Company Update
September 2017

LEG (NYSE)
www.leggett.com

Leggett & Platt INCORPORATED

Forward Looking Statements

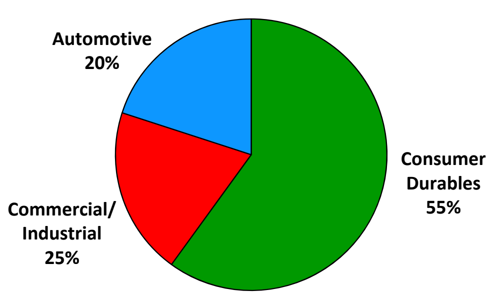
Statements in this presentation that are not historical in nature are "forward-looking." These statements involve uncertainties and risks, including the company's ability to achieve its longer-term operating targets, price and product competition from foreign and domestic competitors, changes in demand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

TSR Focused Mid-Cap Manufacturer

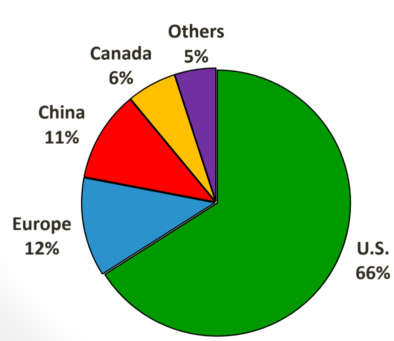
- Targeting **Total Shareholder Return in top third** of S&P 500
- **~3.0%** dividend **yield**; 46 consecutive annual increases
- **Strong** balance sheet and cash flow
- **Leader** in most markets; few/no large competitors
- Poised for **continued growth**
  - Internal initiatives + market growth + bolt-on acquisitions
- Management has "**skin in the game**"
  - Significant stock owners; forego comp in exchange for shares
  - Incentive comp aligned with TSR focus

Our Markets

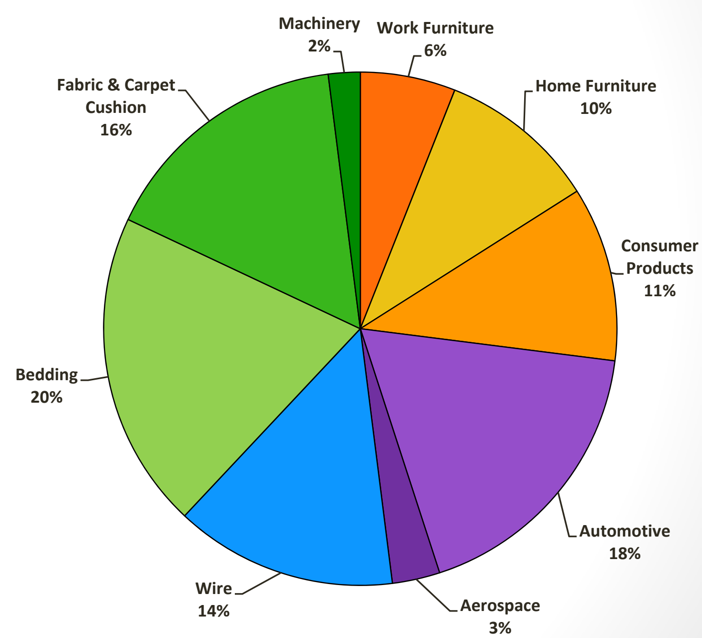
Macro Market Exposure



Geographic Split
(based on production)



Product Mix
% of 2017 est. total sales*



4 segments; 9 groups

*from continuing ops, CVP fully divested Aug 2017

Strategy

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TSR in Top Third of S&P 500

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

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

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

TSR Performance

	3-year CAGR				
	12-15	13-16	14-17[2]	16-19e[4]	Target
Revenue Change	5	3	2	8	6-9
ex divestitures/deflation/currency	*7*	*7*	*5*		
Margin Change	11	12	8	1	1
Change in Multiple	(2)	--	(3)	--	--
Dividend Yield	4	3	3	3	3
Stock Buyback	2	2	1	1	1
Annual TSR	20	20	11	13	11-14
% Rank in S&P 500[1]	31%	11%	49%[3]		

[1] 1% is best.
[2] TSR estimate based on mid-point of 2017 guidance and assumes a $53.50 year-end share price.
[3] Relative TSR performance through July 2017.
[4] TSR estimate based on 2019 operating targets.

Growth Framework

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

Enhanced framework for consistent, disciplined long-term profitable growth

1. Recent Growth Sources

- Market growth + **Other Sources**
  - Volume **+6% in 2014 & 2015**; **+2% in 2016**
  - Guiding **low-to-mid-single-digit** volume growth in 2017
- **Other Sources** include:
  - Content gains in Automotive and Bedding
  - New programs in Adjustable Bed and continued market growth
- Program awards, customer focus, consumer preference trends provide visibility for next few years
- Acquisitions should also contribute to growth
  - Averaged ~2% acquisition growth over past 3 years
  - Acquisitions y-t-d 2017 should add ~$60 million in annual revenue, offset by August 2017 divestiture of remaining CVP operation (~$40 million in annual revenue).

2. Growth Identification Process

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

3. Styles of Competition

- Defines and measures **"fit"** based on fundamentals of where and how we currently compete
- Lens used longer term to identify, screen, and pursue opportunities across **more diverse spaces**
- Helps guide growth process in current markets
- Leggett's predominant style is **Critical Components**
  - ~60% of sales; typically higher margins/returns
  - Majority of recent sales growth

Acquisition Criteria Unchanged

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

Sources of Margin Improvement

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

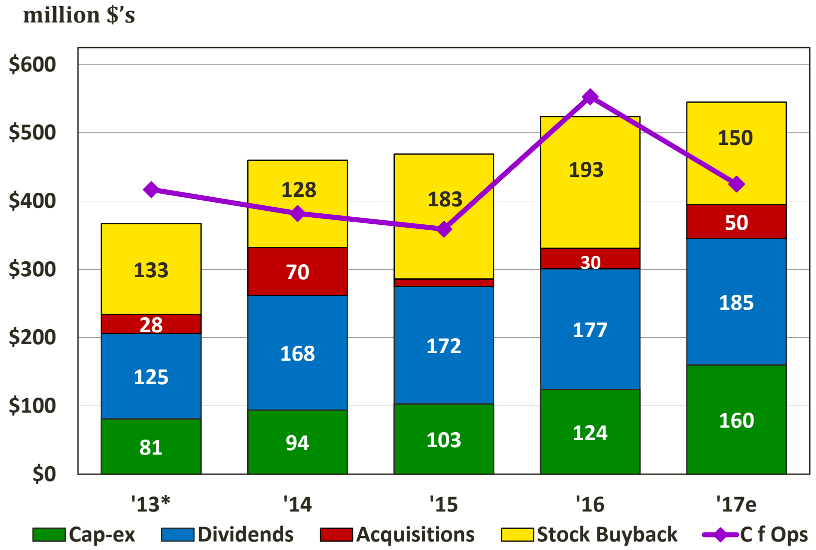
Priorities for Use of Cash

1. Fund capital expenditures
   - Support organic growth in attractive businesses
2. Increase dividends
   - **46 year history** of dividend increases
     - Member of S&P Dividend Aristocrats
3. Fund selective growth (acquisitions, new growth platforms)
4. Excess cash (if any) used to repurchase stock

Operating Cash has exceeded Dividends &
Capital Expenditures every year for over 25 years

Operating Cash & Uses

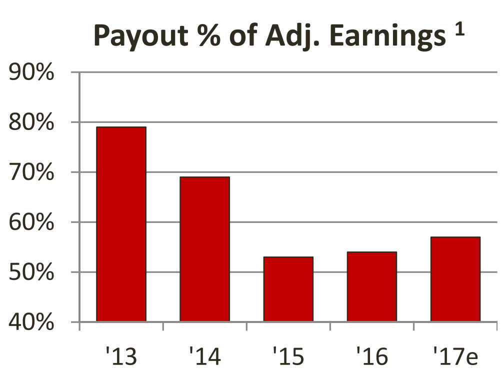
- ❑ Continued strong cash from operations
- ❑ Cash use consistent with stated priorities

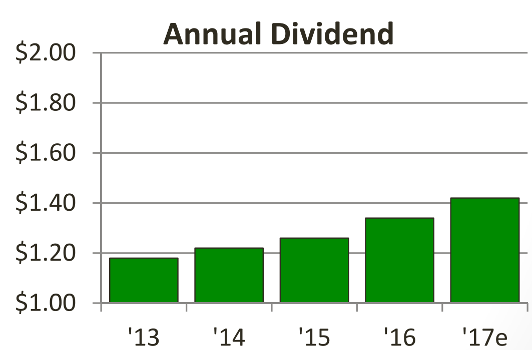


* 3 qtr dividends paid in 2013; accelerated the Jan-2013 dividend payment of $41 million into Dec 2012 in anticipation of higher tax rates.
**2017 estimates based on mid-point of guidance.

Dividend Growth

- ❑ Increased 3Q dividend by $.02, to **$.36 per share**
  - ➢ Up 5.9% vs 3Q 2016 dividend of $.34 per share
- ❑ Dividend payout target is **50-60% of earnings**
- ❑ With recent earnings growth, now in payout target range
- ❑ Future dividend growth should approx earnings growth

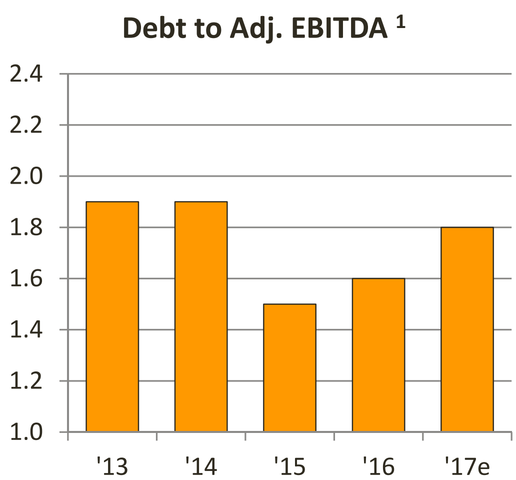


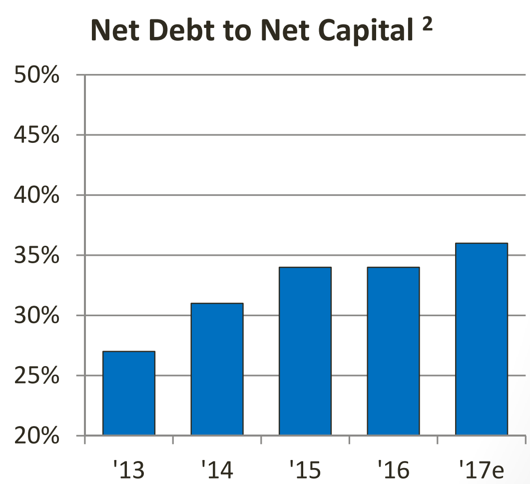


[1] Earnings from continuing ops exclude unusual items. See appendix for non-GAAP reconciliations.
[2] 2017 estimates based on mid-point of guidance.

Strong Balance Sheet

- Maintaining long-held priority on financial strength
- Flexibility to capture attractive investment opportunities





[1] EBITDA from continuing ops exclude unusual items. See appendix for non-GAAP reconciliations.
[2] See appendix for calculation of Net Debt to Net Capital.

Current Topics

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Q2 2017 Highlights

- Sales were up 3% vs. Q2-16, to $989 million
  - Organic sales grew 4% and acquisitions added 1%; growth partially offset by divestitures (2%)
- EPS from continuing ops of $.64, down 3% vs. adjusted[1] EPS of $.66 in Q2-16
- EBIT of $122 million, down 8% vs. Q2-16 adjusted[1] EBIT
- EBIT margin of 12.4%, down 140 bps vs. adjusted[1] EBIT margin in Q2-16
- Two acquisitions in Q1 add ~$50 million in annual sales
- Cash from ops of $98 million, vs. $151 million in Q2-16
- Adjusted working capital at 11.8% of annualized sales
- Net debt to net capital at 38.6% (target is 30-40%)
  - Debt to TTM EBITDA of 2.0x

[1] See Appendix for non-GAAP adjustments.

2017 Guidance (Issued 9/6/17; not updated since)

- Sales guidance of $3.9-$4.0 billion
  - Reduced 1% vs. prior range of $3.95-$4.05 billion
  - 4-7% growth versus 2016
  - Assumes **low-to-mid-single-digit volume growth** plus commodity inflation
  - Growth fundamentals healthy; US Bedding market expected to improve in back half of year
- Adj.[1] Continuing Ops EPS narrowed to $2.40-$2.50
  - vs. prior range of $2.55-$2.65; now reflects higher steel pricing in the back half of the year and lower volume growth offset by lower tax rate
  - Mid-point reduced $.15 to $2.45
- Implied Adj.[1] EBIT margin of 12.0%
- Operating cash should approximate $425 million
- Dividends should require ~$185 million
- Cap-ex of ~$160 million
- Full-year tax rate of ~23%; vs. prior assumption of ~24%
  - Q1 = 20%; Q2 = 23%; Q3 ~23%; Q4 ~24%
- Diluted shares of ~137 million

[1] See Appendix for non-GAAP adjustments.

Macro Indicators

- **Consumer confidence**
  - More crucial than home sales since majority (~2/3rds) of bedding/furniture purchases are replacement of existing product
  - “Large ticket” purchases that are deferrable
- Total **housing** turnover
  - Combination of **new and existing** home sales
- Employment levels
- Consumer discretionary income
- Interest rate levels

Key Take-Aways

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

FOR ADDITIONAL INFORMATION

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Find our Fact Book at www.leggett.com.

Susan McCoy	VP, Investor Relations
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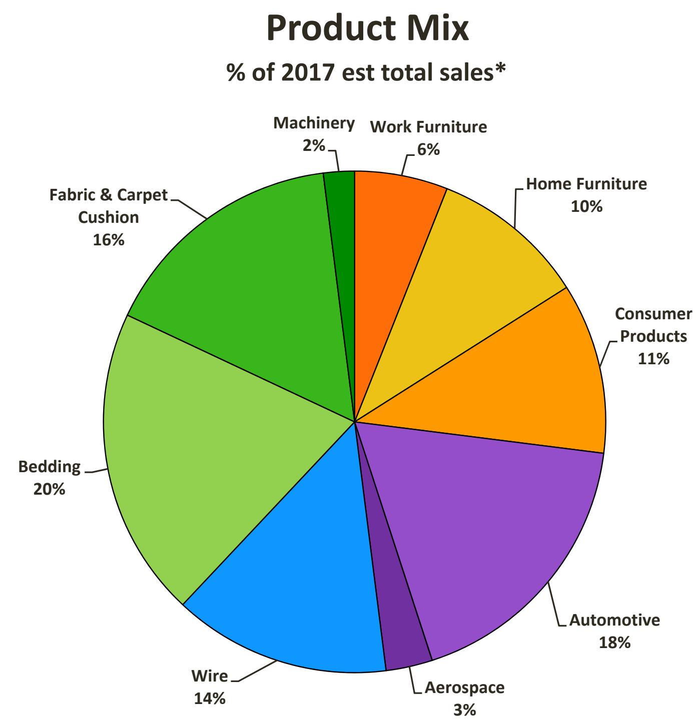
ADDITIONAL INFORMATION

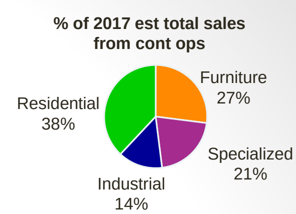
Product Mix



4 segments; 9 groups; 16 business units

*from continuing ops, CVP fully divested Aug 2017

Segments



Residential Products

Bedding
- Mattress springs
- Foundations

Fabric & Carpet Cushion
- Textile converting
- Carpet cushion
- Geo components

Machinery
- Quilting and sewing machinery for bedding mfg.


Industrial Products

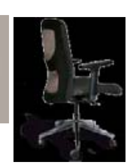
Wire
- Drawn steel wire
- Steel rod
- Wire products


Furniture Products

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

Home Furniture
- Recliner mechanisms
- Seating and sofa sleeper components

Consumer Products
- Adjustable beds
- Fashion beds
- Bed frames

Specialized Products

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

Aerospace
- Tubing
- Tube assemblies


Customers Include

In North America:

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

In Europe and Asia:

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

Diverse Customer Base – Low Concentration

Cost Structure

Cost of Goods Sold composition (approximate):

- 55% Materials, composed of:
  - Steel ~25% of RMs
  - Woven & non-woven fabrics ~15% of RMs
  - Foam scrap, fibers, chemicals ~10% of RMs
  - Titanium, nickel, stainless ~2% of RMs
  - Others, including sub-assemblies, hardware, components, finished products purchased for resale, etc. ~50% of RMs
- 20% Labor (includes all burden and overhead)
- 25% Other, composed of:
  - Depreciation, utilities, maintenance, supplies -- each ~3% of COGS
  - Shipping/transportation ~10% of COGS
  - Other also includes rent, insurance, property tax, etc.
- Costs are roughly 75% variable, 25% fixed
- $100 million of incremental volume (produced utilizing spare capacity) yields ~$25-$35 million of additional EBIT

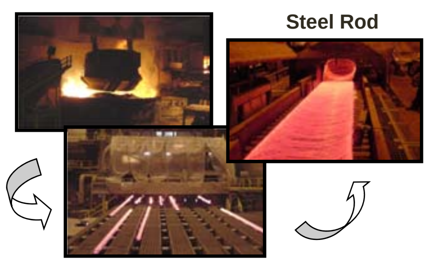
Commodity Impact

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

Vertical Integration in Steel

Melt Furnace

Steel Rod

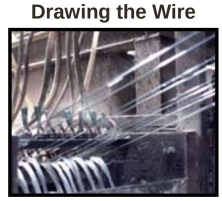


Steel Billets

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

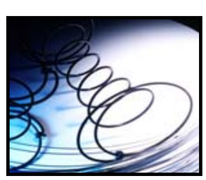
Leggett also purchases certain types of steel rod on the open market to meet the raw material requirements of our wire mills.

Drawing the Wire



Wire on Spools

Spring-Making Plant



Wire Innerspring

Approximately 70% of the wire we produce goes to other Leggett operations, including our spring-making operations. The remaining wire is sold externally.

Strong Peer Group

Diversified Manufacturers

w/ Ticker & Fortune 1000 Ranking (May 2017)

Leggett Ranking = 613

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

Characteristics of the Group

Multiple Business Segments
Sell Mainly to Other Manufacturers
Low Customer Concentration
Stamp, Cast, & Machine Materials
Moderate Labor & Capital Intensity

Primarily Manufacturers
In "Old Economy" Markets
Complex; Hard to Grasp
Old, Established Firms
Diverse Products

Governance/Directors

August 2017

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

Non-Mgmt		Age	Joined	Position	Firm
Robert Brunner	¤ ◆	59	2009	Retired EVP	ITW
Robert Culp	¤ ⚹	70	2013	Chairman	Culp, Inc.
R. Ted Enloe †	¤ ◆ ⚹	78	1969	Managing Partner	Balquita Partners
Manuel Fernandez	◆ ⚹	71	2014	Managing Director	SI Ventures
Joe McClanathan	¤ ◆ ⚹	65	2005	Retired President & CEO	Energizer Household Products
Judy Odom	¤ ◆ ⚹	64	2002	Retired Chmn, CEO	Software Spectrum
Phoebe Wood	¤ ◆	64	2005	Principal	CompaniesWood
Management					
Karl Glassman		58	2002	President & CEO	Leggett & Platt
Matthew Flanigan		55	2010	EVP & CFO	Leggett & Platt

† Independent Board Chair
Committees: ¤ Audit ◆ Compensation ⚹ Nominating & Corporate Governance

Compensation Rewards Strong Performance

- Annual Incentive
  - Based on current year **ROCE, free cash flow**, and individual goals
- Profitable Growth Incentive
  - Based on **revenue growth & EBITDA margin** over a 2-year period
  - Replaced annual option grants for **execs** beginning 2013
- Performance Stock Units
  - Based on 3-year **relative TSR performance** (vs. peer group of ~320 companies)
  - Initiated in 2008 to align with change in strategy
  - Payout based on sliding scale; significant portion of total comp for top execs
- Deferred Comp Program
  - Opportunity (in December) to **forego** a portion of next year's cash salary and bonus to **buy** stock units

STRATEGY

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Strategic Shift Outlined in 2007

What We Said:

Goal = TSR in top third of S&P 500

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

3 STEPS:

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

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

TSR Targets & Performance

3-year CAGR

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

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

Role-Based Portfolio Management

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

Criteria for Role Assignments

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

Expectations by Portfolio Role

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

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

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

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

Critical Components Style Defined

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

FINANCIAL INFORMATION

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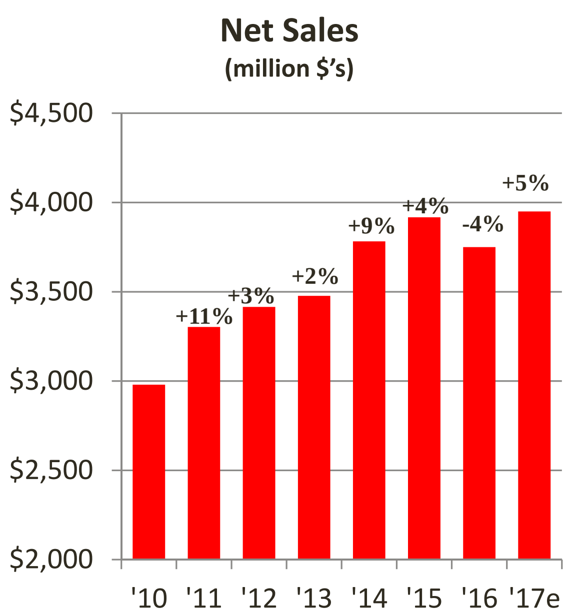
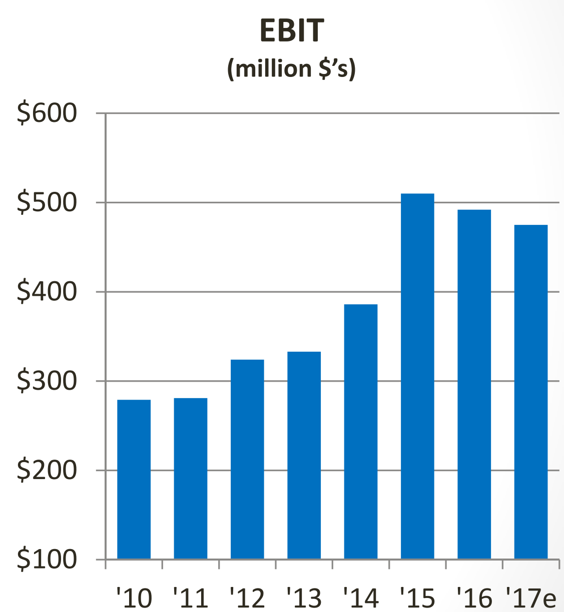
Sales and EBIT





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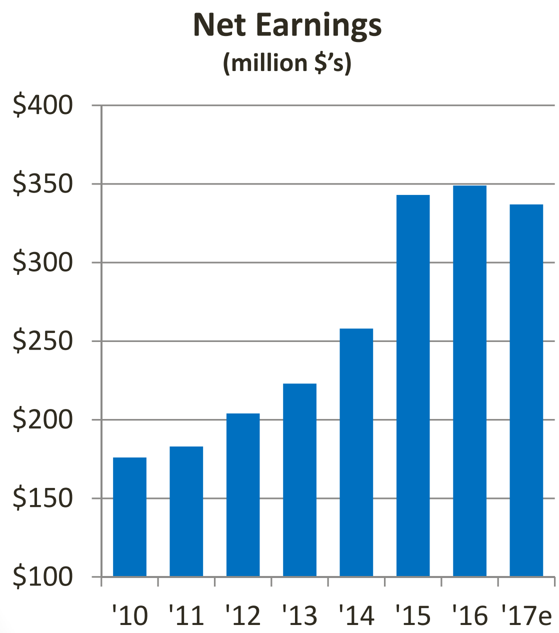
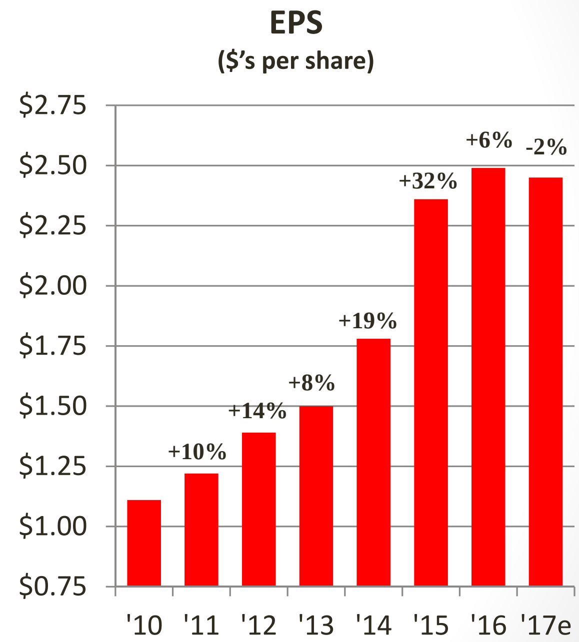
- 2017 estimates are based on mid-point of guidance.

Net Earnings and EPS





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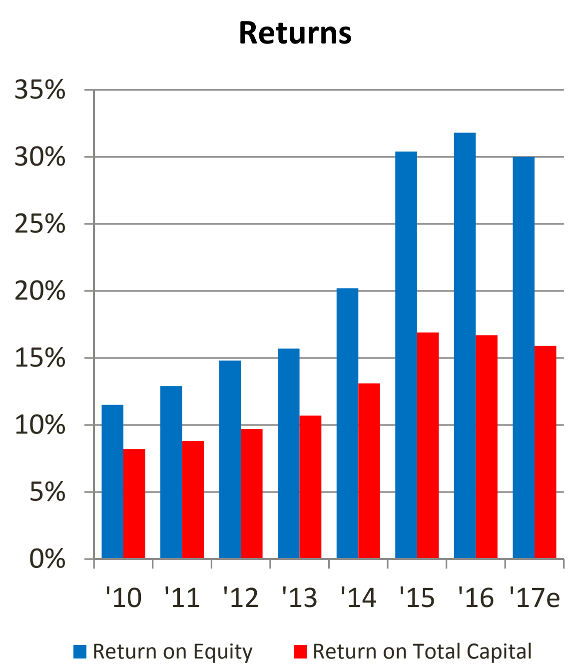
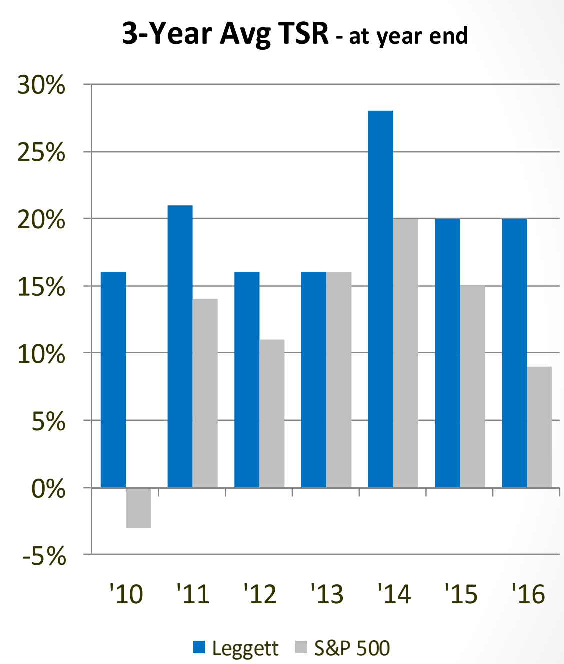
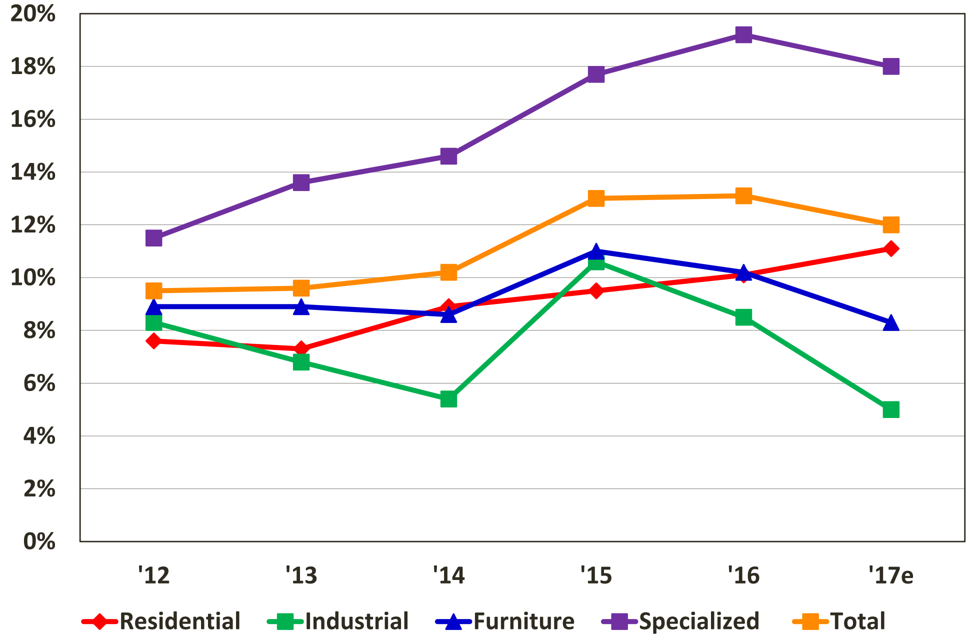
Returns and TSR





- See appendix for return calculations.
- 2017 estimates based on mid-point of guidance.
- TSR assuming dividends continually reinvested.

Segment EBIT Margins



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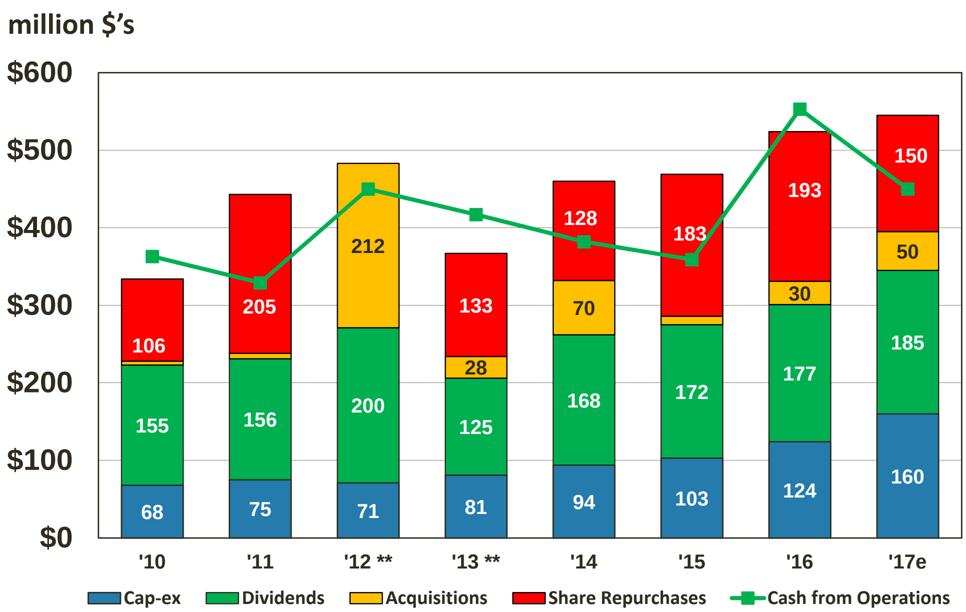
Uses of Cash Flow



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

- **Operating Cash > Capital expenditures + Dividends for over 25 years**

Cash Flow Details

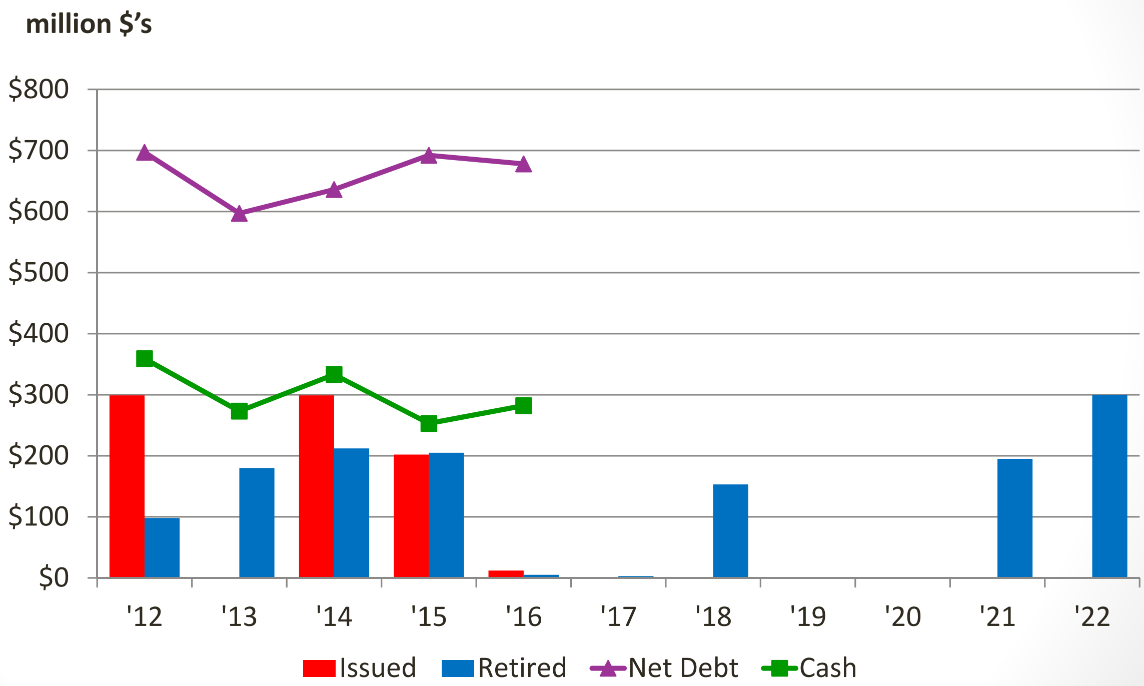
$'s in millions	2010	2011	2012	2013	2014	2015	2016	2017e[2]
Net Income	183	156	251	200	101	329	386	342
Deprec & Amort	123	117	116	123	118	113	115	125
Def Income Taxes	30	(1)	(22)	(33)	(40)	24	18	
Impairment & Other	22	54	17	83	124	19	(18)	
Working Capital	(17)	(14)	57	26	54	(171)	15	(65)
Other Non-Cash	22	17	31	18	25	45	37	23
Cash from Operations	**363**	**329**	**450**	**417**	**382**	**359**	**553**	**425**
Uses of Cash								
Capital Expenditures	(68)	(75)	(71)	(81)	(94)	(103)	(124)	(160)
Dividends[1]	(155)	(156)	(200)	(125)	(168)	(172)	(177)	(185)
Acquisitions	(5)	(7)	(212)	(28)	(70)	(11)	(30)	(50)
Share Repurchases	(106)	(205)	6	(133)	(128)	(183)	(193)	(150)

[1] 5 qtr dividends paid in 2012 and 3 qtr dividends paid in 2013; accelerated the Jan-2013 dividend payment of $41 million into Dec-2012 in anticipation of higher tax rates.
[2] 2017 estimated net income is based on mid-point of guidance.

Debt Structure (at 6/30/17)

- $1,187 million total debt
  - 3.7% avg. rate, 5.3 years avg. maturity
  - $852 million net debt ($1,187m debt less $335m cash)
- $323 million available commercial paper
  - Backed by $750 million revolver
    - 14 participating banks
    - Matures in May 2021

Debt Issued and Retired



Financial Metrics Defined

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

Appendix
Non-GAAP Reconciliations

Leggett & Platt® INCORPORATED

Non-GAAP Adjustments, Continuing Ops

($ millions, except EPS)	2011	2012	2013	2014	2015	2016	2017e
Non-GAAP Adjustments ($'s)							
Customer bankruptcy	-	-	-	-	-	-	-
Divestiture note write-down	-	-	-	-	-	-	-
Restructuring-related charges	15	-	-	-	-	-	-
Impairment charges	-	-	67	-	6	4	-
Litigation accruals	-	-	-	54	6	-	-
Acq-related bargain purchase gain	-	-	(9)	-	-	-	-
Pension lump-sum buyout charge	-	-	-	-	12	-	-
Gain from sale of business	-	-	-	-	-	(27)	3
Litigation settlement gain	-	-	-	-	-	(7)	-
Non-GAAP adjustments (pre-tax $'s)	**15**	**-**	**58**	**54**	**23**	**(30)**	**3**
Income tax impact	(5)	-	(21)	(21)	(9)	12	(1)
Unusual tax items	-	(27)	-	-	-	-	(7)
Non-GAAP adjustments (after tax $'s)	**10**	**(27)**	**37**	**33**	**15**	**(18)**	**(5)**
Diluted shares outstanding	147.0	146.0	147.2	143.2	142.9	140.0	137.4
EPS impact of non-GAAP adjustments	**$ .07**	**$ (.18)**	**$ .25**	**$ .23**	**$ .09**	**$ (.13)**	**$(.04)**

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

($ millions, except EPS)	2010	2011	2012	2013	2014	2015	2016	2017e[2]
EBIT (continuing operations)	$279	$266	$324	$275	$332	$487	$522	472
Non-GAAP adjustments, pre-tax [1]	-	15	-	58	54	23	(30)	3
Adjusted EBIT (cont. operations)	**$279**	**$281**	**$324**	**$333**	**$386**	**$510**	**$492**	**$475**
Net sales	$2,980	$3,303	$3,415	$3,477	$3,782	$3,917	$3,750	$3,950
Adjusted EBIT margin	**9.4%**	**8.5%**	**9.5%**	**9.6%**	**10.2%**	**13.0%**	**13.1%**	**12.0%**
Earnings from cont. operations	$176	$173	$231	$186	$225	$328	$367	$342
Non-GAAP adjustments, after tax [1]	-	10	(27)	37	33	15	(18)	(5)
Adj Earnings from cont. operations	**$176**	**$183**	**$204**	**$223**	**$258**	**$343**	**$349**	**$337**
Diluted EPS from cont. operations	$1.11	$1.15	$1.57	$1.25	$1.55	$2.27	$2.62	$2.49
EPS impact from non-GAAP adjs [1]	-	.07	(.18)	.25	.23	.09	(.13)	(.04)
Adjusted EPS from cont. operations	**$1.11**	**$1.22**	**$1.39**	**$1.50**	**$1.78**	**$2.36**	**$2.49**	**$2.45**

[1] See slide 52 for adjustment details.
[2] 2017 estimates are based on mid-point of guidance.

Calculation of Return on Equity and Return on Total Capital

($ millions)	2010	2011	2012	2013	2014	2015	2016	2017e[3]
Return on Equity								
Earnings from cont. operations	$176	$173	$231	$186	$225	$328	$367	$342
Non-GAAP adjustments, after tax [1]	-	10	(27)	37	33	15	(18)	(5)
Adj earnings from cont. operations	$176	$183	$204	$223	$258	$343	$349	$337
Avg shareholder equity	$1,530	$1,416	$1,375	$1,421	$1,277	$1,126	$1,096	$1,125
Adj. Return on Avg. Equity	**11.5%**	**12.9%**	**14.8%**	**15.7%**	**20.2%**	**30.4%**	**31.8%**	**30.0%**
Return on Total Capital								
Adj earnings from cont. operations	$176	$183	$204	$223	$258	$343	$349	$337
Plus: After-tax interest expense	27	28	31	34	31	30	30	30
	$203	$211	$235	$257	$289	$373	$379	$367
Avg total capital [2]	$2,481	$2,402	$2,424	$2,398	$2,210	$2,204	$2,270	$2,314
Adj. Return on Avg. Total Capital	**8.2%**	**8.8%**	**9.7%**	**10.7%**	**13.1%**	**16.9%**	**16.7%**	**15.9%**

[1] See slide 52 for adjustment details.
[2] Total capital = long-term debt + shareholder equity + d. taxes + other LT liabilities
[3] 2017 estimates are based on mid-point of guidance

Calculation of Dividend Payout % of Adjusted EPS

	2013	2014	2015	2016	2017e[2]
Diluted EPS from cont. operations	**$1.25**	**$1.55**	**$2.27**	**$2.62**	**$2.49**
EPS impact from non-GAAP adjs [1]	.25	.23	.09	(.13)	(.04)
Adjusted EPS from cont. operations	**$1.50**	**$1.78**	**$2.36**	**$2.49**	**$2.45**
Annual dividend per share	**$1.18**	**$1.22**	**$1.26**	**$1.34**	**$1.42**
Dividend payout % of diluted EPS from continuing operations	**94%**	**79%**	**56%**	**51%**	**57%**
Dividend payout % of adjusted EPS	**79%**	**69%**	**53%**	**54%**	**58%**

[1] See slide 52 for adjustment details.
[2] 2017 estimates are based on mid-point of guidance.

Calculation of Debt to Adjusted EBITDA

($ millions)	2013	2014	2015	2016	2017e[3]
EBIT (cont. operations)	**$275**	**$332**	**$487**	**$522**	**$472**
Non-GAAP adjustments, pre-tax [1]	58	54	23	(30)	3
Adjusted EBIT (cont. operations)	**333**	**386**	**510**	**492**	**475**
Depreciation and amortization [2]	116	118	113	115	125
Adjusted EBITDA	**$449**	**$504**	**$623**	**$607**	**$600**
Total Debt (long-term + current)	**$866**	**$964**	**$945**	**$960**	**$1,100**
Debt to Adjusted EBITDA	**1.9**	**1.9**	**1.5**	**1.6**	**1.8**

[1] See slide 52 for adjustment details.
[2] D&A is from continuing operations.
[3] 2017 estimates are based on mid-point of guidance.

Calculation of Net Debt to Net Capital

Net Debt *($ millions)*	**2013**	**2014**	**2015**	**2016**	**2017e[1]**
Current Maturities of Long-Term Debt	$181	$202	$3	$4	$150
Long-Term Debt	685	762	942	956	950
Total Debt	**866**	**964**	**945**	**960**	**1,100**
Less:					
Cash and Cash Equivalents	(273)	(333)	(253)	(282)	(325)
Net Debt	**$593**	**$631**	**$692**	**$678**	**$775**

Net Capital *($ millions)*	**2013**	**2014**	**2015**	**2016**	**2017e[1]**
Long-Term Debt	$685	$762	$942	$956	$950
Plus:					
Deferred Income Taxes	63	42	38	54	55
Other Long-Term Liabilities	128	185	185	173	175
Total Equity	1,399	1,155	1,098	1,094	1,170
Total Capital	**2,275**	**2,144**	**2,263**	**2,277**	**2,350**
Add:					
Current Maturities of Long-Term Debt	181	202	3	4	150
Less:					
Cash and Cash Equivalents	(273)	(333)	(253)	(282)	(325)
Net Capital	**$2,183**	**$2,013**	**$2,013**	**$1,999**	**$2,175**
Long-term Debt to Total Capital	**30%**	**36%**	**42%**	**42%**	**40%**
Net Debt to Net Capital	**27%**	**31%**	**34%**	**34%**	**36%**

[1] 2017 estimates are based on mid-point of guidance.

Non-GAAP Financial Measures

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

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

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

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