment of value-added tax on sales of mattress innerspring units in the State of São Paulo. On June 21, 2013, the State of São Paulo's attorneys converted the Tax Assessment No. 4.003.484 to a tax collection action against L&P Brazil in the amount of \$1.6, under Sorocaba Judicial District Court, Case No. 3005528-50.2013.8.26.0602. L&P Brazil filed its response, a Motion to Stay of Execution denying the allegations.

L&P Brazil also received a Notice of Tax Assessment and Imposition of a Fine from the State of São Paulo dated March 27, 2014, under Procedure Number 4.038.746-0 against L&P Brazil in the amount of \$0.8 for the tax years January 2011 through August 2012 regarding the same subject matter. L&P Brazil filed its response denying the allegations. The first administrative level denied L&P Brazil's defense and upheld the assessment. L&P Brazil filed its appeal of this decision but the appeal was denied by the second administrative level on July 15, 2015. L&P Brazil filed an appeal to the third administrative level on August 6, 2015.

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 L&P Brazil's classifications of innersprings for the collection and payment of value-added tax on the sale of mattress innersprings in Minas Gerais from March 1, 2008 through August 31, 2012 in the amount of \$.4, under PTA Case No. 01.000.182756-62. L&P Brazil filed its response denying any violation. The first administrative level ruled against us. We appealed to the second administrative level, which affirmed the first administrative level ruling. The case is now proceeding judicially under Case No. 0003673-61.2014.8.13.0878 in Camanducaia Judicial District Court. L&P Brazil filed its response, a Motion to Stay of Execution, on June 5, 2014.

Patent Infringement Claim

We deny the allegations in the below patent infringement proceedings. We believe that we have valid bases upon which to contest the remaining action and will vigorously defend ourselves. However, these contingencies are subject to

LEGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

many uncertainties, and based on current facts and circumstances, we believe that it is reasonably possible (but not probable) that we may incur losses with respect to these claims. Because these losses are not probable, no accrual has been recorded for the patent infringement claim. At this time, we do not expect that the outcome of this matter will have a material adverse effect on our consolidated financial condition, results of operations or cash flows. For specific information regarding accruals, and reasonably possible losses in excess of accruals please see "*Accruals and Reasonably Possible Losses in Excess of Accruals*" below.

First Lawsuit. On January 24, 2012, in a case in the United States District Court for the Central District of California, the jury entered a verdict against us in the amount of \$5 based upon an allegation by plaintiff that we infringed three patents on an automatic stapling machine and on methods used to assemble boxsprings. This action was originally filed on October 4, 2010, as case number CV10-7416 RGK (SSx) under the caption Imaginal Systematic, LLC v. Leggett & Platt, Incorporated; Simmons Bedding Company; and Does 1 through 10, inclusive. Leggett is contractually obligated to defend and indemnify Simmons Bedding Company against a claim for infringement.

On summary judgment motions, we unsuccessfully disputed each patent's validity and denied that we infringed any patent. At the jury trial on damages issues, the plaintiff alleged damages of \$16.2. The court denied plaintiff's attempt to win an attorney fee award and triple the pre-verdict damages. We appealed the case to the Federal Circuit Court of Appeals. Oral argument was held before a three judge appeal panel in the Federal Circuit in Washington D.C. The Court of Appeals issued a judgment affirming the \$5 verdict against us, which was fully accrued for in the first quarter of 2013 and then paid in the second quarter of 2013. We filed a petition for a rehearing of the Court of Appeals decision which was denied.

The plaintiff requested royalties for post-verdict use of the machines, and requested pre-judgment interest in the amount of \$.7. The District Court ruled that the plaintiff was not entitled to additional ongoing royalties for our continued use of the machines, but did award pre-judgment interest of \$.5. Both parties filed a notice of appeal of this order to the Federal Circuit Court of Appeals, but plaintiff later withdrew its appeal.

We also filed re-examination proceedings in the Patent Office (Case Nos. 95/001,543 filed February 11, 2011; 95/001,546 and 95/001,547 filed February 16, 2011), challenging the validity of each patent at issue in the lawsuit the plaintiff brought. The Patent Office examiner ruled in our favor on the key claims of one of the three patents. The Patent Office examiner initially ruled in our favor on the pertinent claims of the second of the patents, but subsequently reversed that decision. With respect to the third patent, the Patent Office examiner's decision upheld the validity of all claims. All three of these proceedings were appealed to the Board of Patent Appeals. The plaintiff filed petitions to terminate all re-examination proceedings based on the final ruling of the Federal Circuit Court of Appeals. We opposed those petitions. The Patent Office terminated all three re-examination proceedings, and we requested an ex parte re-examination as to one of the patents. The Patent Office did not accept our request.

Second Lawsuit. On July 29, 2013, the plaintiff filed a second lawsuit in the United States District Court for the Central District of California, Case No. CV13-05463 alleging that we and Simmons Bedding Company have continued to infringe the three patents on an automatic stapling machine and the methods used to assemble boxsprings, and that the plaintiff is entitled to additional damages from January 24, 2012 forward. Leggett and Simmons Bedding Company filed their answers, and the Court granted summary judgment finding that the use of an earlier version of the automatic stapling machines constituted infringement, but also finding that use of a redesigned version of the machine does not infringe any Imaginal patent. On October 17, 2014, the parties entered into a Confidential Settlement Agreement and Limited Release, whereby Leggett agreed to pay Imaginal a cash payment, which is not material to the Company, to settle the part of the case concerning the machines found to infringe and the pre-judgment interest issue from the first lawsuit. Imaginal is appealing the summary judgment ruling that the redesigned stapling machines do not infringe to the U.S. Court of Appeals for the Federal Circuit. The appeal is currently pending. Oral argument was held on July 8, 2015, and we are awaiting the Federal Circuit's ruling. We don't expect this lawsuit to materially affect our consolidated financial position, results of operations or cash flows.

Accruals and Reasonably Possible Losses in Excess of Accruals

Accruals for Probable Losses

Although the Company denies liability in all threatened or pending litigation proceedings in which it is or may be a party and believes that it has valid bases to contest all claims threatened or made against it, we have recorded a litigation contingency accrual for our reasonable estimate of probable loss for pending and threatened litigation proceedings, in aggregate, as follows:

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
Litigation contingency accrual - Beginning of period	\$ 83.9	\$ 3.7	\$ 68.9	\$ 3.4
Adjustment to accruals - expense (income) - Continuing operations	1.5	34.7	—	34.5
Adjustment to accruals - expense (income) - Discontinued operations	.7	8.4	—	8.4
Cash payments	(44.7)	(3.4)	(27.5)	(2.9)
Litigation contingency accrual - End of period	<u>\$ 41.4</u>	<u>\$ 43.4</u>	<u>\$ 41.4</u>	<u>\$ 43.4</u>

We expect to pay the majority of the accrual balance within the next year. At September 30, 2015, all of the above accrual was related to antitrust proceedings. The above litigation contingency accrual does not include accrued expenses related to worker's compensation, automobile, 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 are not anticipated to have a material effect on our financial condition, results of operation or cash flows. For more information regarding accrued expenses, see Footnote I - Supplemental Balance Sheet Information under "Accrued expenses" in the Company's Form 10-K filed February 26, 2015.

We have relied on several facts and circumstances to conclude that some loss is probable with respect to certain proceedings and matters, to arrive at a reasonable estimate of loss or range of loss and record the accruals, including: the maturation of the pending proceedings and matters; our experience in settlement negotiations and mediation; comparative settlements of other companies in similar proceedings; discovery becoming substantially complete in certain proceedings; certain quantitative metrics used to value probable loss contingencies; and our willingness to settle certain proceedings to forgo the cost and risk of litigation and distraction to our senior executives.

Reasonably Possible Losses in Excess of Accruals

Based upon current facts and circumstances, as of September 30, 2015, aggregate reasonably possible (but not probable) losses in excess of the accruals noted above are estimated to be approximately \$34. 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 facts and circumstances, that additional losses, if any (other than approximately \$14 plus interest and attorney fees of approximately \$2 of reasonably possible losses associated with those Brazilian VAT matters disclosed above and approximately \$18 of reasonably possible losses related to antitrust, patent infringement, and other matters), are not expected to materially affect our consolidated financial position, results of operations or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

What We Do

Leggett & Platt is a diversified manufacturer, and member of the S&P 500 index, that conceives, designs, and produces a wide range of engineered components and products found in many homes, offices, automobiles, and commercial airplanes. We make components that are often hidden within, but integral to, our customers' products.

We are the leading U.S. manufacturer of: components for residential furniture and bedding, adjustable bed bases, carpet cushion, components for office furniture, drawn steel wire, thin-walled titanium and nickel tubing for the aerospace industry, automotive lumbar support and seat suspension systems, and bedding industry machinery.

Our Segments

Our continuing operations are comprised of 18 business units in four segments, with approximately 20,000 employees, and 130 production facilities located in 19 countries around the world. Our segments are described below.

Residential Furnishings: This segment supplies a variety of components used by bedding and upholstered furniture manufacturers in the assembly of their finished products. We also produce or distribute carpet cushion and geo components. This segment generated 49% of total sales during the first nine months of 2015.

Commercial Products: Operations in this segment supply chair controls, bases, and other components for office furniture manufacturers, as well as select lines of private-label finished furniture, adjustable bed bases, fashion beds, and bed frames. This segment contributed 14% of total sales in the first nine months of 2015.

Industrial Materials: These operations primarily supply drawn steel wire, steel rod, steel billets, and welded steel tubing to our other operations and to external customers. Our customers use this wire and tubing to make bedding, furniture, automotive seats, mechanical springs, and many other end products. This segment generated 16% of our total sales during the first nine months of 2015.

Specialized Products: From this segment we supply lumbar support and seat suspension systems used by automotive seating manufacturers. We also produce and distribute titanium and nickel tubing for the aerospace industry, quilting and sewing equipment for bedding manufacturers, and racks, shelving and cabinets used to outfit commercial vehicles. This segment contributed 21% of our total sales in the first nine months of 2015.

Total Shareholder Return

Total Shareholder Return (TSR), relative to peer companies, is the key financial measure that we use to assess long-term performance. TSR is driven by the change in our share price and the dividends we pay [TSR = (Change in Stock Price + Dividends) / Beginning Stock Price]. We seek to achieve TSR in the top third of the S&P 500 over the long-term through a balanced approach that employs four TSR drivers: 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. At September 30, for the three-year measurement period that will end on December 31, 2015, we have so far generated TSR of 20% per year on average, which placed us in the top 29% of the S&P 500, exceeding our goal over that same time frame.

Senior executives participate in a TSR-based incentive program (based on our performance compared to the performance of a group of approximately 320 peers). Business unit bonuses emphasize the achievement of higher returns on the assets under the unit's direct control.

Customers

We serve a broad suite of customers, with our largest customer representing approximately 7% of our sales in 2014. Many are companies whose names are widely recognized. They include most producers of residential furniture and bedding, automotive and office seating manufacturers, and a variety of other companies.

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 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 components and products. Some of these factors also influence business spending on facilities and equipment, which impacts approximately one-quarter of our sales.

Raw Material Cost Trends

In many of our businesses, we enjoy a cost advantage from being vertically integrated into steel wire and rod. This is a benefit that our competitors do not have. We also experience favorable purchasing leverage from buying large quantities of raw materials. Still, 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, so we also expect to 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. Throughout 2015, market prices for steel scrap, rod, and flat-rolled products have decreased, leading to downward pressure on selling prices. We have realized a beneficial pricing lag this year as costs have generally decreased at a faster rate than selling prices.

As a producer of steel rod, we are also impacted by volatility in metal margins (the difference in the cost of steel scrap and the market price for steel rod). Metal margins within the steel industry have been volatile during certain periods in recent years. An antidumping and countervailing duty case filed in January 2014 by major U.S. steel rod producers was concluded in December 2014, resulting in the implementation of duties on imports of Chinese steel wire rod. The antidumping duties range from 106% to 110% and the countervailing duties range from 178% to 193%. Both remain in effect through December 2019.

Our other raw materials include woven and non-woven fabrics, foam scrap, and chemicals. We have experienced changes in the cost of these materials in recent years and, in most years, 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 to find ways to assist our customers in improving the functionality and reducing the cost of their products, while providing higher margin and profit contribution 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 product quality, innovation, 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, even versus many foreign manufacturers, as a result of our highly efficient operations, low labor content, vertical integration in steel and wire, logistics and distribution efficiencies, and large scale purchasing of raw materials and commodities. However, we have reacted to foreign competition in certain cases by selectively adjusting prices, and by developing new proprietary products that help our customers reduce total costs.

Since 2009, there have been antidumping duty orders on innerspring imports from China, South Africa and Vietnam, ranging from 116% to 234%. In March 2014, the Department of Commerce (DOC) and the International Trade Commission (ITC) determined that the duties should be continued. In April 2014, the DOC published its final order continuing the duties through February 2019 (for China) and December 2018 (for South Africa and Vietnam).

Because of the documented evasion of antidumping orders by certain importers, typically shipping goods through third countries and falsely identifying the countries of origin, Leggett & Platt, along with several U.S. manufacturers have formed a coalition and are working with members of Congress, the DOC, and U.S. Customs and Border Protection to seek stronger enforcement of existing antidumping and/or countervailing duty orders.

Accrual for Litigation Contingencies and Reasonably Possible Losses in Excess of Accruals

Although we deny liability in all threatened or pending litigation proceedings and believe we have a valid basis to contest all claims made against us, we have recorded an aggregate litigation contingency accrual of \$41.4 million. The accrual amount decreased from the prior quarter primarily due to cash payments for litigation settlements of \$27.5 million. We expect to pay most of the outstanding accrual balance within the next year. At September 30, 2015, all of the accrual was related to antitrust proceedings. Based upon current facts and circumstances, aggregate reasonably possible (but not probable) losses in excess of recorded accruals for litigation contingencies (which include Brazilian VAT, antitrust, patent and other matters) are estimated to be \$34 million. For more information regarding our litigation contingency accruals and reasonably possible losses in excess of accruals, please refer to Note 15 beginning on page 25 of our Notes to Consolidated Condensed Financial Statements.

Discontinued Operations

Some of our prior businesses, including the Store Fixtures business, are disclosed in our financial statements as discontinued operations. The Store Fixtures business was previously reported as part of the Commercial Products segment. These operations manufactured and distributed custom-designed, complete store fixture packages for major retailers, including

metal and wood shelving, counters, and showcases. For more information on discontinued operations, see Note 5 to the Consolidated Condensed Financial Statements on page 9.

Change in Segment Reporting

Our reportable segments are the same as our operating segments, which also correspond with our management organizational structure. Because of the divestiture of the majority of the Store Fixtures business in late 2014, along with the retirement of the Senior Operating Vice President of the Industrial Materials segment, our management organizational structure and all related internal reporting changed during the first quarter of 2015.

The Adjustable Bed and Fashion Bed (formerly named Consumer Products) businesses were moved from Residential Furnishings to Commercial Products. The Aerospace business was moved from Industrial Materials to Specialized Products. Additionally, the Spuhl machinery operation (which produces wire forming equipment primarily for our internal use) was moved from Specialized Products to Residential Furnishings. These segment changes were retrospectively applied to all prior periods presented.

One additional change in our management organizational structure will occur in the fourth quarter of 2015. Our logistics operations, which primarily includes intercompany transportation activity, will move from Residential Furnishings to Industrial Materials. This change is not expected to have a material impact on our segment results.

Acquisitions and Divestitures

On March 5, 2015, we acquired a 70% interest in a European private-label manufacturer of high-end upholstered furniture for office, commercial and other settings for a purchase price of \$23 million. This business, which is included in the Work Furniture Group of our Commercial Products segment, is complementary to our North American private-label operation and allows us to support our Work Furniture customers as they expand globally. We will acquire the remaining 30% over the next five years under the terms of our agreement, and have recorded a long-term liability of \$11 million for the future payments. See Note 10 to the Consolidated Condensed Financial Statements on page 17 for additional information regarding acquisitions.

On June 15, 2015, we divested a metal store fixtures operation in China and recorded a \$3 million after-tax gain from the sale in discontinued operations during the second quarter.

Restructuring

There were no significant restructuring-related costs for the nine months ended September 30, 2015 or 2014.

Future Pension Plan Distributions

We have modified our U.S. defined benefit pension plans to allow eligible former employees who have not yet begun to collect benefits to elect to receive a one-time lump sum pension payment. These payments will reduce the size of our pension benefit obligation, and are expected to reduce volatility of our contribution requirements in future years, and also reduce pension-related operational expenses over the long-term. We anticipate the payments to occur in the fourth quarter. In the Company's judgment, taking into account, among other things, actuarial guidance, we expect to incur special non-cash pretax charges of approximately \$10 million to \$15 million during the fourth quarter. This amount could vary significantly based upon the participant response rate, the vested benefits owed to those participants who elect to receive a lump sum payment, and the discount rate during the fourth quarter. Since these payments will be made from pension plan assets, we believe this event will be neutral to the company's cash and the plan's funded status position. Although we expect to benefit from reduced operational expenses over the long-term, the lump sum payments are not expected to significantly impact future pension expense.

RESULTS OF OPERATIONS

Discussion of Consolidated Results (Continuing Operations)

Third Quarter:

Earnings per share (EPS) from continuing operations were \$.67, up 81% versus the \$.37 per share we earned in third quarter of 2014. Current quarter earnings benefited primarily from the non-recurrence of last year's foam litigation expense (of \$.14 per share), along with higher unit volume and pricing discipline.

Sales grew to \$1.01 billion, a 1% increase versus the same quarter last year. Same location unit volume grew 5%, and acquisitions added 2% to sales. These gains were largely offset by a 6% decline caused by raw material-related price deflation and currency impact.

Earnings Before Interest and Taxes (EBIT) increased 88%, to \$142 million, and EBIT margin improved to 14.0%, up 640 basis points from the third quarter of 2014. This improvement primarily reflects the non-recurrence of \$32 million of foam litigation expense, the benefit from higher unit volume, pricing discipline, and improved capacity utilization.

LIFO/FIFO and the Effect of Changing Prices

All of our segments use the first-in, first-out (FIFO) method for valuing inventory. In our consolidated financials, an adjustment is made at the corporate level (i.e., outside the segments) to convert about 50% of our inventories to the last-in, first-out (LIFO) method.

For the full year 2015, we estimate \$31 million of LIFO benefit in continuing operations. This estimate incorporates certain assumptions about year-end steel prices and inventory levels. Therefore, the LIFO estimate for the full year could be significantly different from that currently estimated.

The following table contains the LIFO benefit (expense) included in continuing operations for each of the periods presented:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
LIFO benefit (expense)	\$ 23.3	\$ (1.6)	\$ 13.3	\$ (1.2)

Interest Expense and Income Taxes

Third quarter 2015 interest expense was essentially flat with third quarter of 2014.

The third quarter effective tax rate on continuing operations was 27%, compared to 20% for the same quarter last year. The 2014 tax rate benefited by 6% from the \$32 million litigation expense. Both years benefited from smaller discrete items, including \$3 million in 2014 from a tax provision true-up and a deferred tax liability adjustment in Switzerland. The 2015 tax rate benefited from discrete items of \$2 million, including non-U.S. statute of limitation expirations on uncertain tax positions, and the settlement of a Wisconsin audit. We anticipate an effective tax rate on continuing operations for the fourth quarter of about 29%. That rate is contingent upon factors such as our overall profitability, the mix of earnings among tax jurisdictions, the type of income earned, the impact of tax audits and other discrete items, and the effect of tax law changes and prudent tax planning strategies.

Discussion of Segment Results

Third Quarter Discussion

A description of the products included in each segment, along with segment financial data, appear in Note 4 to the Consolidated Condensed Financial Statements on page 7. A summary of segment results are shown in the following tables. All prior period data has been retrospectively adjusted to reflect the change in segment structure discussed on page 34.

Net Sales (Dollar amounts in millions)	Three Months ended September 30, 2015	Three Months ended September 30, 2014	Change in Net Sales		% Change in Same Location Sales(1)
			\$	%	
Residential Furnishings	\$ 543.6	\$ 549.4	\$ (5.8)	(1.1)%	(2.0)%
Commercial Products	171.1	136.2	34.9	25.6	15.5
Industrial Materials	166.7	194.7	(28.0)	(14.4)	(14.3)
Specialized Products	239.8	228.4	11.4	5.0	5.0
Total	1,121.2	1,108.7	12.5	1.1	
Intersegment sales	(112.1)	(111.3)	(.8)		
External sales	\$ 1,009.1	\$ 997.4	\$ 11.7	1.2 %	(0.7)%

EBIT (Dollar amounts in millions)	Three Months ended September 30, 2015	Three Months ended September 30, 2014	Change in EBIT		EBIT Margins(2)	
			\$	%	Three Months ended September 30, 2015	Three Months ended September 30, 2014
Residential Furnishings	\$ 58.2	\$ 25.4	\$ 32.8	129.1%	10.7%	4.6%
Commercial Products	14.5	9.5	5.0	52.6	8.5	7.0
Industrial Materials	15.2	13.6	1.6	11.8	9.1	7.0
Specialized Products	38.0	29.1	8.9	30.6	15.8	12.7
Intersegment eliminations & other	2.3	(1.0)	3.3			
Change in LIFO reserve	13.3	(1.2)	14.5			
Total	\$ 141.5	\$ 75.4	\$ 66.1	87.7%	14.0%	7.6%

(1) The change in same location sales excludes the effect of acquisitions or divestitures. These are sales that come from the same plants and facilities that we owned one year earlier.

(2) Segment margins are calculated on total sales. Overall company margin is calculated on external sales.

Residential Furnishings

Total sales decreased \$6 million, or 1%. Same location sales declined 2%, with higher unit volume in most product categories, more than offset by the impact of raw material-related price deflation and currency. Acquisitions increased sales by 1%.

Segment EBIT increased \$33 million in the quarter, primarily from the non-recurrence of last year's \$32 million foam litigation expense. The additional earnings benefit from higher unit volume was largely offset by FIFO inventory impact and several smaller factors.

Commercial Products

Third quarter total sales increased \$35 million, or 26%. Same location sales grew 15%, primarily from continued strong performance in the Adjustable Bed and Fashion Bed businesses. Adjustable bed unit volume increased 55% during the quarter. Work Furniture same location sales were down slightly primarily from currency impact. Unit volume in our North American Work Furniture business was up slightly. Acquisitions increased the segment's sales by 11% during the quarter.

Segment EBIT and EBIT margin increased in the third quarter primarily due to higher sales and improved operating efficiency.

Industrial Materials

Total sales decreased \$28 million, or 14%, largely from steel-related price deflation. Unit volumes were also down slightly, with growth in Drawn Wire more than offset by lower trade sales from our rod mill.

EBIT and EBIT margin increased during the quarter primarily due to cost reductions.

Specialized Products

Third quarter sales increased \$11 million, or 5%, with volume gains in all four of the segment's businesses partially offset by currency impact.

Segment EBIT and EBIT margin improved, primarily reflecting higher volume and the non-recurrence of last year's \$3 million litigation accrual.

Discontinued Operations

Earnings from discontinued operations, net of tax, were essentially flat in the third quarter of 2015, versus a \$4 million loss in the same quarter of 2014. Prior results include a \$5 million foam litigation accrual. For further information about discontinued operations, see Note 5 to the Consolidated Condensed Financial Statements on page 9.

Nine Month Discussion

A description of the products included in each segment, along with segment financial data, appear in Note 4 to the Consolidated Condensed Financial Statements on page 7. A summary of segment results are shown in the following tables. All prior period data has been retrospectively adjusted to reflect the change in segment structure discussed on page 34.

	Nine Months ended September 30, 2015 Net Sales	Nine Months ended September 30, 2014 Net Sales	Change in Net Sales		% Change in Same Location Sales(1)
			\$	%	
Residential Furnishings	\$ 1,613.0	\$ 1,489.7	\$ 123.3	8.3 %	3.1%
Commercial Products	471.6	377.1	94.5	25.1	16.8
Industrial Materials	531.4	565.6	(34.2)	(6.0)	(6.0)
Specialized Products	711.5	686.8	24.7	3.6	3.6
Total	3,327.5	3,119.2	208.3	6.7	
Intersegment sales	(354.9)	(290.2)	(64.7)		
External sales	\$ 2,972.6	\$ 2,829.0	\$ 143.6	5.1 %	1.3%

	Nine Months ended September 30, 2015 EBIT	Nine Months ended September 30, 2014 EBIT	Change in EBIT		EBIT Margins(2)	
			\$	%	Nine Months ended September 30, 2015	Nine Months ended September 30, 2014
Residential Furnishings	\$ 161.5	\$ 121.8	\$ 39.7	32.6%	10.0%	8.2%
Commercial Products	33.3	22.8	10.5	46.1	7.1	6.0
Industrial Materials	38.0	30.3	7.7	25.4	7.2	5.4
Specialized Products	115.0	93.1	21.9	23.5	16.2	13.6
Intersegment eliminations & other	1.3	(3.0)	4.3			
Change in LIFO reserve	23.3	(1.6)	24.9			
Total	\$ 372.4	\$ 263.4	\$ 109.0	41.4%	12.5%	9.3%

(1) The change in same location sales excludes the effect of acquisitions or divestitures. These are sales that come from the same plants and facilities that we owned one year earlier.

(2) Segment margins are calculated on total sales. Overall company margin is calculated on external sales.

Residential Furnishings

Total sales increased \$123 million, or 8%. Same location sales grew 3% from higher unit volume in most product categories partially offset by raw material-related price deflation and currency impact.

EBIT and EBIT margin improved, with the the non-recurrence of last year's \$32 million foam litigation expense and the benefit from higher unit volume, partially offset by FIFO inventory impact, increased performance-based compensation expense, the non-recurrence of last year's \$4 million gain on sale of a building, and other smaller factors.

Commercial Products

Total sales increased 25%. Same location sales grew 17%, primarily from continued strong performance in the Adjustable Bed and Fashion Bed businesses.

Segment EBIT increased \$11 million and EBIT margin improved versus the prior year primarily due to higher sales and improved operating efficiency.

Industrial Materials

Total sales decreased \$34 million, or 6%, with growth in Drawn Wire unit volume (driven by strong bedding demand) more than offset by steel-related price decreases and lower trade sales from our rod mill.

EBIT and EBIT margin increased during the period, primarily from cost reductions and pricing discipline, partially offset by a first quarter 2015 impairment charge of \$6 million related to the Steel Tubing business.

Specialized Products

Total sales grew 4%, with volume improvements in Automotive, Aerospace and Machinery, partially offset by currency impact and volume declines in Commercial Vehicle Products.

The segment's EBIT and EBIT margin grew primarily due to higher volume and the absence of last year's \$3 million litigation accrual.

Discontinued Operations

Earnings from discontinued operations, net of tax, were \$1 million in the nine months ended September 30, 2015, versus a loss of \$99 million in the same period of 2014. Current year results include a \$3 million gain on the sale of the metal store fixtures operation in China. Prior year results include an impairment charge of \$93 million (net of tax) to write off the goodwill associated with the Store Fixtures business, and a \$5 million foam litigation accrual. For further information about discontinued operations, see Note 5 to the Consolidated Condensed Financial Statements on page 9.

LIQUIDITY AND CAPITALIZATION

Cash from Operations

Cash from operations is our primary source of funds. Earnings and changes in working capital levels are the two broad factors that generally have the greatest impact on our cash from operations. For 2015, we expect cash from operations to exceed \$375 million.

Cash from operations for the third quarter of 2015 was \$130 million, versus \$132 million for the third quarter of 2014. For the nine months ended September 30, 2015, cash from operations was \$257 million, an increase of \$41 million or 19%, versus \$216 million for the same period of 2014. This increase is primarily due to higher earnings.

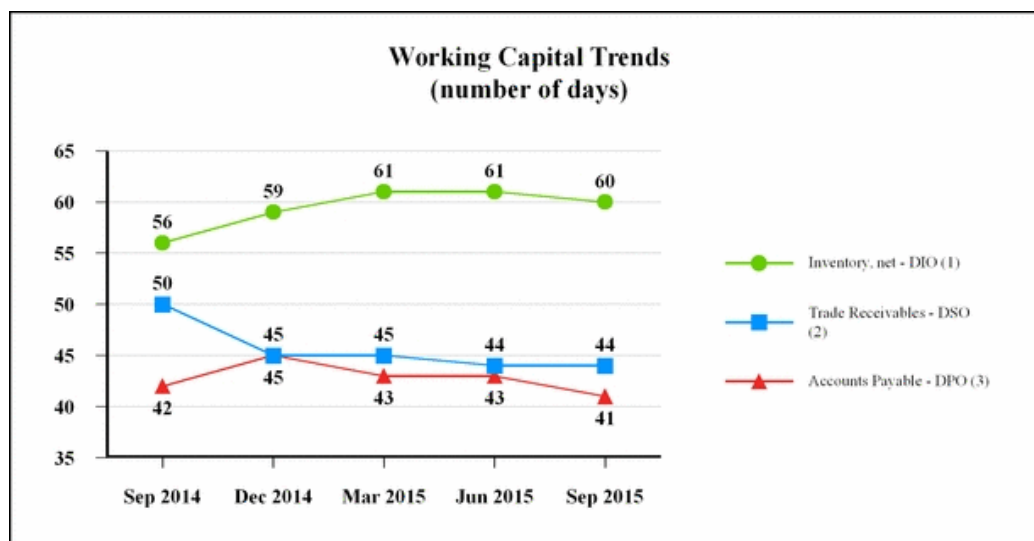
We closely monitor our working capital levels, and ended the quarter with adjusted working capital at 9.4% of annualized sales. The table below shows this non-GAAP calculation. We eliminate cash and current debt maturities from working capital to monitor our performance related to operating efficiency and believe this provides a more useful measurement.

(Amounts in millions)	September 30, 2015	December 31, 2014
Current assets	\$ 1,380	\$ 1,430
Current liabilities	(751)	(992)
Working capital	629	438
Cash and cash equivalents	(251)	(333)
Current debt maturities	3	202
Adjusted working capital	\$ 381	\$ 307
Annualized sales (1)	\$ 4,036	\$ 3,812
Adjusted working capital as a percent of annualized sales	9.4%	8.1%
Working capital as a percent of annualized sales	15.6%	11.5%

(1) Annualized sales equal 3rd quarter 2015 sales of \$1,009 million and 4th quarter 2014 sales of \$953 million 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.

Working Capital Trends

The following chart presents key working capital trends for the last five quarters. These amounts have been retrospectively adjusted to reflect only continuing operations.



(Dollar amounts in millions)	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Trade Receivables, net	\$ 539.2	\$ 470.4	\$ 482.5	\$ 486.6	\$ 486.8
Inventory, net	\$ 476.5	\$ 481.4	\$ 506.0	\$ 510.8	\$ 504.6
Accounts Payable	\$ 356.9	\$ 369.8	\$ 357.5	\$ 358.6	\$ 343.5

- (1) The inventory ratio represents days of inventory on hand calculated as: ending net inventory ÷ (quarterly cost of goods sold ÷ number of days in the quarter).
- (2) The trade receivables ratio represents the days of sales outstanding calculated as: ending net trade receivables ÷ (quarterly net sales ÷ number of days in the quarter).
- (3) The accounts payable ratio represents the days of payables outstanding calculated as: ending accounts payable ÷ (quarterly cost of goods sold ÷ number of days in the quarter).
- (4) Amounts have been retrospectively adjusted to move the Store Fixtures unit to held for sale and discontinued operations in the third quarter of 2014.

Changes in the quarterly Days Sales Outstanding (DSO) reflect normal seasonal fluctuations due to the timing of cash collection and other factors. Changes in the DSO reflected in the table above are consistent with our historical range, and are not indicative of changes in payment trends or credit-worthiness of customers. However, over the last few years our DSO has generally decreased as a result of improved payment patterns of several large customers and other programs with incentives for early payment offered in conjunction with third parties. Payment trends by major customers remained stable in the third quarter of 2015.

Our Days Inventory on Hand (DIO) typically fluctuates within a reasonably narrow range as a result of differences in the timing of sales, production levels, and inventory purchases. Expense associated with slow moving and obsolete inventories in the third quarter of 2015 was generally in line with that of 2014.

We actively strive to optimize payment terms with our vendors, and we have also implemented various programs with our vendors and third parties that allow flexible payment options. As a result of these activities, we have increased our Days Payable Outstanding (DPO) by more than ten days over the past several years.

Uses of Cash

Finance Capital Requirements

Cash is readily available to fund selective growth, both internally (through capital expenditures) and externally (through acquisitions). We expect capital expenditures of approximately \$110 million in 2015.

Since the recession in 2009, we have disclosed that we have earnings leverage from incremental volume produced utilizing excess capacity. With market share gains and higher market demand, our capacity utilization has increased. The margin improvement that we have realized over the past few years reflects, in part, that higher utilization. We still have available capacity to accommodate additional volume in many of our businesses, but there is less today than just a few quarters ago. In certain of our businesses and product lines we have little to no excess capacity, and we are investing significant capital dollars to support continued growth. In Automotive, we are expanding capacity to support new programs that will begin production in 2016 and later years. In Bedding, we are investing in equipment (that we build in our own Swiss operation) to support ongoing growth in Comfort Core innersprings. In Adjustable Bed, which operated a single large location just a year ago, we have added new locations to broaden our geographic scope and will be operating four facilities in North America by the end of the year. We are very pleased to be making these investments since they are directly associated with our expectation for continued growth in some of our strongest performing businesses.

We will continue to make investments to support growth in businesses and product lines where sales are strong, and for efficiency improvement and maintenance. Our incentive plans emphasize returns on capital, which include net fixed assets and working capital. This emphasis heightens the focus on asset utilization and helps ensure that we are investing additional capital dollars where attractive return potential exists.

Our strategic, long-term, 4-5% annual growth objective envisions periodic acquisitions. We are seeking acquisitions primarily within our businesses designated as Grow businesses, and are looking for opportunities to enter new, higher growth markets (carefully screened for sustainable competitive advantage). We completed one acquisition in the first nine months of 2015 and that business is discussed on page 34.

Pay Dividends

Dividends are one of the primary means by which we return cash to shareholders. The cash requirement for dividends in 2015 should approximate \$170 million.

Maintaining and increasing the dividend remains a high priority. In August, we increased the quarterly dividend to \$.32 per share. 2015 marks our 44th consecutive annual dividend increase at an average compound annual growth rate of 13%. Our targeted dividend payout is 50-60% of annual net earnings. Actual payout has been higher in recent years, but we expect to be in that target range this year.

Repurchase Stock

Share repurchases are the other means by which we return cash to shareholders. During the third quarter, we repurchased .9 million shares of our stock (at an average price of \$45.61 per share) and issued .2 million shares through employee benefit plans and option exercises. The number of shares outstanding decreased to 136.1 million. For the full year, we currently expect to repurchase approximately 4 million shares and issue approximately 2.2 million shares through employee benefit plans and option exercises.

Consistent with our stated priorities, we expect to use remaining cash (after funding capital expenditures, dividends, and competitively advantaged acquisitions) to prudently buy back our stock, subject to the outlook for the economy, our level of cash generation, and other potential opportunities to strategically grow the company. We have been authorized by the Board of Directors to repurchase up to 10 million shares each year, however no specific repurchase commitment or timetable has been established.

Capitalization

The following table presents Leggett's key debt and capitalization statistics:

(Dollar amounts in millions)	September 30, 2015	December 31, 2014
Long-term debt outstanding:		
Scheduled maturities	\$ 764	\$ 767
Average interest rates (1)	3.7%	4.6%
Average maturities in years (1)	7.0	6.4
Revolving credit/commercial paper	225	—
Average interest rate	.4%	—%
Total long-term debt	989	767
Deferred income taxes and other liabilities	226	226
Shareholders' equity and noncontrolling interest	1,100	1,155
Total capitalization	\$ 2,315	\$ 2,148
Unused committed credit:		
Long-term	\$ 375	\$ 600
Short-term	—	—
Total unused committed credit	\$ 375	\$ 600
Current maturities of long-term debt	\$ 3	\$ 202
Cash and cash equivalents	\$ 251	\$ 333
Ratio of earnings to fixed charges (2)	8.3 x	6.0 x

- (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) As presented in Exhibit 12, fixed charges include interest expense, capitalized interest, plus implied interest included in operating leases. Earnings consist principally of income from continuing operations before income taxes, plus fixed charges.

The next table shows the percentage of long-term debt to total capitalization, calculated in two ways:

- Long-term debt to total capitalization as reported in the previous table.
- Long-term debt to total capitalization each reduced by total cash and increased by current maturities of long-term debt.

We believe that adjusting this measure for cash and current maturities allows a more meaningful comparison to periods during which cash fluctuates significantly. We use these adjusted (non-GAAP) measures to monitor our financial leverage. Our long-term target is to have net debt as a percent of net capital in the 30%-40% range.

(Amounts in millions)	September 30, 2015	December 31, 2014
Debt to total capitalization:		
Long-term debt	\$ 989	\$ 767
Current debt maturities	3	202
Cash and cash equivalents	(251)	(333)
Net debt	\$ 741	\$ 636
Total Capitalization	\$ 2,315	\$ 2,148
Current debt maturities	3	202
Cash and cash equivalents	(251)	(333)
Net capitalization	\$ 2,067	\$ 2,017
Long-term debt to total capitalization	42.7%	35.7%
Net debt to net capitalization	35.8%	31.5%

Total debt (which includes long-term debt and current debt maturities) grew \$23 million versus year-end 2014 levels, due to an increase in commercial paper borrowing, partially offset by the maturity and repayment of \$200 million of 5.0% notes.

Short Term Borrowings

We can raise cash by issuing up to \$600 million in commercial paper through a program that is backed by a \$600 million revolving credit agreement with a syndicate of 12 lenders. This agreement expires in August 2019. The credit agreement allows us to issue letters of credit totaling up to \$250 million. When we issue letters of credit in this manner, our capacity under the agreement, and consequently, our ability to issue commercial paper, is reduced by a corresponding amount. Amounts outstanding related to our commercial paper program were:

(Amounts in millions)	September 30, 2015	December 31, 2014
Total program authorized	\$ 600	\$ 600
Commercial paper outstanding (classified as long-term debt)	(225)	—
Letters of credit issued under the credit agreement	—	—
Total program usage	(225)	—
Total program available	<u>\$ 375</u>	<u>\$ 600</u>

The average and maximum amount of commercial paper outstanding during the third quarter of 2015 was \$192 million and \$315 million, respectively. At quarter end, we had no letters of credit outstanding under the credit agreement, but we had \$71 million of stand-by letters of credit outside the agreement to take advantage of more attractive fee pricing.

We repaid \$200 million of 5.0% notes that matured in August 2015. With our commercial paper program, cash on hand, and cash from operations, and our ability to issue debt in the capital markets, we have sufficient funds available to repay maturing debt, as well as support our ongoing operations, pay dividends, fund future growth, and repurchase stock.

Accessibility of Cash

At September 30, 2015 we had cash and cash equivalents of \$251 million primarily invested in interest-bearing bank accounts and in bank time deposits with original maturities of three months or less.

A substantial portion of these funds are held in the international accounts of our foreign operations. Though we do not rely on this foreign cash as a source of funds to support our ongoing domestic liquidity needs, we believe we could bring most of this cash back to the U.S. over a period of two to three years without material cost. If we were to bring all foreign cash back immediately in the form of dividends, we would incur incremental tax expense of up to about \$40 million. However, due to capital requirements in various jurisdictions, approximately \$72 million of this cash is currently inaccessible for repatriation. During the first three quarters of 2015 and for the full year 2014, we brought back \$50 million and \$129 million (respectively) of cash, in each case at little to no added tax cost.

NEW ACCOUNTING GUIDANCE

In September 2015, the Financial Accounting Standards Board (FASB) issued new authoritative literature, Revenue from Contracts with Customers, which supersedes much of the existing authoritative literature for revenue recognition. This guidance will be effective January 1, 2018. We are evaluating the newly issued guidance and the impact on our future financial statements.

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.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate

Substantially all of our debt is denominated in United States dollars. The fair value for fixed rate debt was greater than its \$750 million carrying value by \$11 million at September 30, 2015 and was not significantly different from its \$950 million carrying value at December 31, 2014. The fair value of fixed rate debt at September 30, 2015 and December 31, 2014 was valued using discounted cash flow and secondary market rates provided by Bloomberg. The fair value of variable rate debt is not significantly different from its recorded amount.

Investment in Foreign Subsidiaries

We view our investment in foreign subsidiaries as a long-term commitment, and do not hedge translation exposures. The investment in a foreign subsidiary may take the form of either permanent capital or notes. Our net investment (i.e., total assets less total liabilities subject to translation exposure) in foreign subsidiaries was \$848 million at September 30, 2015, compared to \$894 million at December 31, 2014.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and our other public disclosures, whether written or oral, may contain “forward-looking” statements including, but not limited to: projections of revenue, income, earnings, capital expenditures, dividends, capital structure, cash flows, pension expense or other financial items; possible plans, goals, objectives, prospects, strategies or trends concerning future operations; statements concerning future economic performance; possible goodwill or other asset impairment; 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” 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 our Form 10-K, filed February 26, 2015 and in this Form 10-Q 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:

- factors that could affect the industries or markets in which we participate, such as growth rates and opportunities in those industries;
- adverse changes in inflation, currency, political risk, U.S. or foreign laws or regulations (including tax law changes), consumer sentiment, 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 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;
- price and product competition from foreign (particularly Asian and European) and domestic competitors;
- our ability to improve operations and realize cost savings (including our ability to fix under-performing operations and to generate future earnings from restructuring-related activities);
- our ability to maintain profit margins if our customers change the quantity and mix of our components in their finished goods;
- our ability to realize 25-35% contribution margin on incremental unit volume growth;
- our ability to achieve expected levels of cash flow;
- our ability to maintain and grow the profitability of acquired companies;
- our ability to maintain the proper functioning of our internal business processes and information systems and avoid modification or interruption of such systems, through cyber-security breaches or otherwise;
- a decline in the long-term outlook for any of our reporting units that could result in asset impairment;
- the loss of one or more of our significant customers; and
- litigation accruals related to various contingencies including antitrust, intellectual property, product liability and warranty, taxation, environmental and workers’ compensation expense.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See the “Quantitative and Qualitative Disclosures About Market Risk” section under Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation as of September 30, 2015 was carried out by the Company's management, with 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 are effective, as of September 30, 2015, 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.

There was no change in the Company's internal control over financial reporting that occurred during the quarter ending September 30, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information in Note 15 beginning on page 25 of our Notes to Consolidated Condensed Financial Statements is incorporated into this section by reference.

Environmental Matter Involving Potential Monetary Sanctions

On March 27, 2013, Region 5 of the U.S. Environmental Protection Agency (EPA) issued a Notice of Violation/Finding of Violation ("NOV/FOV") alleging that our subsidiary, Sterling Steel Company, violated the Clean Air Act and the Illinois State Implementation Plan currently in place. Sterling operates a steel rod mill in Sterling, Illinois. The NOV/FOV alleges that Sterling, since 2008, has exceeded the allowable annual particulate matter and manganese emission limits for its arc furnace. Sterling requested a conference with the EPA to discuss the alleged violations. The conference was held on May 20, 2013.

On July 23, 2013, the EPA issued a Finding of Violation alleging that Sterling violated the opacity limitations of its air permit and Federal and state regulations. A conference to discuss the Finding of Violation occurred in the third quarter of 2013.

There had been no material updates with respect to these matters until mid-July 2015 when the Company learned from counsel for the EPA that the matters had been referred to the U.S. Department of Justice (DOJ). To date, we have not been contacted by the DOJ. Sterling intends to vigorously defend these matters in any enforcement action that may be pursued by the EPA or DOJ. The EPA did not specify any amount of penalty or injunctive relief being sought in the NOV/FOV, Finding of Violation or in any conference. Any settlement or adverse finding could result in the payment by Sterling of fines, penalties, capital expenditures, or some combination thereof. Although the outcome of these matters cannot be predicted with certainty, we do not expect them, either individually or in the aggregate, to have a material adverse effect on our financial position, cash flows or results of operations.

Leggett's Claim for Alleged Antitrust Violations

On October 17, 2008, the Company, along with Carpenter Co., Flexible Foam Products, Inc., Foam Supplies, Inc., Hickory Springs Manufacturing Company, J.M. Huber Corporation, Lubrizol Advanced Materials, Inc., The Sherwin-Williams Company, Skypark Manufacturing, LLC, Vitafoam Incorporated; and their respective affiliates, as plaintiffs, filed a complaint in the United States District Court for the District of New Jersey under the caption Carpenter Co., et al. v. BASF SE, et al., Case No. 2:08-cv-05169 against BASF Corporation, The Dow Chemical Company, Huntsman International LLC, Lyondell Chemical Company, and their affiliates, alleging that defendants conspired to fix prices and allocate customers and markets for certain polyurethane foam products. The Company previously settled its claims against certain defendants for immaterial amounts and all other defendants have been dismissed except for The Dow Chemical Company.

The Company, along with co-plaintiffs, seeks to recover three times the amount of damages suffered as a result of the alleged overcharges in the price of the polyurethane foam products purchased from the defendant from at least 1994 through at least 2004. The plaintiffs also seek attorney fees, pre-judgment interest and injunctive relief. The defendant denies the claims. Based on the maturation of the proceeding, our experience in settlement negotiations and mediation, discovery becoming substantially complete, and the anticipated trial date in 2016, the Company now believes that it is reasonably likely that it may recover material damages from the defendant. However, because of uncertainties, the Company cannot estimate the amount of recovery. Also, because of these uncertainties, it is possible that the Company may recover only an immaterial amount of the alleged damages, or recover no damages at all.

ITEM 1A. RISK FACTORS

Our 2014 Annual Report on Form 10-K filed February 26, 2015 includes a detailed discussion of our risk factors in Item 1A "Risk Factors." The information presented below updates and should be read in conjunction with the risk factors and information disclosed in that Form 10-K.

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.

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; therefore, 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 segment 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. Our operations can also be impacted by changes in the cost of fabrics and foam scrap. We experienced significant fluctuations in the cost of both of these commodities in recent years.

Throughout 2015, market prices for steel scrap, rod and flat-rolled products have decreased, leading to downward pressure on selling prices. We have realized a beneficial pricing lag this year as costs have generally decreased at a faster rate than selling prices. If selling prices begin to decrease at a faster rate than costs, this will negatively impact our results of operations.

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). Market conditions could cause scrap costs and rod pricing to change at different rates (both in terms of timing and amount) whereby metal margins could be compressed and this would negatively impact our results of operations.

Higher raw material costs in past years led some of our customers to modify their product designs, changing the quantity and mix of our components in their finished goods. In some cases, higher cost components were replaced with lower cost components. This primarily impacted our Residential Furnishings and Industrial Materials product mix and decreased profit margins. If this was to occur again it could negatively impact our results of operations

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

We previously disclosed that we are a party to a series of civil antitrust lawsuits involving the sale of polyurethane foam products. We continue to deny all allegations in all of the cases, but have settled some of these cases to avoid the risk, uncertainty, expense and distraction of litigation. We remain a defendant in various other antitrust cases involving the sale of polyurethane foam. We will vigorously defend ourselves and believe that we have valid bases to contest all claims. We have established an aggregate litigation contingency accrual in the amount of \$41.4 million. At September 30, 2015, all of the accrual was related to foam antitrust proceedings. We also believe, based on current facts and circumstances that aggregate reasonably possible (but not probable) losses in excess of accruals for litigation contingencies (which include Brazilian VAT, antitrust, patent and other matters) are estimated to be \$34 million.

If our assumptions or analyses regarding these contingencies are incorrect, or if facts or circumstances change, we could realize loss greater than the recorded accruals, and greater than our estimate of reasonably possible losses in excess of the recorded accruals. These losses could have a material negative impact on our financial condition, results of operations and cash flows. For more information regarding our litigation contingency accruals and reasonably possible losses in excess of accruals, See Note 15 "Contingencies" on page 25 of the Notes to Consolidated Condensed Financial Statements.

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. 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 could negatively impact our earnings.

(Dollar amounts in millions)	September 30, 2015 Book Value	% of Total Assets
Goodwill	\$ 815.4	
Other intangibles	200.3	
Total goodwill and other intangibles	<u>\$ 1,015.7</u>	<u>33%</u>
Net property, plant and equipment	\$ 543.7	
Other long-lived assets	127.1	
Total net property, plant and equipment and other long-lived assets	<u>\$ 670.8</u>	<u>22%</u>

We review our eleven reporting units for potential goodwill impairment in June 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 2015 goodwill impairment review performed in the second quarter of 2015 indicated no goodwill impairments.

As discussed in Note 4, our internal management organizational structure and all related internal reporting changed during the first quarter of 2015. We reassigned the assets and liabilities of the reporting units affected, and also reassigned goodwill using a relative fair value approach for our first quarter 2015 reporting. We performed the 2015 impairment test utilizing the revised structure.

The Steel Tubing unit met the held for sale criteria during the first quarter of 2015. Because fair value less costs to sell had fallen below recorded book value, we fully impaired this unit's goodwill and incurred a \$4.1 million goodwill impairment charge in the first quarter of 2015. We also incurred a long-lived asset impairment charge of \$1.4 million related to this business in the first quarter of 2015.

The fair values of reporting units in relation to their respective carrying values and significant assumptions used in the June 2015 review are presented in the table below. If actual results differ from estimates used in these calculations, we could incur future impairment charges.

<u>Excess of Fair Value over Carrying Value as a Percentage of Fair Value</u>	<u>September 30, 2015 Goodwill Value</u>	<u>10-year Compound Annual Growth Rate Range for Sales</u>	<u>Terminal Values Long- term Growth Rate for Debt-Free Cash Flow</u>	<u>Discount Rate Ranges</u>
< 25%	\$ —	—	—	—
25% - 49%	—	—	—	—
50% - 74%	594.3	.6% - 7.0%	3.0%	8.0% - 12.5%
75%+	221.1	3.1% - 10.9%	3.0%	8.0% - 9.0%
	<u>\$ 815.4</u>	<u>.6% - 10.9%</u>	<u>3.0%</u>	<u>8.0% - 12.5%</u>

After completing our 2014 annual goodwill impairment review in June 2014, and on July 14, 2014, we concluded that an impairment charge of \$108 million was required for our Store Fixtures group, which was reported in Discontinued Operations and was previously part of the Commercial Products segment. No long-lived asset impairments (excluding goodwill) were indicated during this review. The majority of the Store Fixtures business was divested in November 2014.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The table below is a listing of our purchases of the Company's common stock by calendar month during the third quarter of 2015.

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)
July 2015	128,175	\$ 47.91	127,944	7,680,564
August 2015	458,454	\$ 47.51	458,454	7,222,110
September 2015	289,653	\$ 41.47	285,911	6,936,199
Total	876,282	\$ 45.57	872,309	

- (1) This number includes 3,973 shares which were not repurchased as part of a publicly announced plan or program, all of which were outstanding shares surrendered to exercise stock options. It does not include shares withheld for taxes in option exercises and stock unit conversions during the 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 shall remain in force until repealed by the Board of Directors.

ITEM 5. OTHER INFORMATION

On November 2, 2015, the Nominating & Corporate Governance Committee of the Board amended the Company's procedures for shareholder recommendations for nomination of directors. In addition to the previously enumerated protected classes, the procedure was amended to expressly provide that the Company will consider qualified candidates without regard to sexual orientation, gender identity or any other status protected by law. The procedure was also amended to include the Lead Director in the lists of persons with whom the Committee may arrange candidate interviews and to whom shareholder recommendations for nomination will be forwarded. The complete procedure can be found at www.leggett.com, under Corporate Governance, Director Nomination Procedure.

ITEM 6. EXHIBITS**Exhibit**

Exhibit 3.2*	-	Bylaws of the Company, as amended through November 3, 2015.
Exhibit 12*	-	Computation of Ratio of Earnings to Fixed Charges.
Exhibit 31.1*	-	Certification of David S. Haffner, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 4, 2015.
Exhibit 31.2*	-	Certification of Matthew C. Flanigan, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 4, 2015.
Exhibit 32.1*	-	Certification of David S. Haffner, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 4, 2015.
Exhibit 32.2*	-	Certification of Matthew C. Flanigan, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 4, 2015.
Exhibit 101.INS**	-	XBRL Instance Document.
Exhibit 101.SCH**	-	XBRL Taxonomy Extension Schema.
Exhibit 101.CAL**	-	XBRL Taxonomy Extension Calculation Linkbase.
Exhibit 101.DEF**	-	XBRL Taxonomy Extension Definition Linkbase.
Exhibit 101.LAB**	-	XBRL Taxonomy Extension Label Linkbase.
Exhibit 101.PRE**	-	XBRL Taxonomy Extension Presentation Linkbase.

* Denotes filed herewith.

** Filed as Exhibit 101 to this report are the following formatted in XBRL (eXtensible Business Reporting Language):

(i) Consolidated Condensed Balance Sheets at September 30, 2015 and December 31, 2014; (ii) Consolidated Condensed Statements of Operations for the three months and nine months ended September 30, 2015 and September 30, 2014; (iii) Consolidated Condensed Statements of Comprehensive Income (Loss) for the three months and nine months ended September 30, 2015 and September 30, 2014; (iv) Consolidated Condensed Statements of Cash Flows for the nine months ended September 30, 2015 and September 30, 2014; and (v) Notes to Consolidated Condensed Financial Statements.

SIGNATURES

Pursuant to the requirements 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

DATE: November 4, 2015

By: _____
/s/ DAVID S. HAFFNER
David S. Haffner
Board Chair and Chief Executive Officer

DATE: November 4, 2015

By: _____
/s/ MATTHEW C. FLANIGAN
Matthew C. Flanigan
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

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Exhibit 101.PRE**	XBRL Taxonomy Extension Presentation Linkbase.

* Denotes filed herewith.

** Filed as Exhibit 101 to this report are the following formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Condensed Balance Sheets at September 30, 2015 and December 31, 2014; (ii) Consolidated Condensed Statements of Operations for the three months and nine months ended September 30, 2015 and September 30, 2014; (iii) Consolidated Condensed Statements of Comprehensive Income (Loss) for the three months and nine months ended September 30, 2015 and September 30, 2014; (iv) Consolidated Condensed Statements of Cash Flows for the nine months ended September 30, 2015 and September 30, 2014; and (v) Notes to Consolidated Condensed Financial Statements.

BYLAWS
OF
LEGGETT & PLATT, INCORPORATED
as amended through November 3, 2015

PROTECTED BYLAWS

The following bylaws have been designated by the Corporation's Board of Directors as Protected Bylaws in accordance with Article IX, Section 2 of the Corporation's Restated Articles of Incorporation:

ARTICLE 1

- Section 1.1 — Annual Meeting – Date, Place and Time
- Section 1.2 — Business at Annual Meetings
- Section 1.3 — Special Meetings
- Section 1.4 — Quorum
- Section 1.6 — No Cumulative Voting
- Section 1.7 — Procedure

ARTICLE 2

- Section 2.1 — Number, Election, Removal and Vacancies
- Section 2.2 — Advance Notice of Nominations
- Section 2.3 — Qualification
- Section 2.4 — Regular and Special Directors' Meetings
- Section 2.6 — Committees

ARTICLE 5

All Sections

ARTICLE 6

- Section 6.6 — Amendments

TABLE OF CONTENTS
BYLAWS OF
LEGGETT & PLATT, INCORPORATED

ARTICLE 1 – MEETINGS OF SHAREHOLDERS	1
Section 1.1 Annual Meeting—Date, Place and Time	1
Section 1.2 Business at Annual Meetings	1
Section 1.3 Special Meetings	3
Section 1.4 Quorum	3
Section 1.5 Qualification of Voters	3
Section 1.6 No Cumulative Voting	3
Section 1.7 Procedure	3
Section 1.8 Certification of Votes	4
Section 1.9 Transmittal of Notices	4
Section 1.10 Action By Consent	4
ARTICLE 2 – DIRECTORS	4
Section 2.1 Number, Election, Removal and Vacancies	4
Section 2.2 Advance Notice of Nominations	5
Section 2.3 Qualification	7
Section 2.4 Regular and Special Directors’ Meetings	7
Section 2.5 Action by Consent	7
Section 2.6 Committees	8
Section 2.7 Compensation of Directors	8
Section 2.8 Honorary Directors	8
ARTICLE 3 – OFFICERS	9
Section 3.1 Officers	9
Section 3.2 Appointment	9
Section 3.3 Removal	9
ARTICLE 4 – CERTIFICATES FOR SHARES	9
Section 4.1 Issuance of Certificates	9
Section 4.2 Lost, Stolen, Destroyed or Mutilated Certificate	9
Section 4.3 Transfer of Stock; Certificate Cancellation	10
Section 4.4 Registered Owner	10
Section 4.5 Transfer Agents and Registrars	10
Section 4.6 Closing of Transfer Books and Fixing of Record Date	10
ARTICLE 5 – INDEMNIFICATION	11

Section 5.1 Right of Directors and Officers to Indemnification	11
Section 5.2 Indemnification of Employees, Agents, Etc.	11
Section 5.3 Right of Directors and Officers to Advance of Expenses	11
Section 5.4 Right of Claimant to Bring Suit	11
Section 5.5 Definitions	12
Section 5.6 Rights Not Exclusive	12
Section 5.7 Insurance	12
Section 5.8 Enforceability; Amendment	13
ARTICLE 6 – GENERAL PROVISIONS	13
Section 6.1 Dividends	13
Section 6.2 Reserves	13
Section 6.3 Fiscal Year	13
Section 6.4 Corporate Seal	13
Section 6.5 Examination of Books	13
Section 6.6 Amendments	14
Section 6.7 Provisions Additional to Provisions of Law	14
Section 6.8 Provisions Contrary to Provisions of Law	14

**LEGGETT & PLATT, INCORPORATED
BYLAWS**

ARTICLE 1. MEETINGS OF SHAREHOLDERS

Section 1.1 Annual Meeting - Date, Place and Time. The annual meeting of the shareholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held on such date, at such time and at such place, within or without the State of Missouri, as shall be determined by the Board of Directors.

Section 1.2 Business at Annual Meetings.

(a) The business at each annual meeting of the shareholders shall include the election of Directors and only such other business as has been properly brought before the meeting by being (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) brought before the meeting by or at the direction of a majority of the Board of Directors, or (iii) brought before the meeting by a shareholder in accordance with Section 1.2(b).

(b) For any business to be properly brought before an annual meeting by a shareholder:

(1) The shareholder must be a shareholder of record both at the time of giving of notice required in this Section 1.2(b) and at the time of the meeting.

(2) The Secretary must receive, at the principal executive offices of the Corporation, a written notice from the shareholder not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if (i) no annual meeting was held in the previous year or (ii) the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, notice by the shareholder 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. Neither an adjournment nor a postponement of an annual meeting (or an announcement thereof) shall begin a new time period for delivering a shareholder's notice.

(3) The shareholder's notice shall set forth:

(i) a brief description of the business proposed to be brought before the meeting, the text of the proposal or business (including any proposed resolutions), the reasons for proposing to conduct such business at the meeting and any material interest of such shareholder (and of the beneficial owner, if any, on whose behalf the proposal is made) in such business;

(ii) a description of all agreements, arrangements and understandings between such shareholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such shareholder; and

(iii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, (a) the name and address of such shareholder and beneficial owner, as they appear on the Corporation's books, (b) (1) the class and number of shares of stock of the Corporation which are, directly or indirectly, owned beneficially and of record

by such shareholder and beneficial owner, (2) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a “Derivative Instrument”) directly or indirectly owned beneficially by such shareholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (3) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder has a right to vote any shares of any security of the Corporation, (4) any short interest in any security of the Corporation (for purposes of these Bylaws a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (5) any rights to dividends on the shares of the Corporation owned beneficially by such shareholder that are separated or separable from the underlying shares of the Corporation, (6) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such shareholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, and (7) any performance-related fees (other than an asset-based fee) that such shareholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments (the foregoing items (1) through (7), individually or collectively, the “Disclosable Interests”), if any, as of the date of such notice, including without limitation any Disclosable Interests held by members of such shareholder’s immediate family sharing the same household (which information shall be supplemented by such shareholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), (c) a representation that the shareholder intends to appear in person or by proxy at the meeting to propose such business, (d) any other information that would be required to be provided by the shareholder or beneficial owner in a proxy statement or other filing required to be made in connection with solicitations of proxies for the proposal pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), in such person’s capacity as a proponent of a shareholder proposal, and (e) a representation as to whether the shareholder or the beneficial owner, if any, intends or is part of a group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation’s outstanding capital stock required to approve or adopt the proposal or (ii) to otherwise solicit proxies from shareholders in support of such proposal.

(4) The proposed business must not be an improper subject for shareholder action under applicable law, and the shareholder must comply with state law, the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.2.

(5) The shareholder (or a qualified representative of the shareholder) must appear at the meeting of shareholders to propose such business and another shareholder must second the proposal.

(c) The meeting’s presiding officer shall determine whether any proposal to bring business before the meeting was made in accordance with this Section 1.2 and, if any proposed business is not in compliance with this Section 1.2, to declare that such defective proposal be disregarded. The presiding officer shall have sole authority to decide questions of compliance with the foregoing procedures, and his ruling shall be final.

(d) Nothing in this Section 1.2 shall be deemed to affect any rights of shareholders to request inclusion of proposals in, or the Corporation's right to omit proposals from, the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or any successor provision. The provisions of this Section 1.2 shall also govern what constitutes timely notice for purposes of Rule 14a-4(c) under the Exchange Act.

Section 1.3 Special Meetings.

(a) 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 which are entitled to vote for the election of Directors may call a special meeting of shareholders by providing a notice to the Secretary signed by the requisite number of shareholders and setting forth the information required by Section 1.2(b)(3).

(b) Each special meeting shall be held on such date, at such time and at such place, within or without the State of Missouri, as shall be determined by the Board of Directors; provided, however, the Secretary shall call a special meeting called by the shareholders not later than ninety (90) days after receipt of the shareholder notice.

(c) Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 1.4 Quorum.

(a) The holders of a majority of the shares entitled to vote at any meeting of the shareholders, present in person or by proxy, shall constitute a quorum, and, except as otherwise required by law, the Restated Articles of Incorporation or these Bylaws, the act of the majority of such quorum shall be deemed the act of the shareholders. The shareholders present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of such number of shareholders as to reduce the remaining shareholders to less than a quorum.

(b) Whether or not a quorum is present, the presiding officer shall have the power, except as otherwise provided by law, successively to adjourn the meeting to another place, date or time not longer than 90 days after each such adjournment, and no notice of any such adjournment need be given to shareholders if the place, date and time of the adjourned meeting are announced at the meeting at which the adjournment is taken. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 1.5 Qualification of Voters. The Board of Directors may fix a record day prior to the day of holding any meeting of the shareholders as the time as of which the shareholders are deemed shareholders of record. Only those persons who are shareholders of record shall be entitled to notice of, to attend and to vote, in person or by proxy, at such meeting; provided, however, no proxy shall be voted after 11 months from the date of its execution unless otherwise provided in the proxy.

Section 1.6 No Cumulative Voting. Shareholders do not have the right to cumulate their votes in any manner in connection with the election of Directors.

Section 1.7 Procedure. The Board Chair, or in his absence the Lead Director, or in his absence the Chief Executive Officer, or in his absence the President, or in his absence the Secretary, shall preside at an annual or special meeting of the shareholders. In the absence of all of the above named officers, the Board of Directors shall select the person to preside at any meeting of the shareholders. It shall be the duty of such presiding officer to preserve order and ensure that the meeting is conducted in a businesslike and proper

manner. The presiding officer shall have sole, complete and absolute authority to fully carry out his duties, including, without limitation, the power to postpone or adjourn the meeting from time to time if in his discretion such action is necessary or advisable to ensure order, to seek and receive advice of counsel, or to ensure fair and complete voting. The ruling of the presiding officer on any matter shall be final and conclusive. The presiding officer shall establish the order of business and such rules and procedures for the conduct of the meeting as in his sole, complete and absolute discretion he determines appropriate under the circumstances, including, without limitation, establishing (i) rules and procedures for maintaining order at the meeting and the safety of those present, (ii) limitations on participation in such meeting to shareholders of record, their duly authorized and constituted proxies and such other persons as the presiding officer shall permit, (iii) restrictions on entry to the meeting after the time fixed for the commencement thereof, (iv) limitations on the time allotted to questions or comments by participants, (v) regulation of the voting or balloting, as applicable, and (vi) determination of matters which are to be voted on by ballot, if any. Unless and to the extent determined by the Board of Directors or the presiding officer, meetings of shareholders shall not be required to be held in accordance with rules of parliamentary procedure.

Section 1.8 Certification of Votes. If the object of a shareholders' meeting be to elect Directors or to take a vote of the shareholders on any proposition, then the presiding officer shall appoint not less than two persons, who are not Directors, inspectors to receive and canvass the votes given at such meeting and certify the result to him. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties. Any report or certificate made by the inspectors shall be prima facie evidence on the facts stated therein.

Section 1.9 Transmittal of Notices.

(a) Notices to shareholders regarding the annual meeting or special meetings shall be in writing, shall provide the place, date and hour set for the meeting, shall be given no less than ten nor more than 70 days before the date of the meeting, by or at the direction of the Secretary, to each shareholder of record entitled to vote at such meeting.

(b) Notices to shareholders may be delivered in any reasonable manner including, but not limited to, U.S. mail, private courier, hand delivery or electronic transmission. An electronic transmission means any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval and reproduction of information by the recipient, including, but not limited to, facsimile transmission, telex, telegram and communication utilizing the internet. Notice by U.S. mail or private courier shall be deemed given when deposited with the postal service or courier. Notice by electronic transmission shall be deemed given when transmitted.

Section 1.10 Action By Consent. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if consents in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE 2. DIRECTORS

Section 2.1 Number, Election, Removal and Vacancies. The whole Board of Directors shall consist of not less than three nor more than 15 members, the exact number to be set from time to time by the Board of Directors. No decrease in the number of Directors shall shorten the term of any incumbent Director. The Directors shall be elected at the annual meeting of the shareholders, except as provided below, and each Director elected shall hold office until his successor is elected and qualified. Directors may be removed during their term only for cause and then only by the holders of a majority of the shares entitled to vote at an election of Directors, represented in person or by proxy at any duly constituted meeting of the shareholders called for the purpose of removing any such Directors. Vacancies on the Board of Directors and newly created

directorships resulting from any increase in the number of Directors may be filled by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director, until the next election of Directors by the shareholders.

Section 2.2 Advance Notice of Nominations.

(a) Nominations of individuals for election to the Board of Directors may be made at an annual meeting of shareholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of a majority of the Board of Directors, or (iii) by any shareholder in accordance with Section 2.2(b).

(b) For any nomination to be properly brought before an annual meeting by a shareholder:

(1) The shareholder must be a shareholder of record both at the time of giving of notice required in this Section 2.2(b) and at the time of the meeting.

(2) The Secretary must receive, at the principal executive offices of the Corporation, a written notice from the shareholder not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if (i) no annual meeting was held in the previous year or (ii) the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, notice by the shareholder 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. Neither an adjournment nor a postponement of an annual meeting (or an announcement thereof) shall begin a new time period for delivering a shareholder's notice.

(3) The shareholder's notice shall set forth:

(i) as to each proposed nominee (a) the name, age, business and residential addresses, and principal occupation or employment of each proposed nominee, (b) the nominee's Disclosable Interests, if any, as of the date of such notice, including without limitation any Disclosable Interests held by members of such nominee's immediate family sharing the same household (which information shall be supplemented by such nominee, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), (c) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships between or among such shareholder and beneficial owner, if any, and their respective affiliates or others acting in concert therewith (on the one hand) and each proposed nominee and his or her affiliates or others acting in concert therewith (on the other hand), including without limitation all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if the shareholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant, (d) all other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors in a contested election, or is otherwise required pursuant to Regulation 14A under the Exchange Act, and (e) the written consent of each proposed nominee to being named as a nominee in the proxy statement and to serve as a Director of the Corporation if so elected; and

(ii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, (a) the name and address of such shareholder and beneficial

owner, as they appear on the Corporation's books, (b) the shareholder's and beneficial owner's Disclosable Interests, if any, as of the date of such notice, including without limitation any Disclosable Interests held by members of such shareholder's immediate family sharing the same household (which information shall be supplemented by such shareholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), (c) a representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, (d) any other information that would be required to be provided by the shareholder or beneficial owner in a proxy statement or other filing required to be made in connection with solicitations of proxies for the proposal pursuant to Regulation 14A under the Exchange Act in such person's capacity as a proponent of a shareholder proposal, and (e) a representation as to whether the shareholder or the beneficial owner, if any, intends or is part of a group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee, or (ii) otherwise solicit proxies from shareholders in support of such nominee.

(4) Any proposed nominee shall furnish any information, in addition to that required above, to the Corporation as it may reasonably require to determine the eligibility of the proposed nominee to serve as an independent Director or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee.

(c) Nominations of individuals for election to the Board of Directors may be made at a special meeting of shareholders at which Directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of a majority of the Board of Directors, or (iii) provided that the Board of Directors has determined that Directors shall be elected at such special meeting, by any shareholder in accordance with Section 2.2(d).

(d) For any nomination to be properly brought before a special meeting by a shareholder:

(1) The shareholder must be a shareholder of record both at the time of giving of notice provided for in this Section 2.2(d) and at the time of the meeting.

(2) The Secretary must receive, at the principal executive offices of the Corporation, a written notice from the shareholder not later than the later of the 90th day prior to such special meeting or the tenth day following the public announcement of such special meeting. Such notice must contain the same information as required under Section 2.2(b)(3). Neither an adjournment nor a postponement of a special meeting (or an announcement thereof) shall begin a new time period for delivering a shareholder's notice.

(3) No other proposals of business by a shareholder, other than the nomination of persons for election to the Board of Directors requested by a shareholder, may be considered at the special meeting.

(4) Any proposed nominee shall furnish any information, in addition to that required above, to the Corporation as it may reasonably require to determine the eligibility of the proposed nominee to serve as an independent Director or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee.

(e) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.2 shall be eligible to serve as Directors. The presiding officer shall determine whether a nomination was

made in accordance with this Section 2.2 and, if any proposed nomination is not in compliance with this Section 2.2, to declare that such defective nomination be disregarded. The presiding officer shall have sole authority to decide questions of compliance with the foregoing procedures, and his ruling shall be final.

(f) Notwithstanding anything to the contrary in this Section 2.2, (i) unless the shareholder (or a qualified representative of the shareholder) appears at the applicable meeting of shareholders to present the nomination and another shareholder seconds the shareholder's motion, such nomination shall be disregarded, and (ii) a shareholder shall also comply with state law and the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.2.

Section 2.3 Qualification.

(a) Each Director upon reaching his 72nd birthday shall not thereafter stand for election to the Board of Directors at any meeting of shareholders. The application of this paragraph may be waived by the Board of Directors upon special request by the Board Chair, the Lead Director, the Chief Executive Officer or the President.

(b) No person shall be eligible to be elected and to hold office as a Director if such person is determined by a majority of the whole Board of Directors to have acted contrary to the best interests of the Corporation, including, but not limited to, (i) violation of either State or Federal law, (ii) maintenance of interests not properly authorized and in conflict with the interests of the Corporation, or (iii) breach of any agreement between such Director and the Corporation relating to such Director's services as a Director, employee or agent of the Corporation.

Section 2.4 Regular and Special Directors' Meetings.

(a) Regular meetings of the Board of Directors may be held at such time and at such place, within or without the State of Missouri, as shall from time to time be determined by the Board of Directors. No notice of regular meetings of the Board of Directors need be given.

(b) Special meetings of the Board of Directors may be called by the Board Chair, the Lead Director, Chief Executive Officer or the President, and shall be called by the Secretary on the written request of two or more Directors. Notice of any special meeting shall be given to each Director at such Director's last known address by telephone, electronic transmission or other means not later than the day preceding the date of the meeting. Attendance of a Director at any meeting shall constitute a waiver of notice of the meeting, except where a Director attends a meeting for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

(c) A majority of members of the Board of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but a lesser number may adjourn a meeting to another time or day if a quorum is not present. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Restated Articles of Incorporation, by these Bylaws or by law.

(d) Members of the Board of Directors or of any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting.

Section 2.5 Action By Consent. Any action which is required to be or may be taken at a meeting of the Directors may be taken without a meeting if consents in writing, setting forth the action so taken, are

signed by all the Directors. Any action which is required to be or may be taken at a meeting of a committee of Directors may be taken without a meeting if consents in writing, setting forth the action so taken, are signed by all the members of the committee.

Section 2.6 Committees.

(a) The Board of Directors shall have three standing committees—the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee—and may designate other committees in its discretion. Each committee shall consist of not less than two Directors and shall have such powers and duties as shall be delegated to it by the Board of Directors.

(b) Each member of such committee shall hold office at the pleasure of the Directors and may be removed by the Board of Directors at any time with or without cause. Vacancies occurring in any committee may be filled by the Board of Directors. During any vacancy on a committee, the remaining members shall have full power to act as the committee.

(c) Each committee may prescribe its own rules for calling and holding meetings and its method of procedure, subject, however, to any rules prescribed by the Board of Directors, and, if no such rules shall have been prescribed, the rules applicable to calling and holding of a meeting of the Board of Directors shall apply to the committee meetings.

(d) A quorum for any meeting of a committee shall consist of not less than a majority of the members in office at the time. A Director who may be disqualified, by reason of personal interest, from voting on any particular matter before a meeting of a committee may nevertheless be counted for the purpose of constituting a quorum of the committee. At each meeting of the committee at which a quorum is present, all questions and business shall be determined by the affirmative vote of not less than a majority of the members present.

(e) Notwithstanding anything to the contrary in this Section 2.6, no committee shall be empowered to elect Directors to fill vacancies among the Directors or on any committee of the Directors.

(f) Persons dealing with the Corporation shall be entitled to rely upon any action of a committee with the same force and effect as though such action had been taken by the Directors. Subject to the rights of third persons, any action of a committee shall be subject to revision or alteration by the Directors.

Section 2.7 Compensation of Directors. Directors and members of any committee of the Board of Directors shall be entitled to such reasonable compensation and fees for their services as such as shall be fixed from time to time by resolution of the Board of Directors and shall also be entitled to reimbursement for any reasonable expenses incurred in attending meetings of the Board of Directors and any committee thereof; provided, that nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 2.8 Honorary Directors. In addition to the Directors, there may be as many Honorary or Advisory Directors and Directors Emeritus as the Board of Directors may appoint. Honorary or Advisory Directors and Directors Emeritus (i) shall have no liability after they become such for the actions of the Board of Directors, (ii) shall be notified of all meetings of the Board of Directors in the same manner as the Directors, but shall not be required to attend any meeting of the Board of Directors, and (iii) shall not have the right to vote on matters before such meetings.

ARTICLE 3. OFFICERS

Section 3.1 Officers. The officers of the Corporation may include the Board Chair, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the President, one or more Vice Presidents, the Secretary, the Treasurer, and such other officers, assistant or deputy officers as may be appointed from time to time. Any two or more offices may be held by the same person. The officers of the Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices or as shall be specified from time to time by the Board of Directors or the Board Chair, regardless of whether such authority and duties are customarily incident to such office.

Section 3.2 Appointment. The officers of the Corporation shall be appointed by the Board of Directors. The Board of Directors may delegate its authority to appoint one or more officers to the Chief Executive Officer; provided, however, that the authority to appoint the Board Chair, the Chief Executive Officer, the President and the Secretary shall not be delegated. Each officer shall hold office until his or her death, resignation, retirement or removal or until such officer's successor is appointed.

Section 3.3 Removal. Any officer may be removed by the Board of Directors at any time, with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. In addition, any officer which the Chief Executive Officer has the authority to appoint may be removed by the Chief Executive Officer at any time, with or without cause. Election or appointment of an officer shall not of itself create contract rights.

ARTICLE 4. CERTIFICATES FOR SHARES

Section 4.1 Issuance of Certificates. The shares of the Corporation shall be represented by certificates, provided, however, that the Board of Directors may provide by resolution that some or all of any classes or series of the Corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate, in any form approved by the Board of Directors, certifying the number and class of shares owned by the shareholder in the Corporation, signed by (i) the Board Chair, the Chief Executive Officer, the President or a Vice President, and (ii) the Secretary or Treasurer or an Assistant Secretary or an Assistant Treasurer of the Corporation, and sealed with the seal of the Corporation which may be a facsimile engraved or printed. Each certificate representing shares shall state upon the face thereof that the Corporation is organized under the laws of the State of Missouri, the name of the person to whom issued, the number and class and the designation of the series, if any, which such certificate represents, and the par value of each share represented by such certificate or a statement that the shares are without par value.

If the certificate is countersigned by a transfer agent other than the Corporation or its employee, or by a registrar other than the Corporation or its employee, any other signature on the certificate maybe a facsimile signature, or may be engraved or printed. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on the certificate shall have ceased to be an officer, transfer agent or registrar before the certificate is issued, the certificate may nevertheless be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 4.2 Lost, Stolen, Destroyed or Mutilated Certificate. The holder of any shares of stock of the Corporation shall immediately notify the Corporation and its transfer agents and registrars, if any, of any loss, theft, destruction or mutilation of the certificates representing the same. The Corporation, acting through any of its duly authorized officers or other duly authorized employees, may direct a new certificate or

certificates or uncertificated shares to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen, destroyed or mutilated, upon the filing of an affidavit of that fact by the person claiming the certificate to be lost, stolen, destroyed or mutilated. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, destroyed or mutilated certificate or certificates, or the owner's legal representative, to advertise the same in such manner as the Corporation shall require and/or to give the Corporation a bond in such sum and in such form as the Corporation may direct, and with a surety or sureties which the Corporation finds satisfactory, as indemnity against any claim or liability that may be made against or incurred by the Corporation and its transfer agents and registrars, if any, with respect to the certificate alleged to have been lost, stolen, destroyed or mutilated.

Section 4.3 Transfer of Stock; Certificate Cancellation. The shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives. Upon transfer of certificated shares, the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers or to such other persons as the Board of Directors may designate, by whom they shall be cancelled and new certificates shall thereupon be issued. In the case of uncertificated shares, transfer shall be made only upon receipt of transfer documentation reasonably acceptable to the Corporation.

Section 4.4 Registered Owner. The Corporation shall be entitled to recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Missouri.

Section 4.5 Transfer Agents and Registrars. The Board of Directors may appoint one or more transfer agents or transfer clerks and one or more registrars which may be banks, trust companies or other financial institutions located within or without the State of Missouri; may define the authority of such transfer agents and registrars of transfers; may require all stock certificates to bear the signature of a transfer agent or registrar of transfers, or both; may impose such rules, regulations or procedures regarding uncertificated shares as it deems appropriate; and may change or remove any such transfer agent or registrar of transfers.

Section 4.6 Closing of Transfer Books and Fixing of Record Date. The Board of Directors shall have the power to close the transfer books of the Corporation for a period not exceeding 70 days prior to the date of any meeting of shareholders, or the date for payment of any dividend, or the date for all allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect. In lieu of so closing the transfer books, the Board of Directors may fix in advance a record date for the determination of the shareholders entitled to notice of and to vote at any meeting and any adjournment or postponement thereof, or entitled to receive payment of any dividend or any allotment of rights, or entitled to exercise the rights in respect of any change, conversion or exchange of shares, up to 70 days prior to the date of any meeting of shareholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect. In such case only the shareholders who are shareholders of record on the date of closing the share transfer books, or on the record date so fixed, shall be entitled to receive notice of and to vote at such meeting and any adjournment or postponement thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the date of closing of the transfer books or the record date. If the Board of Directors does not close the transfer books or set a record date for the determination of the shareholders entitled to notice of and to vote at any meeting of shareholders, only the shareholders who are shareholders of record at the close of business on the 20th day preceding the date of the meeting shall be entitled to notice of and to vote at the meeting and upon any adjournment or postponement of the meetings, except that if prior to the meeting

written waivers of notice of the meeting are signed and delivered to the Corporation by all of the shareholders of record at the time the meeting is convened, only the shareholders who are shareholders of record at the time the meeting is convened shall be entitled to vote at the meeting and any adjournment or postponement of the meeting.

ARTICLE 5. INDEMNIFICATION

Section 5.1 Right of Directors and Officers to Indemnification. Each person who was or is a Director or officer of the Corporation shall be indemnified by the Corporation as a matter of right to the fullest extent permitted or authorized by applicable law and as otherwise provided in Article VIII of the Corporation's Restated Articles of Incorporation.

The indemnification described in the preceding paragraph of this Article 5 shall pertain to all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person who was or is a party to or who was or is involved in any proceeding by reason of acts or omissions:

(a) in such person's capacity as or arising out of such person's status as (i) a Director or officer of the Corporation; or (ii) a Director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise when so serving at the request of the Corporation; or

(b) in any other capacity while holding the office of either Director or officer of the Corporation.

Section 5.2 Indemnification of Employees, Agents, Etc. Each person who was or is an employee or agent of the Corporation, or who was or is serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including the heirs, executors, administrators or estate of each such person) may, at the discretion of the Board of Directors, be indemnified by the Corporation to the same extent as provided herein with respect to any person who was or is a Director or officer of the Corporation.

Section 5.3 Right of Directors and Officers to Advance of Expenses. Expenses (including attorneys' fees) incurred by any person who was or is a Director or officer of the Corporation in defending any proceeding (including those by or in the right of the Corporation) shall be promptly advanced by the Corporation when so requested by such person at any time and from time to time, but only if the requesting person delivers to the Corporation an undertaking to repay to the Corporation all amounts so advanced if it should ultimately be determined that the requesting person is not entitled to be indemnified by the Corporation under the "indemnification sources" as defined below, agreement, vote of shareholders or disinterested Directors or otherwise.

Section 5.4 Right of Claimant to Bring Suit. If a claim for indemnification under Section 5.1 or 5.3, respectively, is not paid in full by the Corporation within 90 or 15 days, respectively, after a written claim has been received by the Corporation, the claimant may bring suit against the Corporation to recover the unpaid amount of the claim. If the claimant is successful in whole or in part in such suit, the claimant shall also be paid the expense of prosecuting such claim.

It shall be a defense to any suit seeking indemnification under Section 5.1 of these Bylaws that the claimant has not met the standards of conduct which make it permissible (under indemnification sources, agreement, vote of shareholders or disinterested Directors or otherwise) for the Corporation to indemnify the claimant. The failure of the Corporation (through its Directors, independent legal counsel or shareholders)

to make a determination before the commencement of such suit that indemnification of the claimant is proper under the circumstances (because the claimant has met the applicable standard of conduct) shall not be a defense to the claimant's action or create a presumption that the claimant has not met the applicable standard of conduct. Similarly, an actual determination by the Corporation that the claimant has not met such applicable standard of conduct, shall not be a defense to the claimant's action nor create a presumption that the claimant has not met the applicable standard of conduct.

Section 5.5 Definitions. In this Article the following terms have the following meanings:

(a) The term "applicable law" means (i) Section 351.355 of The Missouri General and Business Corporation Law (other than Subsection 6 thereof and any other Subsection comparable in purpose to Subsection 6) as in effect on May 7, 1986 and as thereafter amended (but in the case of any such amendment, only to the extent such amendment permits the Corporation to provide broader indemnification rights than The Missouri General and Business Corporation Law permitted the Corporation to provide immediately prior to such amendment) and (ii) any other statutory indemnification provisions adopted after May 7, 1986.

(b) The term "Directors" or "officers" of the Corporation shall include the heirs, executors, administrators and estate of each such person who was a Director or officer, which heirs, executors, administrators and estate shall succeed to all of the indemnification and other rights of such Director or officer.

(c) The term "proceedings" shall mean any threatened, pending or completed action, suit or other proceeding (including those by or in the right of the Corporation) whether civil, criminal, administrative or investigative.

(d) The term "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan.

(e) The term "indemnification sources" shall refer jointly and severally to applicable law as defined above, this Article 5 and Article VIII of the Corporation's Restated Articles of Incorporation.

(f) The term "other enterprise" shall include employee benefit plans.

(g) The term "serving at the request of the Corporation" shall include any service as a Director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such Director, officer, employee or agent with respect to any employee benefit plan, its participants or beneficiaries.

Section 5.6 Rights Not Exclusive. The indemnification and other rights provided by this Article and the other indemnification sources shall not be deemed exclusive of any other rights to which a Director or officer may be entitled under any agreement, vote of shareholders or disinterested Directors or otherwise, both as to action in such person's official capacity and as to action in any other capacity while holding the office of Director or officer, and the Corporation may, at its discretion, provide such indemnification and other rights by any agreements, vote of shareholders or disinterested Directors or otherwise.

Section 5.7 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who was or is a Director, officer, employee or agent of the Corporation, or was or is serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against or incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify

such person against such liability under these Bylaws, other indemnification sources, agreement, vote of shareholders or disinterested Directors or otherwise.

Section 5.8 Enforceability; Amendment. Each person who was or is a Director or officer of the Corporation is a third party beneficiary of this Article 5 and shall be entitled to enforce against the Corporation all indemnification and other rights provided or contemplated by this Article 5.

This Article 5 may be hereafter amended or repealed; provided, however, no such amendment or repeal shall reduce, terminate or otherwise adversely affect the right of any person who was or is a Director or officer (i) to obtain indemnification or an advance of expenses with respect to a proceeding that pertains to or arises out of actions or omissions that occurred prior to the “Deadline Indemnification Date” as defined in the next paragraph of this Section, or (ii) to bring suit with respect to the foregoing under Section 5.4 hereof.

The term “Deadline Indemnification Date” means the later of (a) the effective date of any amendment or repeal of this Article 5 which reduces, terminates or otherwise adversely affects the rights hereunder of any person who was or is a Director or officer; (b) the expiration date of such person’s then current term of office with, or service for, the Corporation (provided such person has a stated term of office or service and completes such term); or (c) the effective date such person resigns his office or terminates his service (provided such person has a stated term of office or service but resigns prior to the expiration of such term).

ARTICLE 6. GENERAL PROVISIONS

Section 6.1 Dividends. The Board of Directors may declare and the Corporation may pay dividends on its outstanding shares in cash, property, or its own shares pursuant to law and subject to the provisions of its Restated Articles of Incorporation.

Section 6.2 Reserves. The Board of Directors may by resolution create a reserve or reserves out of earned surplus for any purpose or purposes, and may abolish any such reserve in the same manner.

Section 6.3 Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors. In the absence of such resolution, the fiscal year of the Corporation shall be the calendar year.

Section 6.4 Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation and may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 6.5 Examination of Books. Any shareholder of record desiring to examine the books and records of the Corporation may do so during regular business hours at the office of the Corporation where such books and records are normally kept. No such shareholder, however, may remove any such books and records from such premises, and no such shareholder shall make alterations to such books or records, and in each instance of examination by such shareholder of such books or records, an officer or employee designated by an officer of the Corporation shall be present at all times during such examination, and the regular wage or salary of such officer or employee for the period of time spent in such examination shall be paid to the Corporation by such shareholder or shareholders making such examination. Notwithstanding any provision hereinabove to the contrary, no shareholder shall have the right to examine the books or the records of the Corporation if any officer of the Corporation determines, in his or her discretion, that such examination may be to the detriment or competitive disadvantage of the Corporation or if the purpose of such examination is improper.

Section 6.6 Amendments. These Bylaws may be altered, amended, or repealed, to the extent not prohibited by law or the Restated Articles of Incorporation, by the Board of Directors.

Section 6.7 Provisions Additional to Provisions of Law. All restrictions, limitations, requirements and other provisions of these Bylaws shall be construed, insofar as possible, as supplemental and additional to all provisions of law applicable to the subject matter thereof and shall be fully complied with in addition to the said provisions of law unless such compliance shall be illegal.

Section 6.8 Provisions Contrary to Provisions of Law. Any portion of these Bylaws which, upon being construed in the manner provided in Section 6.7 hereof, shall be contrary to or inconsistent with any applicable provisions of law, shall not apply so long as said provisions of law remain in effect, but such result shall not affect the validity or applicability of any other portion of these Bylaws, it being hereby declared that these Bylaws and each portion thereof would have been adopted, irrespective of the fact that any portion is illegal.

Approved: November 3, 2015

**Computation of Ratio of Earnings to
Fixed Charges**

(Amounts in millions of dollars)

	Nine Months Ended		Twelve Months Ended				
	September 30,		December 31,				
	2015	2014	2014	2013	2012	2011	2010
Earnings:							
Pre-tax income from continuing operations including equity-method investment earnings (a)	\$343.3	\$236.5	\$295.5	\$237.6	\$287.5	\$234.4	\$246.0
Add:							
Interest expense and amortization of interest rate swaps and debt discount and premium on all indebtedness (including amount capitalized)	32.9	31.5	42.3	45.2	44.0	38.8	38.1
Portion of rental expense under operating leases representative of an interest factor (b)	14.0	13.6	17.0	16.5	16.0	14.6	15.4
Amortization of capitalized interest	.7	.7	1.0	.9	.9	1.0	1.0
Less:							
Equity-method investment (earnings) loss	(.3)	(.2)	(.3)	(.5)	(.6)	(.4)	(.1)
Interest capitalized	(.4)	(.3)	(.5)	(.5)	(.6)	(.7)	(.4)
Total Earnings (c)	\$390.2	\$281.8	\$355.0	\$299.2	\$347.2	\$287.7	\$ 300.0
Fixed Charges:							
Interest expense and amortization of interest rate swaps and debt discount and premium on all indebtedness	\$32.5	\$31.2	\$41.8	\$44.7	\$43.4	\$38.1	\$37.7
Interest capitalized	.4	.3	.5	.5	.6	.7	.4
Portion of rental expense under operating leases representative of an interest factor (b)	14.0	13.6	17.0	16.5	16.0	14.6	15.4
Total Fixed Charges	\$ 46.9	\$ 45.1	\$ 59.3	\$ 61.7	\$ 60.0	\$ 53.4	\$ 53.5
Ratio of Earnings to Fixed Charges	8.3	6.2	6.0	4.8	5.8	5.4	5.6

(a) 2010 - 2012 amounts have been retrospectively adjusted to reflect the reclassification of certain operations to discontinued operations.

(b) Estimated portion of rent expense representing interest.

(c) Earnings consist principally of income from continuing operations before income taxes, plus fixed charges less capitalized interest. Fixed charges consist principally of interest costs.

CERTIFICATION

I, David S. Haffner, certify that:

1. I have reviewed this report on Form 10-Q 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: November 4, 2015

/S/ DAVID S. HAFFNER

David S. Haffner
Board Chair and Chief Executive Officer
Leggett & Platt, Incorporated

CERTIFICATION

I, Matthew C. Flanigan, certify that:

1. I have reviewed this report on Form 10-Q 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: November 4, 2015

/S/ MATTHEW C. FLANIGAN

Matthew C. Flanigan
Executive Vice President and Chief Financial Officer
Leggett & Platt, Incorporated

**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 Quarterly Report of Leggett & Platt, Incorporated (the "Company") on Form 10-Q for the period ended September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David S. Haffner, 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/ DAVID S. HAFFNER

David S. Haffner

Board Chair and Chief Executive Officer

November 4, 2015

**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 Quarterly Report of Leggett & Platt, Incorporated (the "Company") on Form 10-Q for the period ended September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew C. Flanigan, 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/ MATTHEW C. FLANIGAN

Matthew C. Flanigan

Executive Vice President and Chief Financial Officer

November 4, 2015

