LEGGETT & PLATT INC
Form 10-K
February 26, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)

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

For the fiscal year ended December 31, 2013
OR

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

For the transition period from to .
Commission File Number 001-07845
LEGGETT & PLATT, INCORPORATED
(Exact name of registrant as specified in its charter)

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

Registrant’s telephone number, including area code: (417) 358-8131
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No ý
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 ý 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 ý No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨
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 filerx	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 Act). Yes ¨ No ý

The aggregate market value of the voting stock held by non-affiliates of the registrant (based on the closing price of our common stock on the New York Stock Exchange) on June 28, 2013 was $4,242,267,870.

There were 138,895,256 shares of the registrant's common stock outstanding as of February 14, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

Part of Item 10, and all of Items 11, 12, 13 and 14 of Part III are incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 7, 2014.

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Forward-Looking Statements

This Annual Report on Form 10-K and our other public disclosures, whether written or oral, may contain "forward-looking" statements including, but not limited to: projections of revenue, income, earnings, capital expenditures, dividends, capital structure, cash flows 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 this Form 10-K for a description of important factors that could cause actual events or results to differ materially from forward-looking statements. It is not possible to anticipate and list all risks, uncertainties and developments which may affect the future operations or performance of the Company, or which otherwise may cause actual events or results to differ materially from forward-looking statements. However, the known, material risks and uncertainties include the following:

- 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;
- our ability to control expenses related to "conflict mineral" regulations and to effectively manage our supply chains to avoid loss of customers;
- decisions from the Department of Commerce and International Trade Commission regarding the extension of antidumping duties on imported mattress innersprings from China, South Africa and Vietnam; and

- litigation including product liability and warranty, taxation, environmental, intellectual property, antitrust, option backdating and workers' compensation expense.

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Item 1. Business.

Summary

Leggett & Platt, Incorporated was founded as a partnership in Carthage, Missouri in 1883 and was incorporated in 1901. The Company, a pioneer of the steel coil bedspring, has become an international diversified manufacturer that conceives, designs and produces a wide range of engineered components and products found in many homes, offices, retail stores, automobiles and commercial aircraft. As discussed below, our operations are organized into 20 business units, which are divided into 10 groups under our four segments: Residential Furnishings; Commercial Fixturing & Components; Industrial Materials; and Specialized Products.

Overview of Our Segments

Residential Furnishings Segment

Our Residential Furnishings segment began in 1883 with the manufacture of steel coiled bedsprings. Today, we supply a variety of components used by bedding and upholstered furniture manufacturers in the assembly of their finished products. Our range of products offers our customers a single source for many of their component needs.

Efficient manufacturing methods, internal production of key raw materials and machinery, and numerous manufacturing and assembly locations allow us to supply many customers with components at a lower cost than they can produce themselves. In addition to cost savings, sourcing components from us allows our customers to focus on designing, merchandising and marketing their products.

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Products

Products manufactured or distributed by our Residential Furnishings groups include:

Bedding Group
- Innersprings (sets of steel coils, bound together, that form the core of a mattress)
- Wire forms for mattress foundations

Furniture Group
- Steel mechanisms and hardware (enabling furniture to recline, tilt, swivel, rock and elevate) for reclining chairs and sleeper sofas
- Springs and seat suspensions for chairs, sofas and love seats
- Steel tubular seat frames
- Bed frames, ornamental beds, and "top-of-bed" accessories
- Adjustable beds

Fabric & Carpet Underlay Group
- Structural fabrics for mattresses, residential furniture and industrial uses
- Carpet underlay materials (bonded scrap foam, felt, rubber and prime foam)
- Geo components (synthetic fabrics and various other products used in ground stabilization, drainage protection, erosion and weed control, as well as silt fencing)

Customers

- Manufacturers of finished bedding (mattresses and foundations) and upholstered furniture
- Retailers and distributors of adjustable and ornamental beds, bed frames and carpet underlay
- Contractors, landscapers, road construction companies and government agencies using geo components

Commercial Fixturing & Components Segment

Our Store Fixtures group designs, produces, installs and manages our customers' store fixtures projects. Our Office Furniture Components group designs, manufactures, and distributes a wide range of engineered components and products primarily for the office seating market.

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Products

Products manufactured or distributed by our Commercial Fixturing & Components groups include:

Store Fixtures Group
- Custom-designed, full store fixture packages for retailers, including shelving, counters, showcases and garment racks
- Standardized shelving used by large retailers, grocery stores and discount chains

Office Furniture Components Group
- Bases, columns, back rests, casters and frames for office chairs, and control devices that allow office chairs to tilt, swivel and elevate
- Select lines of private label finished furniture

Customers

Customers of the Commercial Fixturing & Components segment include:
- Retail chains and specialty shops
- Office, institutional and commercial furniture manufacturers

Industrial Materials Segment

We believe that the quality of our products and services, together with low cost, have made us the leading U.S. supplier of drawn steel wire. Our Wire group operates a steel rod mill with an annual output of approximately 500,000 tons, of which a substantial majority is used by our own wire mills. We have four wire mills that supply virtually all the wire consumed by our other domestic businesses. Our Steel Tubing business unit also supplies a portion of our internal needs for welded steel tubing. In addition to supporting our internal requirements, we supply many external customers with wire and steel tubing products.

In 2012, we completed the acquisition of Western Pneumatic Tube (Western). Western is a leading provider of integral components for critical aircraft systems, and formed the Aerospace Products business unit within the Tubing Group. Western specializes in fabricating thin-walled, large diameter, welded tubing and specialty formed products from titanium, nickel and other specialty materials for leading aerospace suppliers and OEMs. In 2013, we expanded our Aerospace Products business unit with the acquisition of two companies. The first was a UK-based business that extended our capability in aerospace tube fabrication. The second was a French-based company that

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added small-diameter, high-pressure seamless tubing to our product portfolio. For further information about acquisitions, see Note R on page 109 of the Notes to Consolidated Financial Statements.

Products

Products manufactured or distributed by our Industrial Materials groups include:

Wire Group
- Steel rod
- Drawn wire
- Steel billets
- Fabricated wire products

Tubing Group
- Welded steel tubing
- Fabricated tube components
- Titanium and nickel tubing for the aerospace industry

Customers

We use about half of our wire output and roughly 15-20% of our steel tubing output to manufacture our own products. For example, we use our wire and steel tubing to make:

- Bedding and furniture components
- Motion furniture mechanisms
- Commercial fixtures and shelving
- Automotive seat components

The Industrial Materials segment also has a diverse group of external customers, including:
- Bedding and furniture makers
- Automotive seating manufacturers
- Aerospace suppliers and OEMs
- Mechanical spring makers
- Waste recyclers and waste removal businesses

Specialized Products Segment

Our Specialized Products segment designs, produces and sells components for automotive seating, specialized machinery and equipment, and service van interiors. Our established design capability and focus on product development have made us a leader in innovation. We also benefit from our broad geographic presence and our internal production of key raw materials and components.

Products

Products manufactured or distributed by our Specialized Products groups include:

Automotive Group
- Manual and power lumbar support and massage systems for automotive seating
- Seat suspension systems
- Automotive control cables
- Low voltage motors and motion assemblies
- Formed metal and wire components for seat frames

Machinery Group
- Full range of quilting machines for mattress covers
- Machines used to shape wire into various types of springs
- Industrial sewing/finishing machines

Commercial Vehicle Products Group
- Van interiors (the racks, shelving and cabinets installed in service vans)

Customers

Our primary customers for the Specialized Products segment include:
- Automobile seating manufacturers
- Bedding manufacturers
- Telecommunication, cable, home service and delivery companies

Strategic Direction

Key Financial Metric

Total Shareholder Return (TSR), relative to peer companies, is the key financial measure that we use to assess long-term performance. TSR = (Change in Stock Price + Dividends)/Beginning Stock Price). Our goal is to achieve TSR in the top 1/3 of the S&P 500 companies over rolling three-year periods through a balanced approach that employs all four TSR sources: revenue growth, margin expansion, dividends, and share repurchases. For the three-year measurement period that ended December 31, 2013 we generated TSR of 56% (16% per year on average), which placed us in the top one half of the S&P 500.

Our incentive programs reward return generation and profitable growth. Senior executives participate in a TSR-based incentive program (based on our performance compared to a group of approximately 320 peers). Business unit bonuses emphasize the achievement of higher returns on the assets under the unit’s direct control.

Returning Cash to Shareholders

During the past three years, we generated $1.2 billion of operating cash, and we returned much of this cash to shareholders in the form of dividends and share repurchases. Dividends and share repurchases are expected to remain significant contributors to long-term TSR.

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We currently pay a quarterly dividend of $.30 per share. Our dividend payout target is 50-60% of earnings; however we have been above that target in recent years. Our dividend payout ratio (dividends declared per share/earnings per share) was 106%, 67% and 88% in 2011, 2012 and 2013, respectively. As our markets recover, we expect to move into our target payout range. In the meantime, we expect to generate enough cash to continue to pay and modestly grow the dividend. The Company has consistently (for over 20 years) generated operating cash in excess of our annual requirement for capital expenditures and dividends.

We expect to use cash (after repayment of debt and funding capital expenditures, dividends, and growth opportunities) for share repurchases. During the past three years, we have repurchased 18 million shares of our stock (and issued 11 million shares through employee benefit plans), which reduced the net outstanding shares by approximately 5%. In 2013, we repurchased 6 million shares at an average per share price of $30.81 (and issued 3 million shares through employee benefit plans). In 2013, our shares outstanding was reduced by approximately 2% to 139.4 million at year-end.

Portfolio Management

We utilize a rigorous strategic planning process to help guide future decisions regarding business unit roles, capital allocation priorities, and new areas in which to grow. We review the portfolio classification of each unit on an annual basis to determine its appropriate role (Grow, Core, Fix, or Divest). This review includes criteria such as competitive position, market attractiveness, business unit size, and fit within our overall objectives, as well as financial indicators such as growth of EBIT (earnings before interest and taxes) and EBITDA (earnings before interest, taxes, depreciation and amortization), operating cash flows, and return on assets. Business units in the Grow category should provide avenues for profitable growth from competitively advantaged positions in attractive markets. Core business units are expected to enhance productivity, maintain market share, and generate cash flow from operations while using minimal capital. To remain in the portfolio, business units are expected to consistently generate after-tax returns in excess of our cost of capital. Business units that fail to consistently attain minimum return goals will be moved to the Fix or Divest categories.

Disciplined Growth

Long-term, we aim to achieve consistent, profitable growth of 4-5% annually. To attain this goal, we will need to supplement the approximate 2-3% growth that our markets typically produce (in normal economic times) with two additional areas of opportunity. First, we must enhance our success rate at developing and commercializing innovative new products within markets in which we already enjoy strong competitive positions. Second, we need to uncover new growth platforms: opportunities in markets new to us containing margins and growth higher than the Company's average, and in which we would possess a competitive advantage.

Our long-term, 4-5% annual growth objective envisions periodic acquisitions. We seek acquisitions within our Grow businesses, and look for opportunities to enter new, higher growth markets (carefully screened for sustainable competitive advantage). We expect all acquisitions to (a) have a clear strategic rationale, a sustainable competitive advantage, a strong fit with the Company, and be in an attractive and growing market; (b) create value by enhancing Total Shareholder Return; (c) for stand-alone companies: generally, revenue in excess of $50 million, strong management and future growth opportunity with a strong market position in a market growing faster than GDP; and (d) for add-on companies: generally, revenue in excess of $15 million, significant synergies, and a strategic fit with an existing business unit.

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Acquisitions

In 2013, we expanded our Aerospace Products business unit with the acquisition of two companies. The first was a UK-based business acquired in May that extended our capability in aerospace tube fabrication. The second was a French-based company acquired in July that added small-diameter, high-pressure seamless tubing to our product portfolio. With these acquisitions, our Aerospace Products business unit, which is part of the Industrial Materials segment, has an annual revenue run rate in excess of $120 million.

In 2012, we acquired for a cash purchase price of $188 million, Western Pneumatic Tube, which produces thin-walled, large diameter, welded tubing and specialty formed products for aerospace applications. Western fabricates products from specialty materials, such as titanium, nickel, stainless steel, and other high strength metals for use in aircraft systems, including fuel, hydraulic, pneumatic, environmental, life support, stability, and cooling systems. Western operates two facilities, one in Kirkland, Washington, and another in Poway, California, and is part of the Aerospace Products business unit.

We had no significant acquisitions in 2011.

For further information about acquisitions, see Note R on page 109 of the Notes to Consolidated Financial Statements.

Divestitures

There were no significant divestitures in 2011, 2012 or 2013.

For further information about divestitures and discontinued operations, see Note B on page 78 of the Notes to Consolidated Financial Statements.

Segment Financial Information

For information about sales to external customers, sales by product line, EBIT, and total assets of each of our segments, refer to Note F on page 84 of the Notes to Consolidated Financial Statements.

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Foreign Operations

The percentages of our external sales related to products manufactured outside the United States for the previous three years are shown below.

Our international operations are principally located in China, Europe, Canada and Mexico. The products we make in these countries primarily consist of:

China
- Innersprings for mattresses
- Recliner mechanisms and bases for upholstered furniture
- Formed wire for upholstered furniture
- Retail store fixtures and gondola shelving
- Office furniture components, including chair bases and casters
- Formed metal products, lumbar and seat suspension systems for automotive seating
- Cables and small electric motors used in lumbar systems for automotive seating
- Machinery and replacement parts for machines used in the bedding industry

Europe
- Innersprings for mattresses
- Wire and wire products
- Seamless tubing and specialty formed products for aerospace applications
- Lumbar and seat suspension systems for automotive seating
- Machinery and equipment designed to manufacture innersprings for mattresses and other bedding-related components

Canada
- Fabricated wire for the furniture and automotive industries
- Chair bases, table bases and office chair controls
- Lumbar supports for automotive seats
- Wire and steel storage systems and racks for service vans and utility vehicles

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Mexico
- Innersprings and fabricated wire for the bedding industry
- Retail point-of-purchase displays
- Automotive control cable systems and seating components
- Shafts for the appliance industry

Our international expansion strategy is to locate our operations where we believe we would possess a competitive advantage and where demand for components is growing. Also, in instances where our customers move the production of their finished products overseas, we have located facilities nearby to supply them more efficiently.

Our international operations face the risks associated with any operation in a foreign country. These risks include:
- Foreign currency fluctuation
- Foreign legal systems that make it difficult to protect intellectual property and enforce contract rights
- Credit risks
- Increased costs due to tariffs, customs and shipping rates
- Potential problems obtaining raw materials, and disruptions related to the availability of electricity and transportation during times of crisis or war
- Inconsistent interpretation and enforcement, at times, of foreign tax laws
- Political instability in certain countries

Our Specialized Products segment, which derives roughly 76% of its trade sales from foreign operations, is particularly subject to the above risks. These and other foreign-related risks could result in cost increases, reduced profits, the inability to carry on our foreign operations and other adverse effects on our business.

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Geographic Areas of Operation

We have manufacturing facilities in countries around the world, as shown below.

	Residential Furnishings	Commercial Fixturing & Components	Industrial Materials	Specialized Products
North America				
Canada	n	n		n
Mexico	n		n	n
United States	n	n	n	n
Europe				
Austria				n
Belgium				n
Croatia	n			n
Denmark	n			
France			n	
Germany				n
Hungary				n
Italy		n		n
Switzerland				n
United Kingdom	n		n	n
South America				
Brazil	n			
Asia				
China	n	n		n
India				n
South Korea				n
Africa				
South Africa	n			

For further information concerning our external sales related to products manufactured outside the United States and our tangible long-lived assets outside the United States, refer to Note F on page 84 of the Notes to Consolidated Financial Statements.

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Sales by Product Line

The following table shows our approximate percentage of external sales by classes of similar products for the last three years:

Product Line	2013	2012	2011
Furniture Group	18 %	18 %	18 %
Bedding Group	18	18	18
Fabric & Carpet Underlay Group	16	15	15
Automotive Group	13	13	12
Wire Group	12	12	14
Store Fixtures Group	7	8	9
Tubing Group	5	4	2
Office Furniture Components Group	5	5	5
Machinery Group	3	3	3
Commercial Vehicle Products Group	3	4	4

Distribution of Products

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

Raw Materials

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

- Various types of steel, including scrap, rod, wire, coil, sheet, stainless and angle iron
- Foam scrap
- Woven and non-woven fabrics
- Titanium and nickel-based alloys and other high strength metals

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

- Innersprings and foundations for mattresses
- Springs and seat suspensions for chairs and sofas
- Automotive seating components

We supply a substantial majority of our domestic steel rod requirements through our own rod mill. Our wire drawing mills supply nearly all of our U.S. requirements for steel wire. We also produce welded steel tubing, both for our own consumption and for sale to external customers.

Customer Concentration

We serve thousands of customers worldwide, sustaining many long-term business relationships. In 2013, our largest customer accounted for approximately 6% of our consolidated revenues. Our top 10 customers accounted for approximately 23% of these consolidated revenues. The loss of one or more of these customers could have a

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material adverse effect on the Company, as a whole, or on the respective segment in which the customer's sales are reported, including our Residential Furnishings, Commercial Fixturing & Components and Specialized Products segments.

Patents and Trademarks

The chart below shows the approximate number of patents issued, patents in process, trademarks registered and trademarks in process held by our operations as of December 31, 2013. No single patent or group of patents, or trademark or group of trademarks, is material to our operations, as a whole. Most of our patents relate to products sold in the Specialized Products segment, while a substantial majority of our trademarks relate to products sold in the Residential Furnishings and Specialized Products segments.

Some of our most significant trademarks include:

- Semi-Flex® (box spring components and foundations)
- Mira-Coil®, VertiCoil®, Lura-Flex®, Superlastic® and Comfort Core® (mattress innersprings)
- Active Support Technology® (mattress innersprings)
- Wall Hugger® (recliner chair mechanisms)
- Super Sagless® (motion and sofa sleeper mechanisms)
- No-Sag® (wire forms used in seating)
- Tack & Jump® and Pattern Link® (quilting machines)
- Hanes® (fiber materials)
- Schukra®, Pullmaflex® and Flex-O-Lator® (automotive seating products)
- Spuhl® (mattress innerspring manufacturing machines)
- Gribetz® and Porter® (quilting and sewing machines)
- Quietflex® and Masterack® (equipment and accessories for vans and trucks)

Research and Development

We maintain research, development and testing centers in Carthage, Missouri and at many of our other facilities. We are unable to calculate precisely the cost of research and development because the personnel involved in product and machinery development also spend portions of their time in other areas. However, we estimate the cost of research and development was $20 million in 2011, $22 million in 2012 and $24 million in 2013.

Employees

As of December 31, 2013, we had approximately 18,800 employees, of which roughly 13,200 were engaged in production. Of the 18,800, approximately 9,100 were international employees (5,200 in China). Roughly 14% of our employees are represented by labor unions that collectively bargain for work conditions, wages or other issues. We did not experience any material work stoppage related to contract negotiations with labor unions during 2013. Management is not aware of any circumstances likely to result in a material work stoppage related to contract negotiations with labor unions during 2014. The chart below shows the approximate number of employees by segment.

As of December 31, 2012, we had approximately 18,300 employees.

Competition

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

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

- Components for residential furniture and bedding
- Carpet underlay
- Adjustable bed bases

- Components for office furniture
- Drawn steel wire
- Automotive seat support and lumbar systems
- Bedding industry machinery for wire forming, sewing and quilting
- Thin-walled, titanium, nickel and other specialty tubing for the aerospace industry

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 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 also reacted to foreign competition in certain cases, by selectively adjusting prices, and by developing new proprietary products that help our customers reduce total costs.

Premium non-innerspring mattresses (those that have either a foam or air core) experienced rapid growth in the U.S. bedding market in recent years. These products represent a relatively small portion of the bedding market in units (approximately 10%-12%), but comprise a larger portion of the market in dollars (approximately 25%-30%) due to their higher average selling prices. In 2013, non-innerspring mattress sales declined and the proportion of the total bedding market that they represent also decreased. Most traditional bedding manufacturers (who are our customers) now offer mattresses that combine an innerspring core with top layers comprised of specialty foam and gel. These hybrid products, which allow our customers to address a consumer preference for the feel of a specialty mattress and the characteristics of an innerspring, have been well received by consumers.

For the past five years, there have been antidumping duty orders on innerspring imports from China, South Africa and Vietnam, ranging from 116% to 234%. The orders remain in effect while the Department of Commerce (DOC) and the International Trade Commission (ITC) conduct separate reviews to determine whether to extend the duties through February 2019 (for China) and December 2018 (for South Africa and Vietnam). If it is determined that the revocation of the duties would likely lead to the continuation or recurrence of dumping of innersprings (determined by the DOC) and material injury to the U.S. innerspring industry (determined by the ITC), the duties will be extended. We believe that, without the extension, it is likely that dumping will recur and the U.S. innerspring industry will be materially injured. As a result, we are actively participating in the DOC and ITC reviews. We expect the DOC and ITC to issue their respective determinations in March 2014. If the duties are not extended, they will be retroactively revoked to February 2014 (for China) and December 2013 (for South Africa and Vietnam).

In addition, because of the documented evasion of antidumping orders by shipping of goods through third countries and falsely identifying the countries of origin, Leggett, 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.

Seasonality

As a diversified manufacturer, we generally have not experienced significant seasonality. The timing of acquisitions, dispositions, and economic factors in any year can distort the underlying seasonality in certain of our businesses. Historically, for the Company as a whole, the second and third quarters typically have proportionately greater sales, while the first and fourth quarters are generally lower.

- Residential Furnishings: typically does not exhibit any significant seasonality, except for a reduction in fourth quarter sales.

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- Commercial Fixturing & Components: generally has stronger third quarter sales of its store fixture products, with the fourth quarter significantly lower. This aligns with the retail industry's normal construction cycle—the opening of new stores and completion of remodeling projects in advance of the holiday season.
- Industrial Materials: minimal variation in sales throughout the year.
- Specialized Products: relatively little quarter-to-quarter variation in sales, although the automotive business is typically somewhat heavier in the second and fourth quarters of the year and lower in the third quarter due to model changeovers and plant shutdowns in the automobile industry during the summer.

Backlog

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

Working Capital Items

For information regarding working capital items, see the discussion of "Cash from Operations" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations on page 39.

Government Contracts

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

Environmental Regulation

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

Internet Access to Information

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

Discontinued Operations

Some of our prior businesses are disclosed in our annual financial statements as discontinued operations since (i) the operations and cash flows of the businesses were clearly distinguished and have been or will be

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eliminated from our ongoing operations; (ii) the businesses have either been disposed of or are classified as held for sale; and (iii) we will not have any significant continuing involvement in the operations of the businesses after the disposal transactions.

For information on discontinued operations, see Note B on page 78 of the Notes to Consolidated Financial Statements.

Item 1A. Risk Factors.

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

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

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

Demand weakness in our markets can lead to lower unit orders, sales and earnings in our businesses. Several factors, including a weak global economy, a depressed housing market, or low consumer confidence could contribute to conservative spending habits by consumers around the world. Short lead times in most of our markets allow for limited visibility into demand trends. Many consumers continue to postpone spending on larger ticket items such as bedding and furniture. If economic and market conditions deteriorate, we may experience material negative impacts on our business, financial condition, operating cash flows and results of operations.

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. In late 2013, steel costs increased unexpectedly, and the timing of the increase (late in the year) resulted in a concentration of LIFO expense in the fourth quarter. We are implementing price increases in early 2014 to recover these higher costs. Our operations can also be impacted by changes in the cost of fabrics and foam scrap. We experienced significant fluctuations in the cost of these commodities in recent years.

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). In the later half of 2013, metal margins within our rod production operation were compressed due to downward pressure on steel rod prices from Chinese imports. Also, if scrap costs raise more rapidly than the price of steel rod, the metal margins will be compressed. In either instance, compressed metal margins could negatively impact our result of operations.

Higher raw material costs in recent 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. This trend could further negatively impact our results of operations.

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

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

Premium non-innerspring mattresses (those that have either a foam or air core) have experienced rapid growth in the U.S. bedding market in recent years. While still a relatively small portion of the total market in units (approximately 10%-12%), these products represent a much larger portion of the total market in dollars (approximately 25%-30%) due to their higher average selling prices. If sales of foam or air core mattresses continue to grow appreciably, it could reduce our market share in the U.S. bedding market, and negatively impact our sales and earnings.

The revocation of duties on imports of innersprings from China, South Africa and Vietnam could reduce our market share, sales, profit margins and earnings.

For the past five years, there have been antidumping duty orders on innerspring imports from China, South Africa and Vietnam, ranging from 116% to 234%. The orders remain in effect while the Department of Commerce (DOC) and the International Trade Commission (ITC) conduct separate reviews to determine whether to extend the duties through early 2019 (for China) and late 2018 (for South Africa and Vietnam). If it is determined that the revocation of the duties would likely lead to the continuation or recurrence of dumping of innersprings (determined by the DOC) and material injury to the U.S. innerspring industry (determined by the ITC), the duties will be extended. We believe that, without the extension, it is likely that dumping will recur and the U.S. innerspring industry will be materially injured. As a result, we are actively participating in the DOC and ITC reviews. We expect the DOC and ITC to issue their respective determinations in March 2014. If the DOC and ITC revoke the duties it could reduce our share in the innersprings market, our sales, profit margins and earnings.

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

A significant portion of our assets consists of goodwill and other long-lived assets, the carrying value of which may be reduced if we determine that those assets are impaired. At December 31, 2013, goodwill and other intangible assets represented approximately $1.1 billion, or approximately 36% of our total assets. In addition, net property, plant and equipment and sundry assets totaled approximately $696 million, or approximately 22% of total assets. If actual results differ from the assumptions and estimates used in the goodwill and long-lived asset valuation calculations, we could incur impairment charges, which could negatively impact our earnings.

We review our ten 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 annual goodwill impairment review performed in June 2013 indicated no goodwill impairments, but fair market value for one of our ten reporting units (Store Fixtures) exceeded book value by approximately 18%. The goodwill associated with the Store Fixtures reporting unit was approximately $109 million at December 31, 2013. The unit is dependent upon capital spending by retailers on both new stores and remodeling of existing stores. Although 2012 performance was better than expected, 2013 fell short of expectations. The predictability of future results is less certain than that of our other reporting units due to the project nature of this business. If we are not able to achieve projected performance levels in Store Fixtures, future impairments could be possible, which would negatively impact our earnings.

We had been reviewing the Commercial Vehicle Products (CVP) group, which is part of the Specialized Products segment, as part of our ongoing strategic planning process with one possible strategic alternative being to divest all or part of the group. During this process, an unexpected decline in CVP group sales, earnings and operating cash flows occurred. Consequently, we received a lower than previously expected indication of value relating to the potential disposition of the business. As a result, we conducted an interim valuation of the CVP group goodwill and other long-lived assets and, in December, concluded that an impairment charge was required primarily relating to goodwill of the CVP group. We recorded a goodwill impairment charge of $63 million in the fourth quarter. A further decline in the CVP group business could result in future impairments which would negatively impact our earnings.

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

We expect that international sales will continue to represent a significant percentage of our total sales, which exposes us to currency exchange rate fluctuations. In 2013, 28% of our sales were generated by international operations. The revenues and expenses of our foreign operations are generally denominated in local currencies; however, certain of our operations experience currency-related gains and losses where sales or purchases are denominated in currencies other than their local currency. Further, our competitive position may be affected by the relative strength of the currencies in countries where our products are sold. Foreign currency exchange risks inherent in doing business in foreign countries may have a material adverse effect on our future operations and financial results.

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

We rely on information systems to obtain, process, analyze and manage data, as well as to facilitate the manufacture and distribution of inventory to and from our facilities. We receive, process and ship orders, manage the billing of, and collections from, our customers, and manage the accounting for, and payment to, our vendors. Security breaches of this infrastructure can create system disruptions or unauthorized disclosure of confidential information. If this occurs, our operations could be disrupted, or we may suffer financial loss because of lost or misappropriated information. We cannot be certain that advances in criminal capabilities or new discoveries in the field of cryptography will not compromise our technology protecting information systems. If these systems are interrupted or damaged by these events or fail for any extended period of time, then our results of operations could be adversely affected.

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

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

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We are exposed to legal contingencies related to various lawsuits and other claims that, if realized, could have a material negative impact on our earnings and cash flows.

We are a defendant in various legal proceedings, including antitrust lawsuits related to the alleged price fixing of prime foam and carpet underlay products, and other proceedings and claims. 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 liabilities in the financial statements and make charges against earnings. If our assumptions or analysis regarding these contingencies is incorrect, we could incur damages which could have a material negative impact on our earnings and cash flows.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company's corporate office is located in Carthage, Missouri. We currently have 131 manufacturing locations, of which 85 are located across the United States and 46 are located in 17 foreign countries. We also have various sales, warehouse and administrative facilities. However, our manufacturing plants are our most important properties.

Manufacturing Locations by Segment

		Subtotals by Segment			
Manufacturing Locations	Company-Wide	Residential Furnishings	Commercial Fixturing & Components	Industrial Materials	Specialized Products
United States	85	50	10	12	13
Europe	17	3	1	3	10
Asia	14	4	2	—	8
Canada	8	2	2	—	4
Mexico	5	2	—	1	2
Other	2	2	—	—	—
Total	131	63	15	16	37

Manufacturing locations that we own produced approximately 70% of our sales in 2013. We also lease many of our manufacturing, warehouse and other facilities on terms that vary by lease (including purchase options, renewals and maintenance costs). For additional information regarding lease obligations, see Note K on page 92 of the Notes to Consolidated Financial Statements.

In the opinion of management, the Company's owned and leased facilities are suitable and adequate for the manufacture, assembly and distribution of our products. Our properties are located to allow quick and efficient delivery of products and services to our diverse customer base. Our productive capacity, in general, continues to exceed current operating levels. With our current utilization levels, we should be able to increase unit sales by approximately $400 million (based on current sales mix) without the need for large capital investment.

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Item 3. Legal Proceedings.

The information in Note T beginning on page 113 of the Notes to Consolidated Financial Statements is incorporated into this section by reference.

Environmental Matter Involving Potential Monetary Sanctions of $100,000 or More
On March 27, 2013, Region 5 of the U.S. Environmental Protection Agency issued a Notice of Violation("NOV") 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 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.

Sterling intends to vigorously defend these matters in any enforcement action that may be pursued by the EPA. The EPA did not specify any amount of penalty or injunctive relief being sought in the NOV, 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.

Sunset Review Regarding Extension of Antidumping Duties on Innerspring Imports

For the past five years, there have been antidumping duty orders on innerspring imports from China, South Africa and Vietnam, ranging from 116% to 234%. The orders remain in effect while the U.S. Department of Commerce (DOC) and the International Trade Commission (ITC) each conduct separate reviews (one for each country) to determine whether to extend the duties through February 2019 (for China) and December 2018 (for South Africa and Vietnam). The DOC reviews (Case Nos. A-570-928; A-791-821; and A-552-803) and ITC reviews (Investigation Nos. 731-TA-1140; 731-TA-1141; and 731-TA-1142) were self-initiated on November 1, 2013. We filed three Statements of Intent to Participate in the DOC reviews on December 2, 2013 (one for each country). We also filed a Statement of Willingness to Participate in the ITC reviews on December 2, 2013 (one collective filing).

If it is determined that the revocation of the duties would likely lead to the continuation or recurrence of dumping of innersprings (determined by the DOC) and material injury to the U.S. innerspring industry (determined by the ITC), the duties will be extended. We have argued that, without the extension, it is likely that dumping will recur, the U.S. innerspring industry will be materially injured, and, as such, the duty orders should be extended. If the orders are revoked, the revocation would occur retroactively to February 19, 2014 (for China) and December 10, 2013 (for South Africa and Vietnam). We expect the DOC and ITC to issue their respective determinations in March 2014.

Item 4. Mine Safety Disclosures.

Not applicable.

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Supplemental Item. Executive Officers of the Registrant.

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

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

Name	Age	Position
David S. Haffner	61	Board Chair and Chief Executive Officer
Karl G. Glassman	55	President and Chief Operating Officer
Matthew C. Flanigan	52	Executive Vice President and Chief Financial Officer
Jack D. Crusa	59	Senior Vice President, Specialized Products
Perry E. Davis	54	Senior Vice President, Residential Furnishings
David M. DeSonier	55	Senior Vice President, Strategy & Investor Relations
Scott S. Douglas	54	Senior Vice President, General Counsel
Joseph D. Downes, Jr.	69	Senior Vice President, Industrial Materials
John G. Moore	53	Senior Vice President, Chief Legal & HR Officer and Secretary
Dennis S. Park	59	Senior Vice President, Commercial Fixturing & Components
William S. Weil	55	Vice President, Corporate Controller and Chief Accounting Officer

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Subject to the employment and severance benefit agreements with Mr. Haffner, Mr. Glassman and Mr. Flanigan, listed as exhibits to this Report, the executive officers generally serve at the pleasure of the Board of Directors. Our employment agreement with Mr. Haffner provides that he may terminate the agreement if not nominated as a director and appointed to the Board's executive committee. Employment agreements with Mr. Glassman and Mr. Flanigan provide that they may terminate their agreements if not nominated as a director of the Company. In addition, each may terminate their respective agreement if not elected to their current executive officer position. See Exhibit Index on page 122 for reference to the agreements.

David S. Haffner was elected Board Chair of the Company in 2013 and continues to serve as Chief Executive Officer since his appointment in 2006. He previously served as President from 2002 to 2013, Chief Operating Officer from 1999 to 2006, and as Executive Vice President from 1995 to 2002. He has served the Company in various capacities since 1983.

Karl G. Glassman was appointed President of the Company in 2013 and has served as Chief Operating Officer since 2006. He previously served as Executive Vice President from 2002 to 2013, President of Residential Furnishings from 1999 to 2006, Senior Vice President from 1999 to 2002 and in various capacities since 1982.

Matthew C. Flanigan was appointed Executive Vice President of the Company in 2013 and has served as Chief Financial Officer since 2003. He previously served as Senior Vice President from 2005 to 2013, Vice President from 2003 to 2005, President of the Office Furniture Components Group from 1999 to 2003 and in various capacities since 1997.

Jack D. Crusa was appointed Senior Vice President in 1999 and President of Specialized Products in 2004. He previously served as President of Industrial Materials from 1999 to 2004, and President of the Automotive Group from 1996 to 1999. He has served the Company in various capacities since 1986.

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Perry E. Davis was appointed Senior Vice President and President of Residential Furnishings in 2012. He previously served as Vice President of the Company, President—Bedding Group from 2006 to 2012, as Vice President of the Company, Executive VP of the Bedding Group and President—U.S. Spring beginning in 2005. He also served as Executive VP of the Bedding Group and President—U.S. Spring from 2004 to 2005, President—Central Division Bedding Group from 2000 to 2004, and in various capacities since 1981.

David M. DeSonier was appointed Senior Vice President—Strategy & Investor Relations in 2011. He previously served as Vice President—Strategy & Investor Relations from 2007 to 2011 and served as Vice President—Investor Relations and Assistant Treasurer from 2002 to 2007. He joined the Company as Vice President—Investor Relations in 2000.

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

Joseph D. Downes, Jr. was appointed Senior Vice President of the Company in 2005 and President of the Industrial Materials Segment in 2004. He previously served the Company as President of the Wire Group from 1999 to 2004 and in various capacities since 1976.

John G. Moore was appointed Senior Vice President, Chief Legal and HR Officer and Secretary in 2011. He was appointed Secretary in 2010, Chief Legal and HR Officer in 2009 and Vice President—Corporate Affairs & Human Resources in 2008. He served as Vice President—Corporate Governance from 2006 to 2008, Vice President and Associate General Counsel from 2001 to 2006, and as Managing Counsel and Assistant General Counsel from 1998 to 2001. He has served the Company in various legal capacities since 1993.

Dennis S. Park was appointed Senior Vice President and President of Commercial Fixturing & Components in 2006. He previously served as Vice President and President of Home Furniture and Consumer Products from 2004 to 2006, and Vice President and President of Home Furniture Components from 1996 to 2004. He has served the Company in various capacities since 1977.

William S. Weil was appointed Chief Accounting Officer in 2004, Vice President in 2000 and Corporate Controller in 1991. He previously served the Company in various other accounting capacities since 1983.

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

Our common stock is traded on the New York Stock Exchange (symbol LEG). The table below highlights quarterly and annual stock market information for the last two years.

	Price Range		Volume of Shares Traded (in Millions)	Dividend Declared
	High	Low		
2013				
First Quarter	$33.80	$27.24	74.0	$0.29
Second Quarter	34.28	29.59	74.7	0.29
Third Quarter	32.52	28.59	63.1	0.30
Fourth Quarter	31.33	28.00	65.2	0.30
For the Year	$34.28	$27.24	277.0	$1.18
2012				
First Quarter	$23.73	$21.26	119.0	$0.28
Second Quarter	23.98	19.26	129.9	0.28
Third Quarter	25.24	20.50	107.9	0.29
Fourth Quarter	27.89	24.35	84.8	0.29
For the Year	$27.89	$19.26	441.6	$1.14

Price and volume data reflect composite transactions; price range reflects intra-day prices; data source is Bloomberg.

Shareholders and Dividends

As of February 14, 2014, we had 9,196 shareholders of record.

We expect to continue to pay dividends on our common stock and we are targeting a dividend payout ratio (dividends declared per share/earnings per share) of 50-60%, though it has been and will likely be higher for the near term. Our dividend payout ratio was 106%, 67% and 88% in 2011, 2012 and 2013, respectively. See the discussion of the Company's targeted dividend payout under "Pay Dividends" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations on page 43.

During 2012, the Company declared four quarterly dividends, but paid five of them, given its decision to accelerate the first quarter 2013 dividend payment into December 2012 in anticipation of individual tax rate increases. For 2013, the Company returned to its typical dividend practice and paid the fourth quarter dividend in 2014. The five dividend payments in 2012 utilized approximately $200 million of cash while the three payments in 2013 utilized roughly $125 million of cash.

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Issuer Purchases of Equity Securities

The table below is a listing of our purchases of the Company’s common stock during each calendar month of the fourth quarter of 2013.

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(2)
October 2013	351,046	$30.02	351,046	6,315,750
November 2013	770,797	$29.59	766,505	5,549,245
December 2013	884,023	$30.67	883,332	4,665,913
Total	2,005,866	$30.14	2,000,883	

(1) This number includes 4,983 shares which were not repurchased as part of a publicly announced plan or program, all of which were shares surrendered in transactions permitted under the Company’s benefit plans. It does not include shares withheld for taxes for option exercises and stock unit conversions.

(2) On August 4, 2004, the Board authorized management to repurchase up to 10 million shares each calendar year beginning January 1, 2005. This standing authorization was first reported in the quarterly report on Form 10-Q for the period ended June 30, 2004, filed August 5, 2004, and will remain in force until repealed by the Board of Directors. As such, effective January 1, 2014, the Company was authorized by the Board of Directors to repurchase up to 10 million shares in 2014. No specific repurchase schedule has been established.

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Item 6. Selected Financial Data.

(Unaudited)	2013 [1]	2012 [2,3]	2011 [2,4]	2010 [2]	2009 [2]
(Dollar amounts in millions, except per share data)					
Summary of Operations					
Net Sales from Continuing Operations	$3,746	$3,706	$3,619	$3,340	$3,015
Earnings from Continuing Operations	193	243	174	187	119
(Earnings) Attributable to Noncontrolling Interest, net of tax	(3)	(2)	(3)	(6)	(3)
Earnings (loss) from Discontinued Operations, net of tax	7	7	(18)	(4)	(4)
Net Earnings	197	248	153	177	112
Earnings per share from Continuing Operations					
Basic	1.31	1.67	1.17	1.20	.73
Diluted	1.29	1.65	1.16	1.18	.73
Earnings (Loss) per share from Discontinued Operations					
Basic	.05	.05	(.12)	(.03)	(.03)
Diluted	.05	.05	(.12)	(.03)	(.03)
Net Earnings (Loss) per share					
Basic	1.36	1.72	1.05	1.17	.70
Diluted	1.34	1.70	1.04	1.15	.70
Cash Dividends declared per share	1.18	1.14	1.10	1.06	1.02
Summary of Financial Position					
Total Assets	$3,108	$3,255	$2,915	$3,001	$3,061
Long-term Debt, including capital leases	$688	$854	$833	$762	$789

[1] In the fourth quarter of 2013, we incurred $67 million of charges related to the Commercial Vehicle Products group ($63 million goodwill impairment charge and $4 million accelerated amortization of a customer-related intangible asset). In the third quarter of 2013, we recorded a $9 million bargain purchase gain related to an acquisition.

[2] Amounts for 2012 through 2009 were retrospectively adjusted to reflect the reclassification of certain businesses from continuing to discontinued operations in 2013. For information about discontinued operations, see Note B on page 78 of the Notes to Consolidated Financial Statements.

[3] Net earnings for 2012 include a $27 million net tax benefit primarily related to the release of valuation allowances on certain Canadian deferred tax assets, partially offset by deferred withholding taxes on earnings in China.

[4] The Company incurred asset impairment charges and restructuring-related charges totaling $44 million in 2011. Of these charges, $25 million were associated with continuing operations and $19 million were related to discontinued operations.

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

2013 HIGHLIGHTS

Acquisitions contributed to modest sales growth in 2013. Same location sales (excluding acquisitions) were essentially flat, with slightly higher unit volume offset by lower trade sales from our rod mill. Sales growth continued in Automotive and Carpet Underlay but these gains were largely offset by declines in Store Fixtures, Commercial Vehicle Products (CVP), and Adjustable Bed.

As discussed throughout the year, we have been considering strategic alternatives for our CVP business. Late in 2013, it became apparent that current market values for certain CVP assets had fallen below recorded book values, and we recognized non-cash impairment and other charges related to the goodwill and other intangible assets of the business. Earnings in 2013 decreased (versus 2012) as result of these charges and the non-recurrence of a significant tax benefit from 2012.

We expanded our Aerospace Products business unit in 2013 with the acquisition of two companies. These new European-based operations added small diameter, high pressure seamless tubing to our product portfolio and extended our capability in aerospace tube fabrication.

Operating cash for the full year was strong, helped in part by improvements in working capital levels. We again generated more than enough cash from operations to comfortably fund dividends and capital expenditures, something we've accomplished for over 20 years.

2013 marked the 42nd consecutive annual dividend increase for the company, with a compound annual growth rate of 13% over that time period. Only one other S&P 500 company can claim as high a rate of dividend growth for as many years.

Our financial profile remains strong. We ended 2013 with net debt to net capital below the conservative end of our long-standing targeted range. In April we repaid $200 million of notes that matured and ended the year with nearly all of our $600 million commercial paper program and revolver facility available.

We assess our overall performance by comparing our Total Shareholder Return (TSR) to that of peer companies on a rolling three-year basis. We target TSR in the top one-third of the S&P 500 over the long term. For the three years ended December 31, 2013, we generated TSR of 16% per year on average. That places us in the top half of the S&P 500, but shy of our top one-third goal.

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

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INTRODUCTION

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 one-third of the S&P 500 over the long-term through a balanced approach that employs all four TSR sources: revenue growth, margin expansion, dividends, and share repurchases.

We monitor our TSR performance (relative to the S&P 500) on a rolling three-year basis. For the three-year measurement period that ended December 31, 2013, we generated TSR of 16% per year on average, matching the return of the S&P 500 index. That performance placed us in the top half of the S&P 500 companies, but shy of our goal to be in the top third.

Customers

We serve a broad suite of customers, with our largest customer representing approximately 6% of our sales. Many are companies whose names are widely recognized; they include most manufacturers of furniture and bedding, a variety of other manufacturers, and many major retailers.

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-third of our sales.

We continue to retain more production capacity than we currently utilize. Accordingly, unit sales can increase by approximately $400 million (based on current sales mix) without the need for large capital investment. We have meaningful operating leverage that should benefit earnings as market demand improves. Until our spare capacity is fully utilized, each additional $100 million of sales from incremental unit volume is expected to generate approximately $25 million to $35 million of additional pre-tax earnings.

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Raw Material Costs

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 extreme cost fluctuations in this commodity. In most cases, the major changes (both increases and decreases) were passed through to customers with selling price adjustments. In late 2013, steel costs increased unexpectedly, and the timing of the increase (late in the year) resulted in a concentration of LIFO expense in the fourth quarter. We are implementing price increases in early 2014, and expect to recover these higher costs.

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. In the back half of 2013, metal margins decreased due to downward pressure on steel rod prices from Chinese imports.

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 better product quality, innovation, and customer service.

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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 also reacted to foreign competition in certain cases by selectively adjusting prices, and by developing new proprietary products that help our customers reduce total costs.

Premium non-innerspring mattresses (those that have either a foam or air core) experienced rapid growth in the U.S. bedding market in recent years. These products represent a relatively small portion of the bedding market in units (approximately 10%-12%), but comprise a larger portion of the market in dollars (approximately 25%-30%) due to their higher average selling prices. In 2013, non-innerspring mattress sales declined and the proportion of the total bedding market that they represent also decreased. Most traditional bedding manufacturers (who are our customers) now offer mattresses that combine an innerspring core with top layers comprised of specialty foam and gel. These hybrid products, which allow our customers to address a consumer preference for the feel of a specialty mattress and the characteristics of an innerspring, have been well received by consumers.

For the past five years, there have been antidumping duty orders on innerspring imports from China, South Africa and Vietnam, ranging from 116% to 234%. The orders remain in effect while the Department of Commerce (DOC) and the International Trade Commission (ITC) conduct separate reviews to determine whether to extend the duties through February 2019 (for China) and December 2018 (for South Africa and Vietnam). If it is determined that the revocation of the duties would likely lead to the continuation or recurrence of dumping of innersprings (determined by the DOC) and material injury to the U.S. innerspring industry (determined by the ITC), the duties will be extended. We have argued that, without the extension, it is likely that dumping will recur, the U.S. innerspring industry will be materially injured, and as such, the duty orders should be extended. If the orders are revoked, the revocation would occur retroactively to February 19, 2014 (for China) and December 10, 2013 (for South Africa and Vietnam). We expect the DOC and ITC to issue their respective determinations in March 2014.

In addition, because of the documented evasion of antidumping orders by shipping of goods through third countries and falsely identifying the countries of origin, Leggett, 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.

2011 Restructuring Plan

In December 2011, we approved a restructuring plan to reduce our overhead costs and improve ongoing profitability. The activities primarily entailed the closure of four underperforming facilities. We incurred a $37 million pre-tax (largely non-cash) charge in 2011 primarily related to this plan, of which $18 million related to continuing operations and $19 million was associated with discontinued operations. These activities were substantially complete by the end of 2012.

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RESULTS OF OPERATIONS—2013 vs. 2012

Sales grew modestly in 2013 as a result of acquisitions. Same location sales were essentially flat with slightly higher unit volume offset by lower trade sales at our steel rod mill (sales shifted from trade to intra-segment).

Earnings decreased in 2013 (versus 2012) as a result of impairment and other charges related to the goodwill and other intangible assets of our CVP business, and the non-recurrence of a significant tax benefit from 2012.

Further details about our consolidated and segment results are discussed below.

Consolidated Results

The following table shows the changes in sales and earnings during 2013, and identifies the major factors contributing to the changes.

(Dollar amounts in millions, except per share data)	Amount	%
Net sales:		
Year ended December 31, 2012	$3,706	
Same location sales decrease:		
Lower steel mill trade sales	(33)	(1)%
Approximate unit volume increase	30	1%
Same location sales decrease	(3)	—%
Acquisition sales growth	43	1%
Year ended December 31, 2013	$3,746	1%
Net earnings attributable to Leggett & Platt:		
(Dollar amounts, net of tax)		
Year ended December 31, 2012	$248	
CVP impairment and related charges	(45)	
Non-recurrence of 2012 significant net tax benefit	(27)	
Acquisition-related bargain purchase gain	9	
Lower effective tax rate	13	
Other factors, including higher sales and acquisition earnings offset by higher raw material costs	(1)	
Year ended December 31, 2013	$197	
Earnings Per Share—2012	$1.70	
Earnings Per Share—2013	$1.34	

[1] 2012 amounts have been retrospectively adjusted to reflect the reclassification of certain operations to discontinued operations.

Same location sales were essentially flat, with 1% unit volume growth offset by a 1% revenue decline from lower trade sales at our rod mill. Sales grew primarily from market strength and new program awards in Automotive and raw material-related price increases in Carpet Underlay. These improvements were partially offset by declines in Store Fixtures, CVP, and Adjustable Bed. The decrease in trade sales of steel rod during 2013 was offset by an increase in intra-segment rod sales, and the rod mill continued to operate at full capacity.

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Earnings decreased as a result of non-cash impairment and other charges related to the goodwill and other intangible assets of our CVP business, and the non-recurrence of a significant tax benefit from 2012. Operationally, the earnings benefit from modest unit volume growth and acquisitions was essentially offset by an increase in steel costs late in the year that resulted in higher LIFO expense. We are implementing price increases in early 2014, and expect to recover the higher costs. The other items detailed in the table above also collectively contributed to the change in earnings.

LIFO Impact

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 55% of our inventories to the last-in, first-out (LIFO) method. These are primarily our domestic, steel-related inventories. In 2012, lower commodity costs led to a LIFO benefit of $15 million. Steel inflation in late 2013 resulted in a significant change in our full-year LIFO estimates (interim expectations for a full-year LIFO benefit of $13 million changed instead to a full year expense of $2 million as steel costs increased late in the year) and a concentration of LIFO expense in the fourth quarter.

For further discussion of inventories, see Note A to the Consolidated Financial Statements on page 74.

Interest and Income Taxes

Net interest expense in 2013 was flat with 2012.

The 2013 worldwide effective income tax rate on our continuing operations was 22%, compared to 21% for 2012. In both years the tax rate reflects necessary tax reserve reductions and other tax benefits that lowered the overall rate. The 2013 tax rate includes $17 million of favorable adjustments primarily related to the impact of Mexico tax law changes, the settlement of certain foreign and state tax audits, and a non-taxable bargain purchase gain. The impact of these items on the tax rate was magnified by our fourth quarter CVP impairment. In 2012, the tax rate benefited from the release of a $38 million valuation allowance on certain Canadian deferred tax assets, partially offset by the accrual of $11 million of China withholding taxes.

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Segment Results

In the following section we discuss 2013 sales and EBIT (earnings before interest and taxes) for each of our segments. We provide additional detail about segment results and a reconciliation of segment EBIT to consolidated EBIT in Note F to the Consolidated Financial Statements on page 84. 2012 amounts have been retrospectively adjusted to reflect the reclassification of certain operations to discontinued operations. For further information about discontinued operations, see Note B to the Consolidated Financial Statements on page 78.

(Dollar amounts in millions)	2013	2012	Change in Sales $	Change in Sales %	% Change Same Location Sales (1)
Sales					
Residential Furnishings	$1,967	$1,904	$63	3 %	3 %
Commercial Fixturing & Components	456	483	(27)	(6)%	(6)%
Industrial Materials	844	871	(27)	(3)%	(8)%
Specialized Products	790	757	33	4 %	4 %
Total	4,057	4,015	42		
Intersegment sales elimination	(311)	(309)	(2)		
External sales	$3,746	$3,706	$40	1 %	— %

	2013	2012	Change in EBIT $	Change in EBIT %	EBIT Margins (2) 2013	EBIT Margins (2) 2012
EBIT						
Residential Furnishings	$172	$154	$18	12 %	8.7 %	8.1 %
Commercial Fixturing & Components	15	30	(15)	(50)%	3.4 %	6.3 %
Industrial Materials	73	66	7	11 %	8.6 %	7.6 %
Specialized Products	27	87	(60)	(69)%	3.4 %	11.5 %
Intersegment eliminations & other	—	(9)	9			
Change in LIFO reserve	(2)	15	(17)			
Total	$285	$343	$(58)	(17)%	7.6 %	9.3 %

(1) This is the change in sales not attributable to 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

Residential Furnishings sales increased 3% in 2013 from unit volume growth in certain product categories and raw material-related price increases in carpet underlay. Volume grew primarily in European spring, seating components, sofa sleepers, and carpet underlay. These gains were partially offset by lower adjustable bed volume. Within our U.S. Spring business, we experienced unit volume growth in box springs and Comfort Core® (which is our pocketed coil innerspring), however total domestic innerspring units decreased modestly. Furniture hardware unit volumes also decreased for the full year.

EBIT and EBIT margins increased in 2013, primarily due to higher sales, cost improvements, and favorable product mix in U.S. Spring.

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Commercial Fixturing & Components

Sales in Commercial Fixturing & Components decreased 6% in 2013. Volumes in the Store Fixtures business were down 8% for the year, reflecting continued weak capital spending by retailers. Sales in our Office Furniture Components business decreased 3%, which we believe was consistent with demand trends in the office seating market.

EBIT and EBIT margins decreased in 2013, primarily from lower sales.

Industrial Materials

Sales in the segment decreased 3% in 2013, with revenue from acquisitions more than offset by lower trade sales from our rod mill and steel-related price deflation. The decrease in trade sales of steel rod during the year was more than offset by an increase in intra-segment rod sales, and the rod mill continued to operate at full capacity. A change in the mix of rod sales from trade to intra-segment is generally positive to earnings since that change tends to also shift the production mix to higher-value high carbon rods.

EBIT and EBIT margins improved versus 2012, primarily due to the absence of acquisition-related costs at Western Pneumatic Tube and earnings from acquisitions. These gains were partially offset by lower metal margins in steel rod in the second half of 2013.

We expanded our Aerospace Products business unit in 2013 with the acquisition of two companies. The first was a U.K.-based business acquired in May that extended our capability in aerospace tube fabrication. The second was a French-based company acquired in July that added small diameter, high pressure seamless tubing to our product portfolio. The Aerospace Products business unit, which now has an annual revenue run rate in excess of $120 million, continues to perform very well and earnings should further benefit as we fully integrate these recent acquisitions.

Specialized Products

In Specialized Products, sales increased 4% in 2013, with growth in Automotive partially offset by a decline in Commercial Vehicle Products. Machinery sales grew modestly. Our Automotive business continued to experience strong growth from a combination of factors, including market strength in North America and Asia, participation in additional vehicle platforms, and expanded component content (via upgraded features).

EBIT decreased $60 million in 2013. We recognized impairment and other charges (of $67 million) related to the goodwill and other intangible assets of our CVP business, and this was partially offset by the positive impact from higher sales.

We have been considering strategic alternatives for our CVP group, including possible divestiture of the business. Late in 2013, performance of the business deteriorated. As a result, it became apparent that current market values for certain CVP assets had fallen below recorded book values, and impairment charges related to the goodwill and other intangible assets were recognized. This decline in current market values of the assets resulted from lower expectations of future revenue and profitability, reflecting reduced market demand for the racks, shelving, and cabinets used in telecom, cable, and delivery vans.

Results from Discontinued Operations

Full year earnings from discontinued operations, net of tax, were $7 million in both 2013 and 2012. Amounts in both years were primarily attributable to tax benefits. In addition, 2012 included a $2 million gain from a litigation settlement associated with a previously divested business.

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RESULTS OF OPERATIONS—2012 vs. 2011

Demand improved in many of our markets during 2012. Growth in unit volumes was partially offset by lower trade sales at our steel mill (sales shifted from trade to intra-segment) and changes in currency rates.

Earnings increased significantly, from $153 million in 2011 to $248 million in 2012. This improvement reflects several factors, including lower restructuring-related costs, higher unit volumes, significant net tax benefits, cost improvements, and earnings from the Western Pneumatic Tube acquisition.

Further details about our consolidated and segment results are discussed below.

Consolidated Results

The following table shows the changes in sales and earnings during 2012, and identifies the major factors contributing to the changes.

(Dollar amounts in millions, except per share data)	Amount [1]	%
Net sales:		
Year ended December 31, 2011	$3,619	
Same location sales increase:		
Lower steel mill trade sales and currency	(70)	(2)%
Approximate unit volume increase	108	3%
Same location sales increase	38	1%
Acquisition sales growth	75	2%
Divestitures	(26)	(1)%
Year ended December 31, 2012	$3,706	2%
Net earnings attributable to Leggett & Platt:		
(Dollar amounts, net of tax)		
Year ended December 31, 2011	$153	
Non-recurrence of restructuring-related costs (from December 2011)	23	
Non-recurrence of building gains	(6)	
Significant net tax benefits	27	
Higher effective tax rate	(7)	
Higher interest expense	(4)	
Other factors, including higher unit volumes, cost improvements, and acquisition earnings	62	
Year ended December 31, 2012	$248	
Earnings Per Share—2011	$1.04	
Earnings Per Share—2012	$1.70	

[1] Amounts have been retrospectively adjusted to reflect the reclassification of certain operations to discontinued operations.

Improved demand in several of our markets led to higher sales in 2012. Same location sales increased 1%, with 3% unit volume growth partially offset by a 2% revenue decline from lower trade sales at our steel mill and changes in currency rates. Unit volumes grew during the year in Automotive, U.S. Spring, Adjustable Bed, Geo Components, Carpet Underlay, and certain parts of our home furniture components business. The decrease in trade sales of steel rod during 2012 was largely offset by an increase in intra-segment rod sales, so total rod production for the year was roughly flat with 2011.

Earnings increased significantly in 2012 due to several factors. Operationally, these included higher unit volumes, cost improvements, and earnings from the Western Pneumatic Tube acquisition. The other items detailed in the table above also collectively contributed to the earnings increase. In 2011, earnings were reduced by restructuring-related costs primarily associated with the December 2011 Plan discussed on page 30. In 2012, earnings benefited from various tax items, including the elimination of a valuation allowance on Canadian deferred tax assets.

LIFO Impact

Moderate inflation resulted in LIFO expense of $14 million in 2011. In 2012, lower commodity costs led to a LIFO benefit of $15 million.

For further discussion of inventories, see Note A to the Consolidated Financial Statements on page 74.

Interest and Income Taxes

Net interest expense in 2012 was $5 million higher than in 2011, primarily due to the issuance in August 2012 of $300 million of long-term notes.

The 2012 effective income tax rate of 21% on continuing operations was lower than the 26% incurred in 2011. The 2012 tax rate benefited from the release of a $38 million valuation allowance on certain Canadian deferred tax assets (primarily tax loss carryforwards). As a result of an increase in operating earnings in Canada, the amalgamation of two Canadian subsidiaries, and the restructuring of intercompany debt attributable in part to a change in Canadian tax law, we now expect those carryforwards and other deferred tax assets to be utilized in future years. This benefit was partially offset by an accrual of $11 million of withholding taxes on earnings in China, which was required since we no longer had specific plans to reinvest all these earnings within China. We also experienced other, less significant, discrete tax items (both favorable and unfavorable) that substantially offset for the year.

The 2011 tax rate benefited from changes in our mix of earnings among taxing jurisdictions, one-time tax planning strategies, and the settlement of our 2004 through 2008 IRS examination. As a result of the tax planning strategies and tax audit, we recognized tax benefits of $5 million in 2011.

Segment Results

In the following section we discuss 2012 sales and EBIT for each of our segments. We provide additional detail about segment results and a reconciliation of segment EBIT to consolidated EBIT in Note F to the Consolidated Financial Statements on page 84. Amounts have been retrospectively adjusted to reflect the reclassification of certain operations to discontinued operations. For further information about discontinued operations, see Note B to the Consolidated Financial Statements on page 78.

(Dollar amounts in millions)	2012	2011	Change in Sales $	Change in Sales %	% Change Same Location Sales (1)
Sales					
Residential Furnishings	$1,904	$1,837	$67	4 %	3 %
Commercial Fixturing & Components	483	507	(24)	(5)%	— %
Industrial Materials	871	847	24	3 %	(5)%
Specialized Products	757	731	26	4 %	4 %
Total	4,015	3,922	93		
Intersegment sales elimination	(309)	(303)	(6)		
External sales	$3,706	$3,619	$87	2 %	1 %

	2012	2011	Change in EBIT $	Change in EBIT %	EBIT Margins (2) 2012	EBIT Margins (2) 2011
EBIT						
Residential Furnishings	$154	$138	$16	12 %	8.1 %	7.5 %
Commercial Fixturing & Components	30	16	14	88 %	6.3 %	3.1 %
Industrial Materials	66	55	11	20 %	7.6 %	6.6 %
Specialized Products	87	77	10	13 %	11.5 %	10.6 %
Intersegment eliminations & other	(9)	(7)	(2)			
Change in LIFO reserve	15	(14)	29			
Total	$343	$265	$78	29 %	9.3 %	7.3 %

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(1) This is the change in sales not attributable to 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

Residential Furnishings sales increased 4% in 2012, from higher unit volumes and small acquisitions. Demand improved in several of our residential markets during the year. In our U.S. Spring business, innerspring unit volumes increased 4%, in large part from growth of Comfort Core®, which is our pocketed coil innerspring. Strong market reception of hybrid mattresses helped to drive growth in this category. We had significant growth in adjustable beds, with unit volumes up 27% in 2012. Sales also grew in geo components, carpet underlay, seating components, and sofa sleepers. These improvements were partially offset by a 4% decrease in furniture hardware unit volumes and declines in our International Spring business.

EBIT and EBIT margins increased in 2012, primarily due to higher sales and the absence of the December 2011 restructuring-related costs (of $7 million).

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Commercial Fixturing & Components

Sales in Commercial Fixturing & Components decreased 5% in 2012, due to the divestiture of our U.K.-based point-of-purchase display operation in January 2012. Apart from the divestiture, sales in the segment were flat with 2011. Volumes in the Store Fixtures business were roughly flat in 2012, with significantly lower spending by certain retailers offset by large programs associated with a major customer's re-branding initiative. Sales in our Office Furniture Components business were also essentially unchanged in 2012, which we believe was consistent with demand trends in the office seating market.

EBIT and EBIT margins increased in 2012, primarily benefiting from prior cost improvement initiatives and the absence of the December 2011 restructuring-related costs (of $3 million).

Industrial Materials

Sales in the segment increased 3% in 2012, with revenue from acquisitions partially offset by lower trade sales from our steel mill. The decrease in trade sales of steel rod during 2012 was largely offset by an increase in intra-segment rod sales, so total rod production for the year was roughly flat with 2011. The rod mill continued to operate at full capacity. Despite the negative sales comparisons they create, lower trade sales of rod are generally neutral to earnings if production levels are stable and we consume the rod in our own wire mills.

EBIT and EBIT margins increased versus 2011 primarily due to cost improvements, earnings from acquisitions, and the absence of the December 2011 restructuring-related costs (of $3 million). EBIT margins also increased during the year as a result of the change in sales from trade to intra-segment at our steel rod mill. This sales shift was beneficial to margins since it decreased our reported sales while preserving comparable EBIT levels.

Specialized Products

In Specialized Products, sales increased 4% in 2012, with growth in Automotive partially offset by changes in currency exchange rates. Sales also increased slightly in Commercial Vehicle Products, but Machinery volumes were down versus the prior year. Our Automotive business continued to experience strong growth during 2012 in North America and Asia, but sales declined in Europe from currency impacts and ongoing economic weakness.

EBIT and EBIT margins increased in 2012 primarily from higher sales and the absence of the December 2011 restructuring-related costs (of $5 million).

Results from Discontinued Operations

Full year earnings from discontinued operations, net of tax, increased to $7 million in 2012 versus a loss of $17 million in 2011, primarily due to the absence of December 2011 restructuring-related costs (of $12 million, net of tax) and a $6 million tax benefit in 2012.

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LIQUIDITY AND CAPITALIZATION

Our operations provide most of the cash we require, and debt may also be used to fund a portion of our needs. Cash from operations was once again strong in 2013, however declined modestly versus 2012 due to less improvement in working capital. For over 20 years, our operations have provided more than enough cash to fund both capital expenditures and dividend payments. We expect this once again to be the case in 2014.

With fewer acquisitions completed in 2013, share repurchases increased. We bought back 6 million shares of our stock during the year. We ended 2013 with net debt to net capital at 27%, well below the conservative end of our long-standing targeted range of 30-40%. The calculation of net debt as a percent of net capital is presented on page 45.

In April 2013, we repaid $200 million of 4.7% notes that matured. We ended the year with $584 million of our $600 million commercial paper program available.

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.

Cash from operations was $417 million during 2013, down from $450 million in 2012. Cash from operations in 2012 benefited from significant year-end reductions in working capital levels (primarily accounts receivable).

We continue to closely monitor our working capital levels, and ended 2013 with adjusted working capital at 10.1% of annualized sales[1], notably better than our 15% target. 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.

(Dollar amounts in millions)	2013	2012
Current assets	$1,282	$1,339
Current liabilities [2]	(829)	(731)
Working capital	453	608
Cash and cash equivalents	(273)	(359)
Current debt maturities	181	202
Adjusted working capital	$361	$451
Annualized sales [1]	$3,588	$3,400
Adjusted working capital as a percent of annualized sales	10.1%	13.3%

1. Annualized sales equal 4th quarter sales ($897 million in 2013 and $850 million in 2012) 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.
2. Current liabilities at December 31, 2012 were unusually low due to the accelerated payment of the fourth quarter 2012 dividend ($41 million).

The following table presents dollar amounts related to key working capital components at the end of the past two years.

	Amount (in millions)		
	2013	2012	Change
Trade Receivables, net	$435	$413	$22
Inventory, net	496	489	7
Accounts Payable	339	285	54

Accelerated payments by some of our large customers late in 2012 resulted in much lower levels of trade receivables at the end of that year. In 2013, trade receivables were also seasonally low at year-end but increased versus 2012 in part from acquisitions.

Inventory increased primarily from acquisitions.

Accounts Payable also increased primarily due to the timing of raw material purchases, extended payment terms with vendors, and acquisitions.

The next chart shows recent trends in key working capital components (expressed in numbers of days at the end of the past five quarters).

Working Capital Trends

1. 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).
2. 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).
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).

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. We experienced reductions in our DSO over the last two years driven by improved payment patterns of several large customers, certain customers taking advantage of cash discounts, and other programs with incentives for early payment offered in conjunction with third parties. Payment trends by major customers were stable during 2013, resulting in full-year bad debt expense that was similar to 2012 levels.

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. After inventory increased at the end of 2012 primarily due to decisions to take advantage of temporarily lower commodity costs, inventory has since returned to more normal levels. Expense associated with slow moving and obsolete inventories in 2013 was generally in line with that of 2012.

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, and we expect that we will be able to make further improvements going forward.

Working capital levels vary by segment. The Commercial Fixturing & Components segment typically has relatively higher accounts receivable balances due to the longer credit terms required to service certain customers of the Store Fixtures group. This business group also generally requires higher inventory investments due to the custom nature of its products, longer manufacturing lead times (in certain cases), and the needs of many customers to receive large volumes of product within short periods of time.

Uses of Cash

Finance Capital Requirements

Cash is readily available to fund selective growth, both internally (through capital expenditures) and externally (through acquisitions).

Capital expenditures include investments we make to maintain, modernize, and expand manufacturing capacity. We also invest to support new product introductions and specific product categories that are rapidly growing. With current capacity utilization rates still relatively low, our need to invest in additional productive capacity is limited. In 2014, we expect capital expenditures to approximate $100 million. As volumes improve, we expect capital expenditure levels to increase, but longer-term they should remain below total depreciation and amortization. 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 Grow businesses, and are looking for opportunities to enter new, higher growth markets (carefully screened for sustainable competitive advantage). In January 2012, we purchased Western Pneumatic Tube for $188 million. This acquisition aligns extremely well with our strategy to seek businesses with secure, leading positions in growing, profitable, attractive markets. Western established for us a strong competitive position in the higher return, higher growth aerospace market. In 2013, we acquired two smaller, complementary businesses in this aerospace tubing platform.

Additional details about acquisitions can be found in Note R to the Consolidated Financial Statements on page 109.

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Pay Dividends

Dividends are one of the primary means by which we return cash to shareholders. During 2012, we declared four quarterly dividends, but paid five, given our decision to accelerate into December 2012 the dividend typically paid in January 2013 (of $41 million) in anticipation of individual tax rate increases. The chart above reflects that accelerated dividend payment. In 2013, we returned to our prior practice and paid the fourth quarter dividend in 2014. Therefore, the cash requirement for dividends in 2013 was lower, at approximately $125 million. In 2014, we plan to return to our typical dividend payment schedule.

Maintaining and increasing the dividend remains a high priority. In 2013, we increased the quarterly dividend to $.30 per share and extended to 42 years our record of consecutive annual dividend increases, at an average compound growth rate of 13%. Our targeted dividend payout ratio is approximately 50-60% of net earnings. Actual payout ratio has been higher in recent years, but as earnings grow, we expect to move into that target range.

Repurchase Stock

Stock repurchases are the other means by which we return cash to shareholders. During the past three years, we repurchased a total of 18 million shares of our stock and issued 11 million shares through employee benefit and stock purchase plans, reducing outstanding shares by 5%. Given the $188 million cash outlay to acquire Western Pneumatic Tube early in 2012, our share repurchases in that year were much lower (as anticipated). In 2013, we repurchased 6 million shares (at an average of $30.81) and issued 3 million shares (at an average of $21.47). Issuances were largely related to employee stock option exercises.

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Consistent with our stated priorities, we expect to use remaining operating cash (after funding capital expenditures, dividends, and 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 to repurchase up to 10 million shares each year, but we have established no specific repurchase commitment or timetable.

Capitalization

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

(Dollar amounts in millions)	2013		2012		2011	
Long-term debt outstanding:						
Scheduled maturities	$673		$854		$763	
Average interest rates [1]	4.6	%	4.7	%	4.6	%
Average maturities in years [1]	4.7		4.9		3.8	
Revolving credit/commercial paper	16		—		70	
Average interest rate	.2	%	—		.3	%
Total long-term debt	689		854		833	
Deferred income taxes and other liabilities	191		228		188	
Equity	1,399		1,442		1,308	
Total capitalization	$2,279		$2,524		$2,329	
Unused committed credit:						
Long-term	$584		$600		$530	
Short-term	—		—		—	
Total unused committed credit	$584		$600		$530	
Current maturities of long-term debt	$181		$202		$3	
Cash and cash equivalents	$273		$359		$236	
Ratio of earnings to fixed charges [2]	5.0 x		6.1 x		5.4 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) 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.

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The next table shows the percent of long-term debt to total capitalization at December 31, 2013 and 2012, 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 useful comparison to periods during which cash fluctuates significantly. We use these adjusted measures to monitor our financial leverage.

(Dollar amounts in millions)	2013	2012
Long-term debt	$689	$854
Current debt maturities	181	202
Cash and cash equivalents	(273)	(359)
Net debt	$597	$697
Total capitalization	$2,279	$2,524
Current debt maturities	181	202
Cash and cash equivalents	(273)	(359)
Net capitalization	$2,187	$2,367
Long-term debt to total capitalization	30.2%	33.8%
Net debt to net capitalization	27.3%	29.4%

Total debt (which includes long-term debt and current debt maturities) decreased $186 million in 2013, primarily from the repayment of $200 million in notes discussed below.

In August 2012, we issued $300 million aggregate principal of 10-year notes at a rate of 3.4% per year. As a part of this issuance, we also unwound the $200 million forward starting interest swaps we had entered into during 2010 and recognized a loss of approximately $43 million, which will be amortized over the life of the notes. This results in a fully weighted effective interest rate of 5.0% associated with these notes.

On April 1, 2013, we repaid $200 million of 4.7% notes that matured. We funded the payoff with a combination of cash and commercial paper.

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 13 lenders. This agreement was renewed in 2011, with a five-year term ending in 2016. In 2013, we extended the term by one year to 2017. 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:

(Dollar amounts in millions)	2013	2012	2011
Total program authorized	$600	$600	$600
Commercial paper outstanding (classified as long-term debt)	(16)	—	(70)
Letters of credit issued under the credit agreement	—	—	—
Total program usage	(16)	—	(70)
Total program available	$584	$600	$530

The average and maximum amount of commercial paper outstanding during 2013 was $118 million and $198 million, respectively. During the fourth quarter, the average and maximum amounts outstanding were $130 million and $162 million respectively. At year end, we had no letters of credit outstanding under the credit agreement, but we had $76 million of stand-by letters of credit outside the agreement to take advantage of more attractive fee pricing.

In November 2014, we have $180 million of 4.65% notes that mature. With operating cash flows, our commercial paper program, and our ability to issue debt in the capital markets, we believe we have sufficient funds available to repay maturing debt, as well as support our ongoing operations, pay dividends, fund future growth, and repurchase stock.

Accessibility of Cash

At December 31, 2013, we had cash and cash equivalents of $273 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. However, due to capital requirements in various jurisdictions, approximately $50 million of this cash is currently inaccessible for repatriation. Additionally, if we had to bring all of the foreign cash back immediately in the form of dividends, we would incur incremental tax expense of up to approximately $63 million. In 2013, 2012, and 2011, we brought back $119 million, $50 million, and $89 million (respectively) of cash, in each case at little to no added tax cost.

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CONTRACTUAL OBLIGATIONS

The following table summarizes our future contractual cash obligations and commitments at December 31, 2013:

		Payments Due by Period			
Contractual Obligations	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
(Dollar amounts in millions)					
Long-term debt [1]	$865	$180	$202	$170	$313
Capitalized leases	4	1	2	1	—
Operating leases	101	31	41	15	14
Purchase obligations [2]	298	298	—	—	—
Interest payments [3]	144	35	41	30	38
Deferred income taxes	63	—	—	—	63
Other obligations (including pensions and reserves for tax contingencies)	135	3	16	21	95
Total contractual cash obligations	$1,610	$548	$302	$237	$523

1. The long-term debt payment schedule presented above could be accelerated if we were not able to make the principal and interest payments when due.
2. Purchase obligations primarily include open short-term (30-120 days) purchase orders that arise in the normal course of operating our facilities.
3. Interest payments are calculated on debt outstanding at December 31, 2013 at rates in effect at the end of the year.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

We provide additional details regarding our significant accounting policies in Note A to the Consolidated Financial Statements on page 74.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Goodwill		
Goodwill is assessed for impairment annually as of June 30 and as triggering events occur. In the past three years, no impairments have been recorded as a result of the annual impairment reviews. In December 2013, we concluded that an impairment was required relating to the goodwill of the Commercial Vehicle Products (CVP) group. A non-cash charge of $63 million was recorded in the fourth quarter of 2013.	In order to assess goodwill for potential impairment, judgment is required to estimate the fair market value of each reporting unit (which is one level below reportable segments) using the combination of a discounted cash flow model and a market approach using price to earnings ratios for comparable publicly traded companies with characteristics similar to the reporting unit. The cash flow model contains uncertainties related to the forecast of future results as many outside economic and competitive factors can influence future performance. Margins, sales growth, and discount rates are the most critical estimates in determining enterprise values using the cash flow model.	The remaining goodwill associated with the CVP reporting unit is $13 million. A further decline in the long-term outlook for the business could result in future impairments. Fair value for one of the 10 reporting units (Store Fixtures) exceeded book value by approximately 18%. The goodwill associated with this reporting unit is $109 million. This business is dependent upon capital spending by retailers for both new stores and remodeling of existing stores. Although 2012 performance was better than expected, 2013 fell short of expectations. The predictability of future results is less certain than that of other reporting units because of the project nature of this business. If we are not able to meet projected performance levels, future impairments could be possible.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Goodwill (cont.)	The market approach requires judgment to determine the appropriate price to earnings ratio. Ratios are derived from comparable publicly-traded companies that operate in the same or similar industry as the reporting unit.	The remaining reporting units have fair market values that exceed carrying value by more than 40%, and have goodwill of $818 million. Information regarding material assumptions used to determine if a goodwill impairment exists can be found in Note C on page 79.
Other Long-lived Assets Other long-lived assets are tested for recoverability at year-end and whenever events or circumstances indicate the carrying value may not be recoverable. For other long-lived assets we estimate fair value at the lowest level where cash flows can be measured (usually at a branch level).	Impairments of other long-lived assets usually occur when major restructuring activities take place, or we decide to discontinue product lines completely. Our impairment assessments have uncertainties because they require estimates of future cash flows to determine if undiscounted cash flows are sufficient to recover carrying values of these assets. For assets where future cash flows are not expected to recover carrying value, fair value is estimated which requires an estimate of market value based upon asset appraisals for like assets.	These impairments are unpredictable. Impairments were $2 million in 2013 and 2012, and $35 million in 2011. The 2011 impairments were largely the result of lowered future business expectations at several underperforming locations that resulted in the decision to exit some unprofitable lines of business. Prior forecasts assumed a recovery in business levels (primarily housing related industries) that had not materialized by late 2011.
Inventory Reserves We reduce the carrying value of inventories to reflect an estimate of net realizable value for obsolete and slow-moving inventory.	Our inventory reserve contains uncertainties because the calculation requires management to make assumptions about the value of products that are obsolete or slow-moving (i.e. not selling very quickly).	At December 31, 2013, the reserve for obsolete and slow-moving inventory was $36 million (approximately 6% of FIFO inventories). This is consistent with the December 31, 2012 and 2011 reserves of $36 million and $39 million, representing 6% and 7% of FIFO inventories, respectively.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Inventory Reserves (cont.) We value inventory at net realizable value (what we think we will recover.) Generally a reserve is not required unless we have more than a one-year's supply of the product. If we have had no sales of a given product for 12 months, those items are generally deemed to have no value and are written down completely.	Changes in customer behavior and requirements can cause inventory to quickly become obsolete or slow moving. The calculation also uses an estimate of the ultimate recoverability of items identified as slow moving based upon historical experience (65% on average).	Additions to inventory reserves in 2013 were $12 million, which were comparable to the previous year. We do not expect obsolescence to change from current levels.
Workers' Compensation We are substantially self-insured for costs related to workers' compensation, and this requires us to estimate the liability associated with this obligation.	Our estimates of self-insured reserves contain uncertainties regarding the potential amounts we might have to pay (since we are self-insured). We consider a number of factors, including historical claim experience, demographic factors, and potential recoveries from third party insurance carriers.	Over the past five years, we have incurred, on average, $9 million annually for costs associated with workers' compensation. Average year-to-year variation over the past five years has been approximately $1 million. At December 31, 2013, we had accrued $35 million to cover future self-insurance liabilities. Internal safety statistics and cost trends have improved in the last several years and are expected to remain at current lower levels for the foreseeable future.
Credit Losses For accounts and notes receivable, we estimate a bad debt reserve for the amount that will ultimately be uncollectible. When we become aware of a specific customer's potential inability to pay, we record a bad debt reserve for the amount we believe may not be collectible.	Our bad debt reserve contains uncertainties because it requires management to estimate the amount uncollectible based upon an evaluation of several factors such as the length of time that receivables are past due, the financial health of the customer, industry and macroeconomic considerations, and historical loss experience.	A significant change in the financial status of a large customer could impact our estimates. The average annual amount of customer-related bad debt expense was $5 million (less than 1% of annual net sales) over the last three years. At December 31, 2013, our reserves for doubtful accounts totaled $17 million (about 4% of our accounts and customer-related notes receivable of $452 million).

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Credit Losses (cont.)	Our customers are diverse and many are small-to-medium sized companies, with some being highly leveraged. Bankruptcy can occur with some of these customers relatively quickly and with little warning.	We have not experienced any significant individual customer bankruptcies in the past three years. We believe the financial health of our major customers has modestly improved, but some are highly leveraged, and this could cause circumstances to change in the future. At December 31, 2013, we had $11 million of non-customer notes receivable, primarily related to divested businesses, and have recorded reserves of $1 million for these notes. Most of these notes are to be paid by highly leveraged entities, which could result in the need for additional reserves in the future.
Pension Accounting For our pension plans, we must estimate the cost of benefits to be provided (well into the future) and the current value of those benefit obligations.	The pension liability calculation contains uncertainties because it requires management to estimate an appropriate discount rate to calculate the present value of future benefits paid, which also impacts current year pension expense. Determination of pension expense requires an estimate of expected return on pension assets based upon the mix of investments held (bonds and equities). Other assumptions include rates of compensation increases, withdrawal and mortality rates, and retirement ages. These estimates impact the pension expense or income we recognize and our reported benefit obligations.	The discount rates used to calculate the pension liability for our most significant plans increased approximately 80 basis points in 2013 due to higher corporate bond yields. Each 25 basis point increase in the discount rate decreases pension expense by $.6 million and decreases the plans' benefit obligation by $9 million. The expected return on assets was 6.6% in 2013 and 2012, and 6.7% in 2011. A 25 basis point reduction in the expected return on assets would increase pension expense by $.5 million, but have no effect on the plans' funded status. Assuming a long-term investment horizon, we do not expect a material change to the return on asset assumption.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Income Taxes In the ordinary course of business, we must make estimates of the tax treatment of many transactions, even though the ultimate tax outcome may remain uncertain for some time. These estimates become part of the annual income tax expense reported in our financial statements. Subsequent to year end, we finalize our tax analysis and file income tax returns. Tax authorities periodically audit these income tax returns and examine our tax filing positions, including (among other things) the timing and amounts of deductions, and the allocation of income among tax jurisdictions. We adjust income tax expense in our financial statements in the periods in which the actual outcome becomes more certain.	Our tax liability for unrecognized tax benefits contains uncertainties because management is required to make assumptions and to apply judgment to estimate the exposures related to our various filing positions. Our effective tax rate is also impacted by changes in tax laws, the current mix of earnings by taxing jurisdiction, and the results of current tax audits and assessments. At December 31, 2013 and 2012, we had $43 million and $39 million, respectively, of net deferred tax assets on our balance sheet related to operating loss and tax credit carryforwards. The ultimate realization of these deferred tax assets is dependent upon the amount, source, and timing of future taxable income. Valuation allowances are established against future potential tax benefits to reflect the amounts we believe have no more than a 50% probability of being realized. In addition, assumptions have been made regarding the non-repatriation of earnings from certain subsidiaries. Those assumptions may change in the future, thereby affecting future period results for the tax impact of possible repatriation.	Potential changes in tax laws could impact assumptions related to the non-repatriation of certain foreign earnings. If all non-repatriated earnings were taxed, we would incur additional taxes of approximately $63 million. Audits by various taxing authorities continue to increase as governments look for ways to raise additional revenue. Based upon past experience, we do not expect any material changes to our tax liability as a result of this increased audit activity; however, we could incur additional tax expense if we have audit adjustments higher than recent historical experience. The recovery of net operating losses (NOL's) has been closely evaluated for the likelihood of recovery based upon factors such as the age of losses, viable tax planning strategies, and future taxable earnings expectations. We believe that appropriate valuation allowances have been recorded as necessary. However, if earnings expectations or other assumptions change such that additional valuation allowances are required, we could incur additional tax expense.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Contingencies		
We evaluate various legal, environmental, and other potential claims against us to determine if an accrual or disclosure of the contingency is appropriate. If it is probable that an ultimate loss will be incurred, we accrue a liability for the reasonable estimate of the ultimate loss.	Our disclosure and accrual of loss contingencies (i.e., losses that may or may not occur) contain uncertainties because they are based on our assessment of the likelihood that the expenses will actually occur, and our estimate of the likely cost. Our estimates and judgments are subjective and can involve matters in litigation, the results of which are generally unpredictable.	Legal contingencies are related to numerous lawsuits and claims described beginning on page 54. Over the past five years, the largest annual cost for litigation claims was $6 million (excluding legal fees). As discussed in Note T on page 113, we are defendants in a group of antitrust lawsuits related to alleged price fixing of prime foam and carpet underlay products. We will vigorously defend ourselves in this matter. However, if we are not able to prevail in future court proceedings this could have a negative impact on future cash flows and earnings. Due to the number of variables and uncertainties in this matter, we are unable to estimate the range of potential exposure at this time.

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CONTINGENCIES

Our disclosure and accrual of loss contingencies (i.e., losses that may or may not occur) are based on our assessment of the probability that the expenses will actually occur, and our reasonable estimate of the likely cost. Our estimates and judgments are subjective and can involve matters in litigation, the results of which are generally very unpredictable.

Shareholder Derivative Lawsuit
On August 10, 2010, a shareholder derivative suit was filed by the New England Carpenters Pension Fund in the Circuit Court of Jasper County, Missouri as Case No. 10AO-CC284. The suit was purportedly brought on our behalf, naming us as a nominal defendant, and certain current and former officers and directors as individual defendants including David S. Haffner, Karl G. Glassman, Matthew C. Flanigan, Ernest C. Jett, Harry M. Cornell, Jr., Felix E. Wright, Robert Ted Enloe, III, Richard T. Fisher, Judy C. Odom, Maurice E. Purnell, Jr., Ralph W. Clark and Michael A. Glauber. The plaintiff alleged, among other things, that the individual defendants: breached their fiduciary duties; backdated and received backdated stock options violating our stock plans; caused or allowed us to issue false and misleading financial statements and proxy statements; sold our stock while possessing material non-public information; committed gross mismanagement; wasted corporate assets; committed fraud; violated the Missouri Securities Act; and were unjustly enriched.
The plaintiff is seeking, among other things: unspecified monetary damages against the individual defendants; certain equitable and other relief relating to the profits from the alleged improper conduct; the adoption of certain corporate governance proposals; the imposition of a constructive trust over the defendants' stock options and proceeds; punitive damages; the rescission of certain unexercised options; and the reimbursement of litigation costs. The plaintiff is not seeking monetary relief from us. We have director and officer liability insurance in force subject to customary limits and exclusions.
We and the individual defendants filed motions to dismiss the suit in late October 2010, asserting: the plaintiff failed to make demand on our Board and shareholders as required by Missouri law, and this failure to make demand should not be excused; the dismissal of the substantially similar suit in 2009 precludes the 2010 suit; the plaintiff is not a representative shareholder; the suit was based on a statistical analysis of stock option grants and our stock prices that we believe was flawed; the plaintiff failed to state a substantive claim; the common law fraud claim was not pled with sufficient particularity; and the statute of limitations has expired on the fraud claim and all the alleged challenged grants except the December 30, 2005 grant. As to this grant, the motions to dismiss advised the Court that it was made under our Deferred Compensation Program, which (i) provided that options would be dated on the last business day of December, and (ii) was filed with the SEC on December 2, 2005 setting out the pricing mechanism well before the grant date. On April 6, 2011, the suit was dismissed without prejudice.
On May 12, 2011, the plaintiff filed an appeal to the Missouri Court of Appeals. On November 28, 2012, the Missouri Court of Appeals reversed the trial court's dismissal finding that plaintiff sufficiently pleaded it would be futile to make demand on the Board and shareholders. The Court of Appeals did not address the other grounds that had been raised in the motions to dismiss. We filed a request for transfer to the Missouri Supreme Court on December 12, 2012, which was denied by the Court of Appeals. On January 3, 2013, we filed a transfer petition to the Missouri Supreme Court. On February 26, 2013, the Missouri Supreme Court denied our request. The case was sent back to Jasper County, Missouri for further proceedings. At the parties' request, on June 4, 2013, the circuit court stayed all proceedings to allow the parties to mediate the dispute. The stay of litigation remains in effect.
We do not expect that the outcome of this matter will have a material adverse effect on our financial condition, operating cash flows or results of operations.

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Antitrust Lawsuits

Beginning in August 2010, a series of civil lawsuits was initiated in several U.S. federal courts and in Canada against over 20 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.

A number of these lawsuits have been voluntarily dismissed, most without prejudice. Of the U.S. cases remaining, we have been named as a defendant in (a) three direct purchaser class action cases (the first on November 15, 2010) and a consolidated amended class action complaint filed on February 28, 2011 on behalf of a class of all direct purchasers of polyurethane foam products; (b) an indirect purchaser class consolidated amended complaint filed on March 21, 2011; and an indirect purchaser class action case filed on May 23, 2011; (c) 39 individual direct purchaser cases filed between March 22, 2011 and October 16, 2013; and (d) two individual cases alleging direct and indirect purchaser claims under the Kansas Restraint of Trade Act, one filed on November 29, 2012 and the other on April 11, 2013. All of the pending U.S. federal cases in which we have been named as a defendant, have been filed in or have been 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.

In the U.S. actions, the plaintiffs, on behalf of themselves and/or a class of purchasers, seek three times the amount of unspecified 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. On April 15 and May 6, 2011, we filed motions to dismiss the U.S. direct purchaser and indirect purchaser class actions in the consolidated case in Ohio, for failure to state a legally valid claim. On July 19, 2011, the Ohio Court denied the motions to dismiss. Discovery is underway in the U.S. actions. Motions for class certification have been filed on behalf of both direct and indirect purchasers. A hearing on the motions was held January 15, 2014. A decision on class certification is expected in the upcoming weeks.

We have been 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 the 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 million, punitive damages of $10 million, pre-judgment and post-judgment interest, and the costs of the investigation and the action. We are not yet required to file our defenses in the 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.

On June 22, 2012, we were also made 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 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 on November 5, 2012. Discovery has commenced and plaintiff has filed a motion for class certification. The parties’ briefing is completed, and a hearing on the motion was held on February 20, 2014.

We deny all of the allegations in all of the above actions and will vigorously defend ourselves. These contingencies are subject to many uncertainties. Therefore, based on the information available to date, we cannot reasonably estimate the amount or range of potential loss, if any, because, at this juncture of the proceedings;

discovery is incomplete, all expert liability reports have not been exchanged; and because the litigation involves unsettled legal theories.

Brazilian Value-Added Tax Matters

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 $3.1 million, 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 on January 25, 2012 denying the violation. The Federal Revenue Office, on August 9, 2013, denied L&P Brazil's defenses and upheld the assessment at the first administrative level. L&P Brazil was notified about this judgment on October 16, 2013, and has filed an appeal.

On December 17, 2012, the Brazilian Revenue Office issued an additional notice of violation in the amount of $5.5 million 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 on January 17, 2013 denying the violation. The Brazilian Revenue Office, on June 13, 2013, denied L&P Brazil's defenses and upheld the assessment at the first administrative level. L&P Brazil appealed this decision on July 8, 2013. The Brazilian Revenue Office, on December 18, 2013, also issued an audit notice for years 2011 and 2012, which may result in additional assessments.

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 Revenue Office where the Revenue Office challenged L&P Brazil's use of certain tax credits in the years 2006 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. Combined with prior assessments, L&P Brazil has received assessments totaling $1.7 million on the same or similar denial of tax credit matters.

L&P Brazil is also party to a proceeding involving the State of Sao Paulo, Brazil where the State of Sao Paulo, on April 16, 2009, issued a Notice of Tax Assessment and Imposition of Fine to L&P Brazil seeking $2.4 million for the tax years 2006 and 2007, under Case No. 3.111.006 (DRT n°.04-256.169/2009). The State of Sao 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 Sao Paulo. On September 29, 2010, the Court of Tax and Fees of the State of Sao 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. On November 9, 2012, the Court of Tax and Fees again ruled in favor of L&P Brazil and nullified the tax assessment. On November 28, 2012, the State filed another special appeal. The determination to accept the special appeal was made on December 26, 2012, and L&P Brazil responded to this special appeal on January 24, 2013.

We were also informed on October 4, 2012 that the State of Sao Paulo issued an Auto-Infringement and Imposition of a Fine dated May 29, 2012 under Procedure Number 4.003.484 against L&P Brazil in the amount of $2.0 million for the tax years 2009 through 2011. Similar to the prior assessment, the State of Sao 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 Sao Paulo. On June 21, 2013, the State of Sao Paulo's attorneys converted the Auto-Infringement and Imposition of a Fine No. 4.003.484 to a fiscal execution action against L&P Brazil in the amount of $2.6 million, under Sorocaba Judicial District Court, Case No. 3005528-50.2013.8.26.0602. L&P Brazil filed its response on January 27, 2014 denying the allegations.

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 $.6 million, under PTA Case No. 01.000.182756-62. L&P Brazil filed its response denying any violation on January 17, 2013. On October 22, 2013, the first administrative level ruled against us but did reduce the tax to $.3 million (plus interest and penalties). We appealed to the second administrative level on December 30, 2013, which affirmed the first administrative level ruling.

On February 1, 2013, the Brazilian Finance Ministry filed suit against L&P Brazil in the Camanducaia Judicial District Court, Case No. 0002222-35.2013.8.13.0878, alleging the untimely payment of $.2 million of social contributions (social security and social assistance payments). L&P Brazil filed its response on July 11, 2013, denying the allegations. 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 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). L&P Brazil posted a bond and filed its response on July 11, 2013, denying the allegations.

We deny all of the allegations in these 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.

Patent Infringement Claim

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 million based upon an allegation by plaintiff that we infringed three patents on an automatic stapling machine and on methods used to assemble box springs. 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 million. The court denied plaintiff's attempt to win an attorney fee award and triple the pre-verdict damages.

On April 9, 2012 we appealed the case to the Federal Circuit Court of Appeals. Oral argument was held on February 6, 2013 before a three judge appeal panel in the Federal Circuit in Washington D.C. On February 14, 2013, the Court of Appeals issued a judgment affirming the $5 million 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 on March 18, 2013, which was denied by the Court of Appeals.

The plaintiff requested royalties for post-verdict use of the machines, and requested pre-judgment interest in the amount of $.7 million. On July 3, 2013, 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 million. On August 2, 2013, both parties filed a notice of appeal of this order to the Federal Circuit Court of Appeals, but plaintiff has since withdrawn its appeal.

In 2011, we also filed reexamination 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's examiner decision upheld the validity of all claims. All three of these proceedings were appealed to the Board of Patent Appeals. Due to a change made to all of the machines, we do not believe that the machines currently use the feature alleged to have infringed the third patent. On April 25, 2013, 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, two on December 16, and one on December 18, 2013.

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 box springs, and that the plaintiff is entitled to additional damages from January 24, 2012 forward. Leggett and Simmons Bedding Company filed their Answers on November 20, 2013, and intend to vigorously defend the allegations.

At this time, we do not expect that the outcome of this matter will have a material adverse effect on our financial condition, operating cash flows or results of operations.

NEW ACCOUNTING STANDARDS

As discussed in Note A to the Consolidated Financial Statements on page 77, the FASB has issued accounting guidance 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.

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

(Unaudited)
(Dollar amounts in millions)

Interest Rates

The table below provides information about the Company's debt obligations sensitive to changes in interest rates. Substantially all of the debt shown in the table below is denominated in United States dollars. The fair value of fixed rate debt was less than its $830 carrying value by $3.2 at December 31, 2013, and greater than its $1,030 carrying value by $45.7 at December 31, 2012. The decrease in the fair market value of the Company's debt is primarily due to the maturity of $200 of notes in 2013, the increase in credit spreads as compared to the prior year end, increased interest rates, and the timing of interest payments. The fair value of fixed rate debt was calculated using a Bloomberg secondary market rate, as of December 31, 2013 for similar remaining maturities, plus an estimated "spread" over such Treasury securities representing the Company's interest costs for its medium-term notes. The fair value of variable rate debt is not significantly different from its recorded amount.

	Scheduled Maturity Date							
Long-term debt as of December 31,	2014	2015	2016	2017	2018	Thereafter	2013	2012
Principal fixed rate debt	$180.0	$200.0	$—	$—	$150.0	$300.0	$830.0	$1,030.0
Average interest rate [1]	4.65 %	5.00 %	—	—	4.40 %	3.40 %	4.24 %	4.33 %
Principal variable rate debt	—	—	2.3	2.3	2.4	12.9	19.9	19.9
Average interest rate	—	—	.31 %	.22 %	.22 %	.23 %	.24 %	.34 %
Miscellaneous debt [2]							19.6	5.5
Total debt							869.5	1,055.4
Less: current maturities							(181.1)	(201.5)
Total long-term debt							$688.4	$853.9

1. These rates exclude the amortization of interest rate swap.

2. Includes $16 and $0 of commercial paper in 2013 and 2012, respectively, supported by a $600 revolving credit agreement which terminates in 2017.

Derivative Financial Instruments

The Company is subject to market and financial risks related to interest rates, foreign currency, and commodities. In the normal course of business, the Company utilizes derivative instruments (individually or in combinations) to reduce or eliminate these risks. The Company seeks to use derivative contracts that qualify for hedge accounting treatment; however, some instruments may not qualify for hedge accounting treatment. It is the Company's policy not to speculate using derivative instruments. Information regarding cash flow hedges and fair value hedges is provided in Note S on page 110 to the Notes to the Consolidated Financial Statements and is incorporated by reference into this section.

Investment in Foreign Subsidiaries

The Company views its investment in foreign subsidiaries as a long-term commitment, and does not hedge translation exposures. The investment in a foreign subsidiary may take the form of either permanent capital or notes. The Company's net investment (i.e., total assets less total liabilities subject to translation exposure) in foreign subsidiaries at December 31 is as follows:

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Functional Currency	2013	2012
European Currencies	$374.2	$326.7
Chinese Renminbi	257.6	270.5
Canadian Dollar	240.2	252.1
Mexican Peso	34.6	37.7
Other	51.1	58.6
Total	$957.7	$945.6

Item 8. Financial Statements and Supplementary Data.

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

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

Not applicable.

Item 9A. Controls and Procedures.

Effectiveness of the Company's Disclosure Controls and Procedures

An evaluation as of December 31, 2013, was carried out by the Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures were effective, as of December 31, 2013, to provide assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified by the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures, include without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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

Management's Annual Report on Internal Control over Financial Reporting can be found on page 67, and the Report of Independent Registered Public Accounting Firm regarding the effectiveness of the Company's internal control over financial reporting can be found on page 68 of this Form 10-K. Each is incorporated by reference into this Item 9A.

Changes in the Company's Internal Control Over Financial Reporting

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There were no changes in the Company’s internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The subsections entitled “Proposal 1—Election of Directors,” “Corporate Governance,” “Board and Committee Composition and Meetings,” “Consideration of Director Nominees and Diversity,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Director Independence” in the Company’s definitive Proxy Statement for the Company’s Annual Meeting of Shareholders to be held on May 7, 2014, are incorporated by reference.

Directors of the Company

Directors are normally elected annually at the Annual Meeting of Shareholders and hold office until the next annual meeting of shareholders or until their successors are elected and qualified. All current directors have been nominated for re-election at the Company’s Annual Meeting of Shareholders to be held May 7, 2014.

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

The Company’s Bylaws and Corporate Governance Guidelines set the director retirement age at 72; however, the Board Chair, CEO or President may request a waiver for any director. At the request of Leggett’s CEO, the N&CG Committee recommended, and the full Board granted, retirement age waivers for Directors Clark, Enloe and Fisher so they may stand for re-election at the 2014 annual meeting.

Brief biographies of the Company’s Board of Directors are provided below. Our employment agreement with Mr. Haffner provides that he may terminate the agreement if not nominated as a director and appointed to the Board's executive committee. Employment agreements with Mr. Glassman and Mr. Flanigan provide that they may terminate their agreements if not nominated as a director. See the Exhibit Index on page 122 for reference to the agreements.

Robert E. Brunner, age 56, was the Executive Vice President of Illinois Tool Works (ITW), a diversified manufacturer of advanced industrial technology, from 2006 until his retirement in 2012. He previously served ITW as President—Global Auto beginning in 2005 and President—North American Auto from 2003. Mr. Brunner holds a degree in finance from the University of Illinois and a master’s degree in business administration from Baldwin-Wallace College. He currently serves as a director of NN, Inc., a global manufacturer of precision bearings and plastic, rubber and metal components, and Lindsay Corporation, a global manufacturer of irrigation equipment and road safety products. Mr. Brunner’s experience and leadership with ITW, a diversified manufacturer with a global footprint, provides valuable insight to our Board on operational and international issues. He was first elected as a director of the Company in 2009.

Ralph W. Clark, age 73, held various executive positions at International Business Machines Corporation (IBM) from 1988 until 1994, including Division President—General and Public Sector. He also served as Chairman of Frontec AMT Inc., a software company, from 1994 until his retirement in 1998 when the company was sold. Mr. Clark holds a master's degree in economics from the University of Missouri. Through Mr. Clark's career with IBM and Frontec and his current board service with privately-held companies, he has valuable experience in general

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management, marketing, information technology, finance and strategic planning. He was first elected as a director of the Company in 2000.

Robert G. Culp, III, age 67, is the co-founder of Culp, Inc., an upholstery and bedding fabrics designer and manufacturer, where he has been the Chairman since 1990 and served as CEO from 1988 to 2007. Mr. Culp holds a degree in economics from the University of North Carolina - Chapel Hill and an MBA from the Wharton School of the University of Pennsylvania. Mr. Culp is the lead independent director of Old Dominion Freight Line, Inc., a national motor transportation and logistics company, and served as a director of Stanley Furniture Company, Inc., a manufacturer and importer of wooden residential furniture, until 2011. His experience in the bedding and furniture industries provides valuable insight into a number of the Company's key markets. Through his leadership of Culp, Inc., a publicly-traded company with an international scope, he understands the complexities of the financial and regulatory requirements facing U.S. companies, as well as the challenges and opportunities of developing global operations. He was first elected as a director of the Company in 2013.

R. Ted Enloe, III, age 75, has been Managing General Partner of Balquita Partners, Ltd., a family securities and real estate investment partnership, since 1996. Previously, he served as President and Chief Executive Officer of Optisoft, Inc., a manufacturer of intelligent traffic systems, from 2003 to 2005. His former positions include Vice Chairman of the Board and member of the Office of the Chief Executive for Compaq Computer Corporation and President of Lomas Financial Corporation and Liberte Investors. He holds a degree in petroleum engineering from Louisiana Polytechnic University and a law degree from Southern Methodist University. Mr. Enloe currently serves as a director of Silicon Laboratories Inc., a designer of mixed-signal integrated circuits, and Live Nation, Inc., a venue operator, promoter and producer of live entertainment events. Mr. Enloe’s professional background and experience, previously held senior-executive level positions, financial expertise and service on other company boards, qualifies him to serve as a member of our Board of Directors. Further, his wide-ranging experience combined with his intimate knowledge of the Company from over 40 years on the Board provides an exceptional mix of familiarity and objectivity. He was first elected as a director of the Company in 1969.

Richard T. Fisher, age 75, has been Managing Director of Oppenheimer & Co., an investment banking firm, since 2002. He served as Managing Director of CIBC World Markets Corp., an investment banking firm, from 1990 to 2002. Mr. Fisher holds a degree in economics from the Wharton School of the University of Pennsylvania. Mr. Fisher’s career in investment banking provides the Board with a unique perspective on the Company’s strategic initiatives, financial outlook and investor markets. His valuable business skills and long-term perspective of the Company bolster his leadership as the Company’s Lead Independent Director. He served as the independent Board Chair from 2008 until May 2013, when he was elected as Lead Independent Director. He was first elected as a director of the Company in 1972.

Matthew C. Flanigan, age 52, was appointed Executive Vice President of the Company in 2013 and has served as Chief Financial Officer since 2003. He previously served as Senior Vice President from 2005 to 2013, Vice President from 2003 to 2005, President of the Office Furniture Components Group from 1999 to 2003 and in various capacities since 1997. Mr. Flanigan holds a degree in finance and business administration from the University of Missouri. He serves as the lead director of Jack Henry & Associates, Inc., a provider of core information processing solutions for financial institutions. As the Company’s CFO, Mr. Flanigan adds valuable knowledge of the Company’s finance, risk and compliance functions to the Board. In addition, his prior experience as one of the Company’s group presidents provides valuable operations insight. He was first elected as a director of the Company in 2010.

Karl G. Glassman, age 55, was appointed President of the Company in 2013 and has served as Chief Operating Officer since 2006. He previously served as Executive Vice President from 2002 to 2013, President of Residential Furnishings from 1999 to 2006, Senior Vice President from 1999 to 2002 and in various capacities since 1982.

Mr. Glassman holds a degree in business management and finance from California State University—Long Beach. With over two decades experience leading the Company's largest segment and serving as its Chief Operating Officer, Mr. Glassman provides in-depth operational knowledge to the Board and is a key interface between the

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Board's oversight and strategic planning and its implementation at all levels of the Company around the world. He also serves on the Board of Directors of the National Association of Manufacturers. Mr. Glassman was first elected as a director of the Company in 2002.

David S. Haffner, age 61, was elected Board Chair of the Company in 2013 and continues to serve as Chief Executive Officer since his appointment in 2006. He previously served as President from 2002 to 2013, Chief Operating Officer from 1999 to 2006, and as Executive Vice President from 1995 to 2002. He has served the Company in various capacities since 1983. He holds a degree in engineering from the University of Missouri and an MBA from the University of Wisconsin-Oshkosh. Mr. Haffner serves as a director of Bemis Company, Inc., a manufacturer of flexible packaging and pressure sensitive materials. As the Company's CEO, Mr. Haffner provides comprehensive insight to the Board across the spectrum from strategic planning to implementation to execution and reporting, as well as its relationships with investors, the finance community and other key stakeholders. Mr. Haffner was first elected as a director of the Company in 1995.

Joseph W. McClanathan, age 61, served as President and Chief Executive Officer of the Energizer Household Products Division of Energizer Holdings, Inc., a manufacturer of portable power solutions, from 2007 through his retirement in 2012. Previously, he served Energizer as President and Chief Executive Officer of the Energizer Battery Division from 2004 to 2007, as President—North America from 2002 to 2004, and as Vice President—North America from 2000 to 2002. Mr. McClanathan holds a degree in management from Arizona State University. Through his leadership experience at Energizer and as a former director of the Retail Industry Leaders Association, Mr. McClanathan offers an exceptional perspective to the Board on manufacturing operations, marketing and development of international capabilities. He was first elected as a director of the Company in 2005.

Judy C. Odom, age 61, served, until her retirement in 2002, as Chief Executive Officer and Board Chair at Software Spectrum, Inc., a global business to business software services company which she co-founded in 1983. Prior to founding Software Spectrum, she was a partner with the international accounting firm, Grant Thornton. Ms. Odom is a licensed Certified Public Accountant and holds a degree in business administration from Texas Tech University. She is a director of Harte-Hanks, a direct marketing service company. Ms. Odom's director experience with several companies offers a broad leadership perspective on strategic and operating issues. Her experience co-founding Software Spectrum and growing it to a global Fortune 1000 enterprise before selling it to another public company provides the insight of a long-serving CEO with international operating experience. Ms. Odom was first elected as a director of the Company in 2002.

Phoebe A. Wood, age 60, has been a principal in CompaniesWood, a consulting firm specializing in early stage investments, since her 2008 retirement as Vice Chairman and Chief Financial Officer of Brown-Forman Corporation, a diversified consumer products manufacturer, where she served since 2001. Ms. Wood previously held various positions at Atlantic Richfield Company, an oil and gas company, from 1976 to 2000. She holds a degree in psychology from Smith College and an MBA from UCLA. Ms. Wood is a director of Invesco, Ltd., an independent global investment manager, Coca-Cola Enterprises, Inc., a major bottler and distributor of Coca-Cola products, and Pioneer Natural Resources, an independent oil and gas company. From her career in business and various directorships, Ms. Wood provides the Board with a wealth of understanding of the strategic, financial, and accounting issues the Board faces in its oversight role. Ms. Wood was first elected as a director of the Company in 2005.

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

The Company has adopted a code of ethics that applies to its chief executive officer, chief financial officer, principal accounting officer and corporate controller called the Leggett & Platt, Incorporated Financial Code of Ethics. The

Company has also adopted a Code of Business Conduct and Ethics for directors, officers and employees and Corporate Governance Guidelines. The Financial Code of Ethics, the Code of Business Conduct and Ethics and the Corporate Governance Guidelines are available on the Company's website at www.leggett-search.com/governance. Each of these documents is available in print to any person, without charge, upon request. Such

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requests may be made to the Company’s Secretary at Leggett & Platt, Incorporated, No. 1 Leggett Road, Carthage, Missouri 64836.

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

Item 11. Executive Compensation.

The subsections entitled “Board’s Oversight of Risk Management,” “Director Compensation,” “Compensation Committee Interlocks and Insider Participation” together with the entire section entitled “Executive Compensation and Related Matters” in the Company’s definitive Proxy Statement for the Company’s Annual Meeting of Shareholders to be held on May 7, 2014, are incorporated by reference.

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

The entire sections entitled “Security Ownership” and “Equity Compensation Plan Information” in the Company’s definitive Proxy Statement for the Company’s Annual Meeting of Shareholders to be held on May 7, 2014, are incorporated by reference.

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

The subsections entitled “Transactions with Related Persons,” “Director Independence” and “Board and Committee Composition and Meetings” in the Company’s definitive Proxy Statement for the Company’s Annual Meeting of Shareholders to be held on May 7, 2014, are incorporated by reference.

Item 14. Principal Accounting Fees and Services.

The subsections entitled “Audit and Non-Audit Fees” and “Pre-Approval Procedures for Audit and Non-Audit Services” in the Company’s definitive Proxy Statement for the Company’s Annual Meeting of Shareholders to be held on May 7, 2014, are incorporated by reference.

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PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial Statements and Financial Statement Schedules.

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

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

(b) Exhibits—See Exhibit Index beginning on page 121.

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

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Management's Annual Report on Internal Control Over Financial Reporting

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

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

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

Under the supervision and with the participation of management (including ourselves), we conducted an evaluation of the effectiveness of Leggett & Platt's internal control over financial reporting, as of December 31, 2013, based on the criteria in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation under this framework, we concluded that Leggett & Platt's internal control over financial reporting was effective as of December 31, 2013.

Leggett & Platt's internal control over financial reporting, as of December 31, 2013, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing on page 68 of this Form 10-K.

/s/ DAVID S. HAFFNER	/s/ MATTHEW C. FLANIGAN
David S. Haffner Board Chair and Chief Executive Officer	Matthew C. Flanigan Executive Vice President and Chief Financial Officer
February 26, 2014	February 26, 2014

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Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated financial statements listed in the index appearing under Item 15(a) present fairly, in all material respects, the financial position of Leggett & Platt, Incorporated and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PRICEWATERHOUSECOOPERS LLP

St. Louis, MO
February 26, 2014

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LEGGETT & PLATT, INCORPORATED

Consolidated Statements of Operations

	Year Ended December 31		
(Amounts in millions, except per share data)	2013	2012	2011
Net sales	$3,746.0	$3,706.1	$3,618.9
Cost of goods sold	2,998.8	2,959.4	2,950.4
Gross profit	747.2	746.7	668.5
Selling and administrative expenses	394.8	377.8	378.0
Amortization of intangibles	26.0	25.7	17.7
Impairment of goodwill	63.0	—	—
Other (income) expense, net	(21.4)	(.2)	7.5
Earnings from continuing operations before interest and income taxes	284.8	343.4	265.3
Interest expense	44.7	43.4	38.3
Interest income	7.7	6.5	6.7
Earnings from continuing operations before income taxes	247.8	306.5	233.7
Income taxes	55.0	63.2	59.9
Earnings from continuing operations	192.8	243.3	173.8
Earnings (loss) from discontinued operations, net of tax	6.9	7.2	(17.4)
Net earnings	199.7	250.5	156.4
(Earnings) attributable to noncontrolling interest, net of tax	(2.4)	(2.3)	(3.1)
Net earnings attributable to Leggett & Platt, Inc. common shareholders	$197.3	$248.2	$153.3
Earnings per share from continuing operations attributable to Leggett & Platt, Inc. common shareholders			
Basic	$1.31	$1.67	$1.17
Diluted	$1.29	$1.65	$1.16
Earnings (loss) per share from discontinued operations attributable to Leggett & Platt, Inc. common shareholders			
Basic	$.05	$.05	$(.12)
Diluted	$.05	$.05	$(.12)
Net earnings per share attributable to Leggett & Platt, Inc. common shareholders			
Basic	$1.36	$1.72	$1.05
Diluted	$1.34	$1.70	$1.04

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

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LEGGETT & PLATT, INCORPORATED

Consolidated Statements of Comprehensive Income (Loss)

	Year Ended December 31		
(Amounts in millions)	2013	2012	2011
Net earnings	$199.7	$250.5	$156.4
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(5.0)	16.0	(2.8)
Cash flow hedges	2.0	(4.0)	(22.9)
Defined benefit pension plans	26.7	(6.1)	(10.2)
Other comprehensive income (loss)	23.7	5.9	(35.9)
Comprehensive income	223.4	256.4	120.5
Less: comprehensive (income) attributable to noncontrolling interest	(2.6)	(2.4)	(3.8)
Comprehensive income attributable to Leggett & Platt, Inc.	$220.8	$254.0	$116.7

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

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LEGGETT & PLATT, INCORPORATED
Consolidated Balance Sheets

(Amounts in millions, except per share data)	December 31 2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	$272.7	$359.1
Trade receivables, net	434.8	412.6
Other receivables, net	32.6	33.6
Total receivables, net	467.4	446.2
Inventories		
Finished goods	270.5	275.7
Work in process	59.3	55.0
Raw materials and supplies	239.4	229.4
LIFO reserve	(73.3)	(71.1)
Total inventories, net	495.9	489.0
Other current assets	45.7	44.8
Total current assets	1,281.7	1,339.1
Property, Plant and Equipment—at cost		
Machinery and equipment	1,184.5	1,161.7
Buildings and other	612.2	603.2
Land	44.5	45.3
Total property, plant and equipment	1,841.2	1,810.2
Less accumulated depreciation	1,266.6	1,237.4
Net property, plant and equipment	574.6	572.8
Other Assets		
Goodwill	926.8	991.5
Other intangibles, less accumulated amortization of $114.4 and $129.1 at December 31, 2013 and 2012, respectively	203.4	206.3
Sundry	121.6	145.2
Total other assets	1,251.8	1,343.0
TOTAL ASSETS	$3,108.1	$3,254.9
LIABILITIES AND EQUITY		
Current Liabilities		
Current maturities of long-term debt	$181.1	$201.5
Accounts payable	339.3	285.4
Accrued expenses	229.7	220.5
Other current liabilities	79.4	23.6
Total current liabilities	829.5	731.0
Long-term Liabilities		
Long-term debt	688.4	853.9
Other long-term liabilities	127.7	158.2
Deferred income taxes	63.3	69.6
Total long-term liabilities	879.4	1,081.7
Commitments and Contingencies		
Equity		
Capital stock: Preferred stock—authorized, 100.0 shares; none issued; Common stock—authorized, 600.0 shares of $.01 par value; 198.8 shares issued	2.0	2.0

Additional contributed capital	479.1	458.6
Retained earnings	2,136.4	2,109.6
Accumulated other comprehensive income	94.5	71.0
Less treasury stock—at cost (59.4 and 56.7 shares at December 31, 2013 and 2012, respectively)	(1,320.7)	(1,206.7)
Total Leggett & Platt, Inc. equity	1,391.3	1,434.5
Noncontrolling interest	7.9	7.7
Total equity	1,399.2	1,442.2
TOTAL LIABILITIES AND EQUITY	$3,108.1	$3,254.9

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

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LEGGETT & PLATT, INCORPORATED
Consolidated Statements of Cash Flows

(Amounts in millions)	Year Ended December 31 2013	2012	2011
Operating Activities			
Net earnings	$199.7	$250.5	$156.4
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	90.1	90.4	98.1
Amortization of intangibles and debt issuance costs	32.5	28.6	18.8
Long-lived asset impairments	2.4	1.7	34.9
Goodwill impairment	63.0	—	—
Provision for losses on accounts and notes receivable	6.1	4.9	8.6
Writedown of inventories	11.8	10.2	10.4
Net gain from sales of assets and businesses	(8.6)	(3.3)	(10.9)
Bargain purchase gain from acquisition	(8.8)	—	—
Deferred income tax benefit	(32.9)	(21.9)	(1.1)
Stock-based compensation	36.3	33.8	35.3
Other, net	(1.1)	(2.6)	(7.8)
Other changes, excluding effects from acquisitions and divestitures:			
(Increase) decrease in accounts and other receivables	(13.3)	60.6	(29.5)
Increase in inventories	(4.1)	(39.1)	(16.3)
Increase in other current assets	(1.0)	(2.9)	(1.7)
Increase in accounts payable	35.0	27.4	29.4
Increase in accrued expenses and other current liabilities	9.8	11.4	4.3
Net Cash Provided by Operating Activities	416.9	449.7	328.9
Investing Activities			
Additions to property, plant and equipment	(80.6)	(71.0)	(75.0)
Purchases of companies, net of cash acquired	(27.9)	(211.6)	(6.6)
Proceeds from sales of assets and businesses	18.9	15.8	26.8
Maturity of short-term investments with original maturities greater than three months	—	—	22.8
Liquidation of (investment in) unconsolidated entity	21.2	(22.4)	—
Other, net	(6.9)	(4.8)	(4.6)
Net Cash Used for Investing Activities	(75.3)	(294.0)	(36.6)
Financing Activities			
Additions to long-term debt	—	299.2	.2
Payments on long-term debt	(203.7)	(11.8)	(3.6)
Change in commercial paper and short-term debt	23.3	(85.8)	68.5
Dividends paid	(124.9)	(199.5)	(155.9)
Issuances of common stock	36.9	35.6	20.5
Purchases of common stock	(169.4)	(30.0)	(225.3)
Liquidation of interest rate swap agreement	—	(42.7)	—
Acquisition of noncontrolling interest	—	—	(13.6)
Excess tax benefits from stock-based compensation	6.6	6.7	7.2
Other, net	(3.1)	(8.3)	(1.6)
Net Cash Used for Financing Activities	(434.3)	(36.6)	(303.6)
Effect of Exchange Rate Changes on Cash	6.3	3.7	3.1

(Decrease) Increase in Cash and Cash Equivalents	(86.4)	122.8	(8.2)
Cash and Cash Equivalents—Beginning of Year	359.1	236.3	244.5
Cash and Cash Equivalents—End of Year	$272.7	$359.1	$236.3
Supplemental Information			
Interest paid (net of amounts capitalized)	$45.2	$38.2	$37.3
Income taxes paid	71.1	76.3	48.8
Property, plant and equipment acquired through capital leases	1.1	2.4	4.3

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

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LEGGETT & PLATT, INCORPORATED

Consolidated Statements of Changes in Equity

(Amounts in millions, except per share data)	Common Stock		Additional Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock		Non-controlling Interest	Total Equity
	Shares	Amount				Shares	Amount		
Balance, December 31, 2010	198.8	$2.0	$463.2	$2,033.3	$101.8	(52.6)	$(1,093.0)	$17.1	$1,524.4
Net earnings	—	—	—	156.4	—	—	—	—	156.4
(Earnings) attributable to noncontrolling interest, net of tax	—	—	—	(3.1)	—	—	—	3.1	—
Dividends declared (A)	—	—	4.0	(159.2)	—	—	—	—	(155.2)
Treasury stock purchased	—	—	—	—	—	(10.1)	(230.1)	—	(230.1)
Treasury stock issued	—	—	(32.6)	—	—	3.3	68.8	—	36.2
Foreign currency translation adjustments	—	—	—	—	(3.5)	—	—	.7	(2.8)
Cash flow hedges, net of tax	—	—	—	—	(22.9)	—	—	—	(22.9)
Defined benefit pension plans, net of tax	—	—	—	—	(10.2)	—	—	—	(10.2)
Stock options and benefit plan transactions, net of tax	—	—	32.9	—	—	—	—	—	32.9
Acquisition of noncontrolling interest	—	—	(10.6)	—	—	—	—	(10.4)	(21.0)
Balance, December 31, 2011	198.8	$2.0	$456.9	$2,027.4	$65.2	(59.4)	$(1,254.3)	$10.5	$1,307.7
Net earnings	—	—	—	250.5	—	—	—	—	250.5
(Earnings) attributable to noncontrolling interest, net of tax	—	—	—	(2.3)	—	—	—	2.3	—
Dividends declared (A)	—	—	5.5	(166.0)	—	—	—	—	(160.5)
Dividends paid to noncontrolling interest	—	—	—	—	—	—	—	(5.2)	(5.2)
Treasury stock purchased	—	—	—	—	—	(2.0)	(51.8)	—	(51.8)
Treasury stock issued	—	—	(32.1)	—	—	4.7	99.4	—	67.3
Foreign currency translation adjustments	—	—	—	—	15.9	—	—	.1	16.0
Cash flow hedges, net of tax	—	—	—	—	(4.0)	—	—	—	(4.0)
	—	—	—	—	(6.1)	—	—	—	(6.1)

Defined benefit pension plans, net of tax									
Stock options and benefit plan transactions, net of tax	—	—	28.3	—	—	—	—	—	28.3
Balance, December 31, 2012	198.8	$2.0	$458.6	$2,109.6	$71.0	(56.7)	$(1,206.7)	$7.7	$1,442.2
Net earnings	—	—	—	199.7	—	—	—	—	199.7
(Earnings) attributable to noncontrolling interest, net of tax	—	—	—	(2.4)	—	—	—	2.4	—
Dividends declared (A)	—	—	3.5	(170.5)	—	—	—	—	(167.0)
Dividends paid to noncontrolling interest	—	—	—	—	—	—	—	(2.4)	(2.4)
Treasury stock purchased	—	—	—	—	—	(5.9)	(183.6)	—	(183.6)
Treasury stock issued	—	—	(12.8)	—	—	3.2	69.6	—	56.8
Foreign currency translation adjustments	—	—	—	—	(5.2)	—	—	.2	(5.0)
Cash flow hedges, net of tax	—	—	—	—	2.0	—	—	—	2.0
Defined benefit pension plans, net of tax	—	—	—	—	26.7	—	—	—	26.7
Stock options and benefit plan transactions, net of tax	—	—	29.8	—	—	—	—	—	29.8
Balance, December 31, 2013	198.8	$2.0	$479.1	$2,136.4	$94.5	(59.4)	$(1,320.7)	$7.9	$1,399.2

(A) – Cash dividends declared (per share: 2013—$1.18; 2012—$1.14; 2011—$1.10)

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

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements

(Dollar amounts in millions, except per share data)

December 31, 2013, 2012 and 2011

A—Summary of Significant Accounting Policies

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

ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingencies. Legal costs are accrued when a loss is probable and reasonably estimable. If a range of outcomes are possible, the most likely outcome is used to accrue these costs. Any insurance recovery is recorded separately if it is determined that a recovery is probable. Legal fees are accrued when incurred.

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

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

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

INVENTORIES: All inventories are stated at the lower of cost or market. We generally use standard costs which include materials, labor and production overhead at normal production capacity. The cost for approximately 55% of our inventories is determined by the last-in, first-out (LIFO) method and is primarily used to value domestic inventories with raw material content consisting of steel, wire, chemicals and foam scrap. For the remainder of the inventories, we principally use the first-in, first-out (FIFO) method, which is representative of our standard costs. For these inventories, the FIFO cost for the periods presented approximated expected replacement cost.

Inventories are reviewed at least quarterly for slow-moving and potentially obsolete items using actual inventory turnover, and if necessary, are written down to estimated net realizable value. We have had no material changes in inventory writedowns or slow-moving and obsolete inventory reserves in any of the years presented.

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

Discontinued Operations—A business is classified as a discontinued operation when (i) the operations and cash flows of the business can be clearly distinguished and have been or will be eliminated from our ongoing operations; (ii) the business has either been disposed of or is classified as held for sale; and (iii) we will not have any significant continuing involvement in the operations of the business after the disposal transactions. Significant judgments are involved in determining whether a business meets the criteria for discontinued operations reporting and the period in which these criteria are met.

If a business is reported as a discontinued operation, the results of operations through the date of sale, including any gain or loss recognized on the disposition, are presented on a separate line of the income statement. Interest on debt directly attributable to the discontinued operation is allocated to discontinued operations. Gains and losses related to the sale of

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businesses that do not meet the discontinued operation criteria are reported in continuing operations and separately disclosed if significant.

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

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

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

	Useful Life Range	Weighted Average Life
Machinery and equipment	3-20 years	10 years
Buildings	10-40 years	28 years
Other items	3-15 years	8 years

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

GOODWILL: Goodwill results from the acquisition of existing businesses and is not amortized; it is assessed for impairment annually and as triggering events may occur. We perform our annual review in the second quarter of each year. Recoverability of goodwill is evaluated using a two-step process. The first step involves a comparison of the fair value of a reporting unit with its carrying value. Our reporting units are the 10 business groups one level below the operating segment level for which discrete financial information is available and reviewed by segment management.

If the carrying value of the group exceeds its fair value, the second step of the process is necessary and involves a comparison of the implied fair value and the carrying value of the goodwill of that group. If the carrying value of the goodwill of a group exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess.

In evaluating the recoverability of goodwill, it is necessary to estimate the fair values of the business groups. In making this assessment, we estimate the fair market values of our reporting units using a discounted cash flow model and comparable market values for similar entities using price-to-earnings ratios. Key assumptions and estimates used in the cash flow model include discount rate, sales growth, margins, capital expenditure requirements, and working capital requirements. Recent performance of the group is an important factor, but not the only factor, in our assessment. There are inherent assumptions and judgments required in the analysis of goodwill impairment. It is possible that assumptions underlying the impairment analysis will change in such a manner that impairment in value may occur in the future.

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

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	Useful Life Range	Weighted Average Life
Other intangible assets	1-40 years	15 years

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

SALES RECOGNITION: We recognize sales when title and risk of loss pass to the customer. The terms of our sales are split approximately evenly between FOB shipping point and FOB destination. The timing of our recognition of FOB destination sales is determined based on shipping date and distance to the destination. We have no significant or unusual price protection, right of return or acceptance provisions with our customers. Sales allowances, discounts and rebates can be reasonably estimated throughout the period and are deducted from sales in arriving at net sales.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RECLASSIFICATIONS: Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the 2013 presentation, primarily in the Consolidated Statements of Operations and all related notes in which prior periods have been retrospectively adjusted to reflect the reclassification of certain operations to discontinued operations (See Note B).

NEW ACCOUNTING GUIDANCE: The FASB has issued accounting guidance 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.

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B—Discontinued Operations

In the second quarter of 2013 we exited three small operations:

- We closed our final location that produced wire dishwasher racks, thereby discontinuing that line of business. This operation, which was previously in our Industrial Materials segment, was part of a restructuring plan that began in the fourth quarter of 2011 as discussed in Note D. We also incurred impairment charges related to these operations in 2011 and 2012 as discussed in Note C. Tax benefits related to this business were recorded in the second quarters of both 2012 and 2013.
- We divested the specialty trailers portion of the Commercial Vehicle Products (CVP) unit. This branch was previously part of the Specialized Products segment. No significant gains or losses were realized on the sale of this business.
- We closed a cotton-based erosion control products operation that was previously part of the Industrial Materials segment. Charges of $1.9 were recorded in the second quarter of 2013 to reflect estimates of fair value less costs to sell, including $1.5 of fixed asset impairments as discussed in Note C.

The table below includes activity related to these operations:

	Year Ended		
	2013	2012	2011
External sales:			
Industrial Materials:			
Wire dishwasher racks	$4.1	$11.1	$11.5
Cotton-based erosion control products	.1	.1	.1
Specialized Products - the specialty trailers portion of the CVP unit	.5	3.5	5.5
Total external sales	$4.7	$14.7	$17.1
Earnings (loss):			
Industrial Materials:			
Wire dishwasher racks	1.0	(.1)	(25.3)
Cotton-based erosion control products	(3.1)	(1.2)	(1.8)
Specialized Products - the specialty trailers portion of the CVP unit	(.7)	(.8)	(.4)
Subsequent activity related to divestitures completed prior to 2011 (1)	.5	3.9	—
(Loss) earnings before interest and income taxes	(2.3)	1.8	(27.5)
Income tax benefit (2)	9.2	5.4	10.1
Earnings (loss) from discontinued operations, net of tax	$6.9	$7.2	$(17.4)

(1) Subsequent activity for businesses divested in prior years has been reported as discontinued operations in the table above, including a cash litigation settlement received in 2012 associated with our former Prime Foam Products unit. This unit was sold in March 2007 and was previously part of the Residential Furnishings segment.

(2) 2013 and 2012 tax benefits are related to a worthless stock deduction and the excess outside tax basis of the subsidiary that produced wire dishwasher racks.

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C—Impairment Charges

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

Asset impairments associated with continuing operations are reported on the Statements of Operations in "Impairment of goodwill" and "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."

	Year Ended				
		2013		2012	2011
	Goodwill Impairment	Other Long-Lived Asset Impairments	Total Impairments	Other Long-Lived Asset Impairments	Other Long-Lived Asset Impairments
Continuing operations:					
Residential Furnishings	$—	$ .8	$ .8	$ .1	$ 5.6
Commercial Fixturing & Components	—	—	—	—	1.5
Industrial Materials	—	—	—	.6	1.8
Specialized Products:					
CVP unit	63.0	—	63.0	—	2.0
Other units	—	—	—	.1	5.2
Total continuing operations	63.0	.8	63.8	.8	16.1
Discontinued operations:					
Industrial Materials					
Cotton-based erosion control products	—	1.5	1.5	—	—
Wire dishwasher racks	—	—	—	.9	18.8
Subsequent activity related to divestitures completed prior to 2011	—	.1	.1	—	—
Total discontinued operations	—	1.6	1.6	.9	18.8
Total impairment charges	$63.0	$ 2.4	$ 65.4	$ 1.7	$ 34.9

Other Long-Lived Assets

As discussed in Note A, other long-lived assets are reviewed for recoverability at year end and whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

In December 2011, management approved the 2011 Restructuring Plan which primarily related to the closure of four underperforming facilities and resulted in impairment charges of $31.2 ($19.0 for intangibles and $12.2 for fixed assets). In 2012, approximately $1.2 of fixed asset impairments were related to this plan. We also incurred restructuring and restructuring-related charges associated with this plan as discussed in Note D. This plan included operations that produced wire dishwasher racks, the final location of which was closed in second quarter of 2013 and is now reported within discontinued operations as discussed in Note B.

Goodwill

Goodwill is required to be tested for impairment at least once a year and as triggering events occur. We perform our annual goodwill impairment review in the second quarter of each year as discussed in Note A.

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

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The market approach estimates fair value by first determining price-to-earnings ratios for comparable publicly-traded companies with similar characteristics of the reporting unit. The price-to-earnings ratio for comparable companies is based upon current enterprise value compared to projected earnings for the next two years. The enterprise value is based upon current market capitalization and includes a 25% control premium. Projected earnings are based upon market analysts' projections. The earnings ratios are applied to the projected earnings of the comparable reporting unit to estimate fair value. Management believes this approach is appropriate because it provides a fair value estimate using multiples from entities with operations and economic characteristics comparable to our reporting units.

The income approach is based on projected future (debt-free) cash flow that is discounted to present value using factors that consider the timing and risk of future cash flows. Management believes that this approach is appropriate because it provides a fair value estimate based upon the reporting unit's expected long-term operating cash flow performance. Discounted cash flow projections are based on 10-year financial forecasts developed from operating plans and economic projections noted above, sales growth, estimates of future expected changes in operating margins, terminal value growth rates, future capital expenditures and changes in working capital requirements.

If a triggering event occurs, special consideration is given to the new circumstances when determining the fair value of the impacted reporting unit.

Goodwill Impairment Reviews

The goodwill impairment reviews performed in June of each year presented indicated no goodwill impairments.

During 2013, we began considering strategic alternatives for our CVP unit, including possible divestiture of the business. Potential buyers' initial indications of value received during the second and third quarters were reasonably consistent with our fair value estimates used for the annual goodwill impairment test performed in June 2013. During 2013's fourth quarter, performance of the business deteriorated. It became apparent in December 2013 that current market values for CVP's assets had fallen below recorded book values. This decline in market values of the assets resulted from lower expectations of future revenue and profitability, reflecting reduced market demand for the racks, shelving, and cabinets used in telecom, cable and delivery vans.

The events of the fourth quarter were considered a triggering event, which required us to perform an impairment review. Because the held for sale criteria for the CVP unit was not met, it was evaluated for impairment in December under the held for use model. No long-lived asset impairments (excluding goodwill) were indicated during the fourth quarter review. However, we also evaluated the remaining useful life for the intangibles resulting in accelerated amortization of $3.8 in the fourth quarter for selected CVP customer-related intangibles.

We determined fair value for the first step of the interim goodwill impairment test based upon market multiples of comparable publicly-traded companies with similar characteristics as well as multiples derived from offers received during potential sale negotiations. These multiples were applied to lower profitability estimates, which was the result of CVP's fourth quarter business deterioration. Because fair value 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, and a $63.0 goodwill impairment charge was recognized in the fourth quarter of 2013.

Reporting units' fair values in relation to their respective carrying values and significant assumptions used in 2013 are presented in the table below. The 10-25% category below includes information for one reporting unit (Store Fixtures). The fair value of this unit exceeded its book value by 18% at the June 30, 2013 impairment review date. If actual results differ from estimates used in these calculations, we could incur future impairment charges.

Percentage of Fair Value in Excess of Carrying Value	December 31, 2013 Goodwill Value	10-year Compound Annual Growth Rate Range	Terminal Values Long-term Growth Rate	Discount Rate Ranges
10-25%	$108.6	3.3%	3.0%	10.5%
25%+ (1)	818.2	1.5% - 5.0%	3.0%	8.0% - 10.0%
	$926.8	1.5% - 5.0%	3.0%	8.0% -10.5%

(1) Includes $13.0 book value of CVP goodwill remaining after the 2013 fourth quarter impairment.

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D—Restructuring

We have historically implemented various cost reduction initiatives to improve our operating cost structures. These cost initiatives have, among other actions, included workforce reductions and the closure or consolidation of certain operations. Our total restructuring-related costs for the three years ended December 31 were comprised of:

	Year Ended December 31		
	2013	2012	2011
Continuing operations:			
Charged to other (income) expense, net:			
Severance and other restructuring costs	$2.2	$7.2	$6.3
Gain from sale of assets	(.3)	(1.8)	(.1)
Inventory obsolescence charged to cost of goods sold	—	—	3.1
Total continuing operations	1.9	5.4	9.3
Discontinued operations (reported on the Statements of Operations in “Earnings (loss) from discontinued operations, net of tax”):	(.3)	.3	.6
Total restructuring and restructuring-related costs	$1.6	$5.7	$9.9

2011 Restructuring Plan

In December 2011, we adopted the 2011 Restructuring Plan which included the closure of four underperforming manufacturing facilities.

The following table contains information, by segment, regarding the amount of each major type of restructuring-related cost incurred in connection with the exit activities.

	Restructuring Charges (1) 2013	(Gain)/Loss on Sale of Assets 2013	Total Amount Incurred in 2013	Total Amount Incurred in 2012 (2)	Total Amount Incurred in 2011 (3)	Total Amount Incurred To Date
Continuing operations:						
Residential Furnishings	$.8	$—	$.8	$.5	$.5	$1.8
Commercial Fixturing & Components	—	(.1)	(.1)	.9	1.2	2.0
Industrial Materials	—	—	—	.5	.5	1.0
Total continuing operations	.8	(.1)	.7	1.9	2.2	4.8
Discontinued operations - Wire dishwasher racks	(.1)	—	$(.1)	.3	.6	$.8
Total	$.7	$(.1)	$.6	$2.2	$2.8	$5.6

The above table includes cash charges incurred to date of $4.4.

(1) Restructuring charges are reported on the Statements of Operations in “Other (income) expense, net.”
(2) The 2012 charges consist of $2.5 of restructuring charges and ($.3) of (gain)/loss on sale of assets.
(3) The 2011 charges consist of $1.2 of restructuring charges and $1.6 of inventory obsolescence.

The accrued liability associated with the 2011 Restructuring Plan consisted of the following:

	Balance at December 31,	2012 Charges	2012 Payments	Balance at December 31,	2013 Charges	2013 Payments	Balance at December 31,

	2011			2012			2013
Termination benefits	$ .9	$ .7	$ 1.3	$ .3	$ (.1)	$ .2	$ —
Contract termination costs	—	.1	.1	—	—	—	—
Other restructuring costs	.3	1.7	1.9	.1	.8	.9	—
	$ 1.2	$ 2.5	$ 3.3	$ .4	$ .7	$ 1.1	$ —

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We also incurred impairment costs associated with this plan as discussed in Note C. These exit activities were substantially complete by the end of 2012 and no additional significant costs related to the plan are expected.

Other Initiatives

Apart from the 2011 Restructuring Plan, we have implemented various cost reduction initiatives over the last three years to improve our operating cost structures. None of these actions have individually resulted in a material charge to earnings. Total costs associated with these other initiatives have had the following impact on our financial statements:

	Year Ended December 31		
	2013	2012	2011
Continuing operations:			
Charged to other (income) expense, net:			
Severance and other restructuring costs	$1.4	$5.0	$5.3
Gain from sale of assets	(.2)	(1.5)	(.1)
Inventory obsolescence charged to cost of goods sold	—	—	1.9
Total continuing operations	1.2	3.5	7.1
Discontinued operations:			
Severance and other restructuring costs	.2	—	—
Loss from sale of assets	(.4)	—	—
Total discontinued operations	(.2)	—	—
Total of other initiatives	$1.0	$3.5	$7.1
Portion of total that represents cash charges	$1.6	$5.0	$5.3

Restructuring and restructuring-related charges (income) by segment for the other initiatives were as follows:

	Year Ended December 31		
	2013	2012	2011
Continuing operations:			
Residential Furnishings	$.9	$1.8	$2.9
Commercial Fixturing & Components	.1	1.0	3.0
Industrial Materials	(.1)	.1	1.1
Specialized Products	.3	.6	.1
Total continuing operations	1.2	3.5	7.1
Discontinued operations	(.2)	—	—
Total	$1.0	$3.5	$7.1

The accrued liability associated with the other initiatives consisted of the following:

	Balance at December 31, 2011	2012 Charges	2012 Payments	Balance at December 31, 2012	2013 Charges	2013 Payments	Balance at December 31, 2013
Termination benefits	$ .5	$1.6	$1.3	$ .8	$.4	$1.1	$ .1
Contract termination costs	.6	1.1	1.1	.6	.1	.7	—
Other restructuring costs	.6	2.3	2.6	.3	1.1	.7	.7
	$ 1.7	$5.0	$5.0	$ 1.7	$1.6	$2.5	$ .8

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E—Goodwill and Other Intangible Assets

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

	Residential Furnishings	Commercial Fixturing & Components	Industrial Materials	Specialized Products	Total
Net goodwill as of January 1, 2012	$387.4	$ 200.1	$67.5	$271.6	$926.6
Additions for current year acquisitions	—	—	60.2	—	60.2
Adjustments to prior year acquisitions	—	—	—	—	—
Reductions for sale of business	—	(2.5)	—	—	(2.5)
Foreign currency translation adjustment/other	2.6	1.8	.1	2.7	7.2
Net goodwill as of December 31, 2012	390.0	199.4	127.8	274.3	991.5
Additions for current year acquisitions	—	—	6.1	—	6.1
Adjustments to prior year acquisitions	—	—	(.4)	—	(.4)
Reductions for sale of business	—	—	—	(.3)	(.3)
Impairment charge (1)	—	—	—	(63.0)	(63.0)
Foreign currency translation adjustment/other	(3.9)	(2.9)	.7	(1.0)	(7.1)
Net goodwill as of December 31, 2013	$386.1	$ 196.5	$134.2	$210.0	$926.8
Net goodwill as of December 31, 2013 is comprised of:					
Gross goodwill	386.1	339.1	134.2	273.0	1,132.4
Accumulated impairment losses	—	(142.6)	—	(63.0)	(205.6)
Net goodwill as of December 31, 2013	$386.1	$ 196.5	$134.2	$210.0	$926.8

(1) In the fourth quarter of 2013, we recorded a goodwill impairment charge of $63.0related to the CVP unit as outlined in Note C.

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

	Debt Issue Costs	Patents and Trademarks	Non-compete Agreements	Customer-Related Intangibles	Supply Agreements and Other	Total
2013						
Gross carrying amount	$9.5	$53.8	$ 7.7	$221.9	$24.9	$317.8
Accumulated amortization	5.5	28.2	5.2	63.9	11.6	114.4
Net other intangibles as of December 31, 2013	$4.0	$25.6	$ 2.5	$158.0	$13.3	$203.4
Acquired during 2013:						
Acquired related to business acquisitions	$—	$.7	$ .5	$9.7	$1.4	$12.3
Acquired outside business acquisitions	—	1.6	—	5.9	5.3	12.8
Total acquired in 2013	$—	$2.3	$ .5	$15.6	$6.7	$25.1
Weighted average amortization period in years for items acquired in 2013	0.0	16.3	4.8	9.6	6.1	9.2
2012						
Gross carrying amount	$10.9	$53.3	$ 12.3	$236.9	$22.0	$335.4
Accumulated amortization	5.9	27.1	9.2	75.1	11.8	129.1
Net other intangibles as of December 31, 2012	$5.0	$26.2	$ 3.1	$161.8	$10.2	$206.3
Acquired during 2012:						
Acquired related to business acquisitions	$—	$3.2	$ .1	$104.5	$2.0	$109.8
Acquired outside business acquisitions	2.3	1.2	—	—	3.1	6.6
Total acquired in 2012	$2.3	$4.4	$ .1	$104.5	$5.1	$116.4
Weighted average amortization period in years for items acquired in 2012	10.0	5.0	3.2	16.1	9.9	15.3

Estimated amortization expense for items included in our December 31, 2013 balance sheet in each of the next five years is as follows:

Year ended December 31	
2014	$22
2015	21
2016	20
2017	18
2018	16

F—Segment Information

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

- Residential Furnishings—components for bedding, furniture and other furnishings, as well as related consumer products
- Commercial Fixturing & Components—retail store fixtures and components for office and institutional furnishings
- Industrial Materials—drawn steel wire, specialty wire products, titanium and nickel tubing for the aerospace industry and welded steel tubing
- Specialized Products—automotive seating components, specialized machinery and equipment, and commercial vehicle interiors

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Our reportable segments are the same as our operating segments, which also correspond with our management organizational structure. 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 for the periods presented are shown in the following tables.

	Year Ended December 31			
	External Sales	Inter-Segment Sales	Total Sales	EBIT From Continuing Operations
2013				
Residential Furnishings	$1,944.0	$23.0	$1,967.0	$172.0
Commercial Fixturing & Components	451.3	4.9	456.2	15.4
Industrial Materials	612.8	231.0	843.8	72.4
Specialized Products	737.9	52.5	790.4	27.2
Intersegment eliminations				.2
Adjustment to LIFO method				(2.4)
	$3,746.0	$311.4	$4,057.4	$284.8
2012				
Residential Furnishings	$1,895.0	$8.8	$1,903.8	$154.3
Commercial Fixturing & Components	478.3	4.4	482.7	30.4
Industrial Materials	621.7	249.4	871.1	66.0
Specialized Products	711.1	45.9	757.0	87.0
Intersegment eliminations				(8.9)
Adjustment to LIFO method				14.6
	$3,706.1	$308.5	$4,014.6	$343.4
2011				
Residential Furnishings	$1,827.8	$8.6	$1,836.4	$137.5
Commercial Fixturing & Components	502.4	4.9	507.3	15.7
Industrial Materials	605.1	242.2	847.3	55.5
Specialized Products	683.6	47.1	730.7	77.4
Intersegment eliminations				(6.8)

Adjustment to LIFO method				(14.0)
	$3,618.9	$302.8	$3,921.7	$265.3

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

	Year Ended December 31			
	Assets	Additions to Property, Plant and Equipment	Acquired Companies' Long-Lived Assets	Depreciation And Amortization
2013				
Residential Furnishings	$586.5	$36.5	$.6	$47.2
Commercial Fixturing & Components	144.9	2.6	—	9.4
Industrial Materials	248.0	12.6	31.0	21.8
Specialized Products	225.0	26.7	3.3	27.7
Average current liabilities included in segment numbers above	460.6	—	—	—
Other (1)	—	—	—	.4
Unallocated assets (2)	1,492.4	2.2	—	16.1
Difference between average assets and year-end balance sheet	(49.3)	—	—	—
	$3,108.1	$80.6	$34.9	$122.6
2012				
Residential Furnishings	$602.9	$22.5	$12.9	$46.4
Commercial Fixturing & Components	159.1	5.2	—	11.0
Industrial Materials	243.3	14.3	182.4	22.8
Specialized Products	227.4	23.4	—	24.6
Average current liabilities included in segment numbers above	440.7	—	—	—
Other (1)	—	—	—	.9
Unallocated assets (2)	1,678.2	5.6	—	13.3
Difference between average assets and year-end balance sheet	(96.7)	—	—	—
	$3,254.9	$71.0	$195.3	$119.0
2011				
Residential Furnishings	$624.1	$34.6	$3.0	$51.2
Commercial Fixturing & Components	176.1	3.4	—	11.8
Industrial Materials	218.1	18.6	—	12.7
Specialized Products	226.6	16.3	—	26.8
Average current liabilities included in segment numbers above	417.7		—	—
Other (1)	—	—	—	4.4
Unallocated assets (2)	1,347.9	2.1	—	10.0
Difference between average assets and year-end balance sheet	(95.4)	—	—	—
	$2,915.1	$75.0	$3.0	$116.9

(1) Businesses sold or classified as discontinued operations during the years presented.

(2) Unallocated assets consist primarily of goodwill, other intangibles, cash and deferred tax assets. Unallocated depreciation and amortization consists primarily of depreciation of nonoperating assets and amortization of debt issue costs.

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Revenues from external customers, by product line, are as follows:

	Year Ended December 31		
	2013	2012	2011
Residential Furnishings			
Bedding group	$660.9	$657.6	$667.2
Furniture group	673.2	676.9	633.6
Fabric & Carpet Underlay group	609.9	560.5	527.0
	1,944.0	1,895.0	1,827.8
Commercial Fixturing & Components			
Store Fixtures group	268.8	291.6	315.7
Office Furniture Components group	182.5	186.7	186.7
	451.3	478.3	502.4
Industrial Materials			
Wire group	428.0	457.9	518.3
Tubing group	184.8	163.8	86.8
	612.8	621.7	605.1
Specialized Products			
Automotive group	502.7	463.5	428.7
Commercial Vehicle Products group	109.0	137.7	132.9
Machinery group	126.2	109.9	122.0
	737.9	711.1	683.6
	$3,746.0	$3,706.1	$3,618.9

Our principal operations outside of the United States are presented in the following geographic information, based on the area of manufacture.

	Year Ended December 31		
	2013	2012	2011
External sales			
United States	$2,691.5	$2,691.2	$2,572.0
China	358.3	338.0	331.3
Europe	352.3	326.2	373.1
Canada	205.4	217.7	216.3
Mexico	69.6	64.5	50.5
Other	68.9	68.5	75.7
	$3,746.0	$3,706.1	$3,618.9
Tangible long-lived assets			
United States	$363.6	$383.9	$387.7
China	35.7	35.9	38.1
Europe	124.5	102.7	105.0
Canada	25.0	21.1	20.8
Mexico	11.8	12.9	12.2
Other	14.0	16.3	16.8
	$574.6	$572.8	$580.6

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G—Earnings Per Share

Basic and diluted earnings per share were calculated as follows:

	Year Ended December 31		
	2013	2012	2011
Earnings:			
Earnings from continuing operations	$192.8	$243.3	$173.8
(Earnings) attributable to noncontrolling interest, net of tax	(2.4)	(2.3)	(3.1)
Net earnings from continuing operations attributable to Leggett & Platt, Inc. common shareholders	190.4	241.0	170.7
Earnings (loss) from discontinued operations, net of tax	6.9	7.2	(17.4)
Net earnings attributable to Leggett & Platt, Inc. common shareholders	$197.3	$248.2	$153.3
Weighted average number of shares (in millions):			
Weighted average number of common shares used in basic EPS	145.2	144.3	145.4
Dilutive effect of equity-based compensation	2.1	1.7	1.6
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	147.3	146.0	147.0
Basic and Diluted EPS:			
Basic EPS attributable to Leggett & Platt, Inc. common shareholders			
Continuing operations	$1.31	$1.67	$1.17
Discontinued operations	.05	.05	(.12)
Basic EPS attributable to Leggett & Platt common shareholders	$1.36	$1.72	$1.05
Diluted EPS attributable to Leggett & Platt, Inc. common shareholders			
Continuing operations	$1.29	$1.65	$1.16
Discontinued operations	.05	.05	(.12)
Diluted EPS attributable to Leggett & Platt, Inc. common shareholders	$1.34	$1.70	$1.04
Other information:			
Anti-dilutive shares excluded from diluted EPS computation	—	1.9	2.1

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H—Accounts and Other Receivables

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

	2013 Current	Long-term	2012 Current	Long-term
Trade accounts receivable	$447.4	$—	$430.4	$—
Trade notes receivable	2.6	2.3	1.1	2.9
Total trade receivables	450.0	2.3	431.5	2.9
Other notes receivable:				
Notes received as partial payment for divestitures	.5	5.4	.5	6.1
Other	3.0	1.6	.5	4.3
Income tax receivables	2.7	—	8.6	—
Other receivables	26.4	—	24.3	—
Subtotal other receivables	32.6	7.0	33.9	10.4
Total trade and other receivables	482.6	9.3	465.4	13.3
Allowance for doubtful accounts:				
Trade accounts receivable	(14.6)	—	(18.9)	—
Trade notes receivable	(.6)	(1.3)	—	(.8)
Total trade receivables	(15.2)	(1.3)	(18.9)	(.8)
Other notes receivable	—	(1.1)	(.3)	(.6)
Total allowance for doubtful accounts	(15.2)	(2.4)	(19.2)	(1.4)
Total net receivables	$467.4	$6.9	$446.2	$11.9

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, 2011	2012 Charges	2012 Charge-offs, Net of Recoveries	Balance at December 31, 2012	2013 Charges	2013 Charge-offs, Net of Recoveries	Balance at December 31, 2013
Trade accounts receivable	$ 21.9	$4.1	$ 7.1	$ 18.9	$4.1	$ 8.4	$14.6
Trade notes receivable	.7	.1	—	.8	1.9	.8	1.9
Total trade receivables	22.6	4.2	7.1	19.7	6.0	9.2	16.5
Other notes receivable:							
Notes received as partial payment for divestitures	2.7	.4	3.1	—	—	—	—
Other	.7	.3	.1	.9	.1	(.1)	1.1
Subtotal other receivables	3.4	.7	3.2	.9	.1	(.1)	1.1
Total allowance for doubtful accounts	$ 26.0	$4.9	$ 10.3	$ 20.6	$6.1	$ 9.1	$17.6

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I—Supplemental Balance Sheet Information

Sundry assets, accrued expenses, other current liabilities and other long-term liabilities at December 31 consisted of the following:

	2013	2012
Sundry assets		
Deferred taxes (See Note N)	$46.9	$50.2
Assets held for sale	19.1	21.8
Diversified investments associated with stock-based compensation plans (See Note L)	11.7	6.1
Notes receivable (See Note H)	6.9	11.9
Investment in associated companies	6.6	29.1
Pension plan assets (See Note M)	1.4	—
Other	29.0	26.1
	$121.6	$145.2
Accrued expenses		
Wages and commissions payable	$64.2	$60.3
Workers' compensation, medical, auto and product liability	54.5	49.7
Sales promotions	25.2	26.2
General taxes, excluding income taxes	14.6	12.0
Accrued interest	11.9	14.3
Liabilities associated with stock-based compensation plans (See Note L)	8.8	9.4
Other	50.5	48.6
	$229.7	$220.5
Other current liabilities		
Dividends payable	$42.0	$—
Customer deposits	13.1	9.1
Outstanding checks in excess of book balances	9.1	1.8
Sales tax payable	6.8	7.3
Liabilities associated with stock-based compensation plans (See Note L)	1.7	.9
Derivative financial instruments (See Note S)	.9	1.8
Other	5.8	2.7
	$79.4	$23.6
Other long-term liabilities		
Liability for pension benefits (See Note M)	$39.9	$75.8
Net reserves for tax contingencies	29.2	35.5
Deferred compensation	15.4	16.0
Liabilities associated with stock-based compensation plans (See Note L)	15.4	10.7
Other	27.8	20.2
	$127.7	$158.2

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J—Long-Term Debt

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

	2013 Stated Interest Rate	Due Date Through	Balance	2012 Stated Interest Rate	Due Date Through	Balance
Term notes	4.8 %	2022	$828.4	4.4 %	2022	$1,028.0
Industrial development bonds, principally variable interest rates	.2 %	2030	19.9	.4 %	2030	19.9
Commercial paper	.2 %	2017	16.0	— %	—	—
Capitalized leases (primarily machinery, vehicle and office equipment)			4.4			6.5
Other, partially secured			.8			1.0
			869.5			1,055.4
Less current maturities			181.1			201.5
			$688.4			$853.9

Maturities of long-term debt are as follows:

Year ended December 31	
2014	$181.1
2015	201.4
2016	3.2
2017	19.1
2018	152.2
Thereafter	312.5
	$869.5

We can raise cash by issuing up to $600 of commercial paper through a program that is backed by a $600 revolving credit agreement with a syndicate of 13 lenders. This agreement was renewed in 2011, with a five years term ending in 2016. During the third quarter of 2013 we extended the term by one year to 2017. The credit agreement allows us to issue total letters of credit up to $250. 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. We had no outstanding letters of credit under the agreement at year end for the periods presented.

Amounts outstanding at year-end related to our commercial paper program were:

	December 31, 2013	December 31, 2012
Total program authorized	$600.0	$600.0
Commercial paper outstanding (classified as long-term debt)	(16.0)	—
Letters of credit issued under the credit agreement	—	—
Total program usage	(16.0)	—
Total program available	$584.0	$600.0

The revolving credit agreement and certain other long-term debt contain restrictive covenants which, among other things, limit a) the total amount of indebtedness to 60% of our total capitalization (each as defined in the revolving credit agreement), b) the amount of total secured debt to 15% of our total consolidated assets, and c) the amount of assets sold, transferred or disposed of in any trailing four quarter period to 20% of total consolidated assets. We have remained well within compliance with all such covenants.

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

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

K—Lease Obligations

We lease certain operating facilities, most of our automotive and trucking equipment and various other assets. Lease terms, including purchase options, renewals and maintenance costs, vary by lease.

Total rental expense for the periods presented was as follows:

	2013	2012	2011
Continuing operations	$49.5	$48.0	$43.9

Future minimum rental commitments for all long-term non-cancelable operating leases are as follows:

Year ended December 31	
2014	$30.8
2015	24.8
2016	16.2
2017	9.7
2018	5.7
Thereafter	14.5
	$101.7

The above lease obligations expire at various dates through 2019. Aggregate rental commitments above include renewal amounts where it is our intention to renew the lease.

L—Stock-Based Compensation

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

Stock options and stock units are granted pursuant to our Flexible Stock Plan. On May 10, 2012 the Flexible Stock Plan changed the way awards granted under the Plan are charged against the number of available shares. Under the 2012 Plan modification, each option counts as one share against the shares available under the Plan, but each share granted for any other awards will count as three shares against the Plan.

At December 31, 2013, the following common shares were authorized for issuance under the Flexible Stock Plan:

	Shares Available for	Maximum Number of

	Issuance	Authorized Shares
Unexercised options	6.4	6.4
Outstanding stock units—vested	4.0	5.5
Outstanding stock units—unvested	1.8	3.4
Available for grant	7.8	7.8
Authorized for issuance at December 31, 2013	20.0	23.1

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

	Year Ended December 31					
	2013		2012		2011	
	To Be Settled With Stock	To Be Settled In Cash	To Be Settled With Stock	To Be Settled In Cash	To Be Settled With Stock	To Be Settled In Cash
Options (1):						
Amortization of the grant date fair value	$1.6	$—	$4.4	$—	$4.8	$—
Cash payments in lieu of options	—	.8	—	.3	—	.3
Stock-based retirement plans contributions (2)	6.5	1.2	6.6	1.0	5.0	.8
Discounts on various stock awards:						
Deferred Stock Compensation Program (1)	1.5	—	1.2	—	1.1	—
Stock-based retirement plans (2)	1.1	—	1.2	—	1.5	—
Discount Stock Plan (6)	.9	—	.9	—	.9	—
Performance Stock Unit awards (3)	6.4	1.1	6.5	5.1	7.0	1.9
Restricted Stock Units awards (4)	4.2	—	2.2	—	2.4	—
Profitable Growth Incentive awards (5)	.6	.6	—	—	—	—
Other, primarily non-employee directors restricted stock	1.3	—	1.0	—	1.1	—
Total stock-related compensation expense	24.1	$3.7	24.0	$6.4	23.8	$3.0
Employee contributions for above stock plans	12.2		9.8		11.5	
Total stock-based compensation	$36.3		$33.8		$35.3	
Recognized tax benefits on stock-based compensation expense	$9.2		$9.1		$9.0	

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

	2013			2012		
	Current	Long-term	Total	Current	Long-term	Total
Assets:						
Diversified investments associated with the stock-based retirement plans (2)	$1.7	$11.7	$13.4	$.9	$6.1	$7.0
Liabilities:						
Stock-based retirement plans (2)	$1.7	$11.6	$13.3	$.9	$6.2	$7.1
Performance Stock Unit award (3)	2.8	2.6	5.4	3.6	4.5	8.1
Profitable Growth Incentive award (5)	—	1.2	1.2	—	—	—
	6.0	—	6.0	5.8	—	5.8

Other - primarily timing differences between employee withholdings and related employer contributions to be submitted to various plans' trust accounts						
Total liabilities associated with stock-based compensation	$10.5	$15.4	$25.9	$10.3	$10.7	$21.0

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When the tax deduction for an exercised stock option or converted stock unit exceeds the compensation cost that has been recognized in income, a "windfall" tax benefit is created. The windfall benefit is not recognized in income, but rather on the balance sheet as additional contributed capital. When the current tax deduction for an exercised stock option or converted stock unit is less than the deferred tax asset recorded in regard to the compensation cost that has been recognized in income, a tax "shortfall" is created. To the extent we have accumulated tax windfalls, the shortfall is recognized on the balance sheet as a reduction of additional contributed capital. Net windfall is presented below:

	Balance at December 31, 2012	Net Windfall Resulting From Exercises and Conversions	Balance at December 31, 2013
Accumulated tax windfall in additional contributed capital	$36.2	$ 5.7	$41.9

(1) Stock Option Grants

We have granted stock options in the following areas:

- On a discretionary basis to a broad group of employees
- In conjunction with our Deferred Compensation Program
- As compensation of outside directors

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

We have historically granted stock options annually on a discretionary basis to a broad group of employees. Options generally become exercisable in one-third increments at 18 months, 30 months and 42 months after the date of grant. Options have a maximum term of ten years and the exercise prices are equal to Leggett's closing stock price on the grant date.

Grant date fair values are calculated using the Black-Scholes option pricing model and are amortized by the straight-line method over the options' total vesting period, except for employees who terminate due to retirement. A "retirement" termination occurs if the employee is age 65, or age 55 with 20 years of Company service at termination. For retirement terminations, options continue to vest and remain exercisable for three years, six months after termination of employment. Therefore, the expense for these options is accelerated when the employee is retirement eligible.

In connection with the January 2011 and 2012 grants, we offered two different option choice programs. One group of employees was offered the choice to receive stock options or to receive a cash payment in lieu of options, with the cash alternative being equal to approximately one-half of the Black-Scholes value of the option grant foregone. Another group of employees, generally higher level employees, were offered a choice between stock options or restricted stock units (RSUs), on a ratio of four options foregone for every one RSU offered. The stock units vest in one-third increments at 12 months, 24 months and 36 months after the date of grant.

Starting in 2013, we discontinued the annual option grant, and options are now offered only in conjunction with the Deferred Compensation Program discussed below, and were replaced with either cash awards or RSUs. Certain key management employees participated in a new Profitable Growth Incentive (PGI) program beginning in 2013, as discussed below.

Deferred Compensation Program

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

- Stock options under this program are granted on the last business day of the year prior to the year the compensation is earned. The number of options granted equals the deferred compensation times five, divided by the stock's market price on the date of grant. The option has a 10-year term. It vests as the associated compensation is earned and becomes exercisable beginning 15 months after the grant date. Stock is issued when the option is exercised.
- Deferred stock units (DSU) under this program are acquired every two weeks (when the compensation would have otherwise been paid) at a 20% discount to the market price of our common stock on each acquisition date and they vest immediately. Expense is recorded as the compensation is earned. Stock units earn dividends at the same rate as cash dividends paid on our common stock. These dividends are used to acquire stock units at a 20% discount. Stock units are converted to common stock and distributed in accordance with the participant's pre-set election. However, stock units

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may be settled in cash at the discretion of the Company. Participants must begin receiving distributions no later than ten years after the effective date of the deferral and installment distributions cannot exceed ten years.

- Interest-bearing cash deferrals under this program are reported in Other long-term liabilities on the balance sheet and are disclosed in Note I.

	Options	Units	Cash
Aggregate amount of compensation deferred during 2013	$—	$6.7	$.8

STOCK OPTIONS SUMMARY

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

	Employee Stock Options	Deferred Compensation Options	Other - Primarily Outside Directors' Options	Total Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at December 31, 2012	6.5	1.9	.1	8.5	$21.72		
Exercised *	(1.4)	(.7)	—	(2.1)	22.04		
Outstanding at December 31, 2013	5.1	1.2	.1	6.4	$21.61	4.5	$ 59.7
Vested or expected to vest				6.4	$21.61	4.5	$ 59.6
Exercisable (vested) at December 31, 2013				5.5	$21.37	4.0	$ 53.0