UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2006

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 1-7845

LEGGETT & PLATT, INCORPORATED
(Exact name of registrant as specified in its charter)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Common stock outstanding as of October 25, 2006: 178,988,488

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
LEGGETT & PLATT, INCORPORATED
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)

(Amounts in millions)	September 30, 2006	December 31, 2005
CURRENT ASSETS		
Cash and cash equivalents	$ 94.1	$ 64.9
Accounts and other receivables	968.3	868.4
Allowance for doubtful accounts	(22.2)	(20.8)
Inventories, net	806.9	767.1
Other current assets	100.6	83.7
Total current assets	1,947.7	1,763.3
NET PROPERTY, PLANT & EQUIPMENT	962.5	971.1
OTHER ASSETS		
Goodwill	1,144.7	1,102.5
Other intangibles, less accumulated amortization of $43.5 in 2006 and $31.3 in 2005	168.4	133.5
Sundry	90.7	82.2
Total other assets	1,403.8	1,318.2
TOTAL ASSETS	$ 4,314.0	$ 4,052.6
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 51.0	$ 98.6
Accounts payable	287.8	254.2
Accrued expenses	296.1	279.3
Other current liabilities	127.1	105.9
Total current liabilities	762.0	738.0
LONG-TERM DEBT	1,048.7	921.6
OTHER LIABILITIES	88.7	84.6
DEFERRED INCOME TAXES	67.9	59.4
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock	2.0	2.0
Additional contributed capital	486.2	464.4
Retained earnings	2,231.6	2,093.1
Accumulated other comprehensive income	90.5	66.3
Treasury stock	(463.6)	(376.8)
Total shareholders' equity	2,346.7	2,249.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 4,314.0	$ 4,052.6

See accompanying notes to consolidated condensed financial statements.

The December 31, 2005 consolidated condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

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

(Amounts in millions, except per share data)	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
Net sales	$4,194.9	$3,959.7	$1,414.6	$1,348.6
Cost of goods sold	3,439.8	3,266.0	1,156.0	1,133.5
Gross profit	755.1	693.7	258.6	215.1
Selling and administrative expenses	370.2	346.7	120.6	115.8
Other expense, net	19.9	14.4	.2	11.7
Earnings before interest and income taxes	365.0	332.6	137.8	87.6
Interest expense	40.9	33.9	14.0	11.9
Interest income	4.9	4.8	1.3	1.9
Earnings before income taxes	329.0	303.5	125.1	77.6
Income taxes	98.7	97.5	41.1	23.6
NET EARNINGS	$ 230.3	$ 206.0	$ 84.0	$ 54.0
Earnings Per Share				
Basic	$ 1.23	$ 1.06	$ .45	$ .28
Diluted	$ 1.23	$ 1.06	$ .45	$ .28
Cash Dividends Declared				
Per Share	$ .50	$ .47	$ .17	$ .16
Average Shares Outstanding				
Basic	186.7	194.0	185.6	193.0
Diluted	187.4	195.1	186.3	193.8

See accompanying notes to consolidated condensed financial statements.

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

(Amounts in millions)	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
OPERATING ACTIVITIES		
Net Earnings	$ 230.3	$ 206.0
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation	118.3	120.2
Amortization	13.6	6.7
Asset impairment	3.7	9.7
(Gain) from sales of assets	(8.9)	(4.0)
Deferred income tax benefit	(1.2)	(14.2)
Stock-based compensation	36.5	32.2
Other	3.4	3.9
Other changes, excluding effects from purchase of companies		
(Increase) in accounts and other receivables	(86.5)	(89.1)
(Increase) in inventories	(34.8)	(53.2)
(Increase) decrease in other current assets	(15.7)	5.0
Increase in accounts payable	25.5	38.9
Increase in accrued expenses and other current liabilities	24.8	42.3
NET CASH PROVIDED BY OPERATING ACTIVITIES	309.0	304.4
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(125.8)	(115.5)
Purchases of companies, net of cash acquired	(68.4)	(57.1)
Proceeds from sales of assets	19.2	10.1
Other	4.1	(2.6)
NET CASH USED FOR INVESTING ACTIVITIES	(170.9)	(165.1)
FINANCING ACTIVITIES		
Additions to debt	172.0	221.8
Payments on debt	(88.5)	(386.2)
Dividends paid	(90.1)	(88.0)
Issuances of common stock	7.2	8.9
Purchases of common stock	(112.8)	(132.0)
Other	.3	—
NET CASH USED FOR FINANCING ACTIVITIES	(111.9)	(375.5)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	3.0	(3.3)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29.2	(239.5)
CASH AND CASH EQUIVALENTS - January 1,	64.9	491.3
CASH AND CASH EQUIVALENTS - September 30,	$ 94.1	$ 251.8

See accompanying notes to consolidated condensed financial statements.

(Dollar amounts in millions, except per share data)

1. STATEMENT

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

For further information, refer to the financial statements of the Company and footnotes thereto included in the annual report on Form 10-K of the Company for the year ended December 31, 2005.

2. NEW ACCOUNTING STANDARDS

In February 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 155, “Accounting for Certain Hybrid Financial Instruments” (SFAS No. 155). SFAS 155 establishes, among other things, the accounting for certain derivatives embedded in other financial instruments. This statement permits fair value remeasurement for any hybrid financial instrument containing an embedded derivative that would otherwise require bifurcation. It also requires that beneficial interests in securitized financial assets be accounted for in accordance with SFAS No. 133. SFAS 155 is effective for fiscal years beginning after September 15, 2006, and is not expected to have a material impact on the Company’s financial reporting and disclosures.

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (FIN 48). This interpretation modified the accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109, “Accounting for Income Taxes” (SFAS No. 109). Specifically, FIN 48 changes the application of SFAS No. 109 by establishing criteria that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise’s financial statements. Additionally, FIN 48 provides new rules for measurement, derecognition, classification, interest and penalties, accounting in interim periods of income taxes, as well as disclosure and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company is still in the process of analyzing the impact of FIN 48, however we do not believe that the adoption of FIN 48 will have a material impact on the Company’s financial statements.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (SFAS 157). SFAS 157 provides guidance for using fair value to measure assets and liabilities and requires additional disclosure about the use of fair value measures, the information used to measure fair value, and the effect fair-value measurements have on earnings. The primary areas in which the Company utilizes fair value measures are valuing pension plan assets and liabilities, valuing hedge-related derivative financial instruments, allocating purchase price to the assets and liabilities of acquired companies, and evaluating long-term assets for potential impairment. SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for the Company beginning January 1, 2008. The adoption of SFAS 157 is not expected to have a material impact on the Company’s financial statements.

2. NEW ACCOUNTING STANDARDS (continued)

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans” (SFAS 158). SFAS 158 will require the Company to recognize the funded status of each of its defined benefit postretirement plans as an asset or liability on the balance sheet and to recognize in other comprehensive income any change in funded status that occurred during the year and was not reflected in net income (the recognition provisions). SFAS 158 does not change how pensions and other postretirement benefits plans are accounted for and reported in the income statement. The recognition provisions of SFAS 158 are effective for the Company beginning with its December 31, 2006 balance sheet. SFAS 158 will also require the Company to measure the funded status of its plans as of year end beginning with its December 31, 2008 balance sheet. The Company currently uses September 30 as the measurement date for most of its plans.

Based on the funded status of the Company’s plans as of their 2005 measurement dates, the impact of adopting SFAS 158 would be as follows:

	Increase (Decrease)
Other Long-Term Assets	$ (28)
Other Long-Term Liabilities	11
Long-Term Deferred Income Taxes	(15)
Accumulated Other Comprehensive Income	(24)

The actual impact will depend on changes from last year in the plans’ fair values of assets and the accumulated benefit obligations as of their respective 2006 measurement dates.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108 “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements” (SAB 108) which expresses the staff’s views regarding quantifying the effects of financial statement errors. Currently, the two methods most commonly used to quantify misstatements are the “rollover” method (which focuses primarily on the impact of misstatements on the current period income statement) and the “iron curtain” method (which focuses primarily on the cumulative effect of misstatements on the balance sheet). SAB 108 requires companies to consider both the rollover and iron curtain methods (a dual approach) when evaluating the materiality of financial statement errors. SAB 108 is effective for the Company beginning with its December 31, 2006 annual financial statements. The adoption of SAB 108 is not expected to have a material impact on the Company’s financial statements.

3. INVENTORIES

Inventories, about 50% of which are valued using the Last-In, First-Out (LIFO) cost method and the remainder using the First-In, First-Out (FIFO) cost method, are comprised of the following:

	September 30, 2006	December 31, 2005
At FIFO cost		
Finished goods	$ 396.7	$ 391.2
Work in process	107.2	97.7
Raw materials and supplies	370.7	341.9
	874.6	830.8
LIFO reserve	(67.7)	(63.7)
	$ 806.9	$ 767.1

The Company calculates its LIFO reserve (the excess of FIFO cost over LIFO cost) on an annual basis. During interim periods, the Company estimates the current year annual change in the LIFO reserve (i.e., the annual LIFO expense or income) and allocates that change proportionally to the four quarters. The interim estimate of the annual LIFO reserve change can vary significantly quarter-to-quarter, and from the actual amount for the year, due to price changes experienced in subsequent periods and to actual inventory levels at year-end being different than estimated levels.

4. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment is comprised of the following:

	September 30, 2006	December 31, 2005
Property, plant and equipment, at cost	$ 2,322.4	$ 2,280.7
Less accumulated depreciation	(1,359.9)	(1,309.6)
	$ 962.5	$ 971.1

5. COMPREHENSIVE INCOME

The following table recaps Comprehensive Income/(Loss) for the periods presented and the composition of Accumulated Other Comprehensive Income as recorded in the Consolidated Condensed Balance Sheets for the periods presented.

	Comprehensive Income/(Loss) For the Nine Months Ended		Accumulated Other Comprehensive Income	
	Sept. 30, 2006	Sept. 30, 2005	At Sept. 30, 2006	At December 31, 2005
Foreign currency translation adjustments	$ 29.5	$ (9.7)	$100.8	$ 71.3
Fair market value of natural gas hedges	(5.1)	5.5	(1.6)	3.5
Minimum pension liability adjustments	(.2)	.1	(8.7)	(8.5)
	$ 24.2	$ (4.1)	$ 90.5	$ 66.3
Net earnings	230.3	206.0		
Comprehensive income	$ 254.5	$ 201.9		

	Comprehensive Income/(Loss) For the Three Months Ended		Accumulated Other Comprehensive Income	
	Sept. 30, 2006	Sept. 30, 2005	At Sept. 30, 2006	At June 30, 2006
Foreign currency translation adjustments	$ 3.2	$ 13.9	$100.8	$ 97.6
Fair market value of natural gas hedges	(1.7)	5.5	(1.6)	.1
Minimum pension liability adjustments	—	—	(8.7)	(8.7)
	$ 1.5	$ 19.4	$ 90.5	$ 89.0
Net earnings	84.0	54.0		
Comprehensive income	$ 85.5	$ 73.4		

6. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2006	2005	2006	2005
Basic				
Weighted average shares outstanding, including shares issuable for little or no cash	186.7	194.0	185.6	193.0
Net earnings	$ 230.3	$ 206.0	$ 84.0	$ 54.0
Earnings per share - basic	$ 1.23	$ 1.06	$ .45	$ .28
Diluted				
Weighted average shares outstanding, including shares issuable for little or no cash	186.7	194.0	185.6	193.0
Additional dilutive shares principally from the assumed exercise of outstanding stock options	.7	1.1	.7	.8
	187.4	195.1	186.3	193.8
Net earnings	$ 230.3	$ 206.0	$ 84.0	$ 54.0
Earnings per share - diluted	$ 1.23	$ 1.06	$ .45	$ .28

Of the total 13.0 million shares issuable under employee and non-employee stock options as of September 30, 2006, 3.7 million were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive. As of September 30, 2005, 1.4 million of the 11.8 million option shares then issuable were similarly excluded.

7. CONTINGENCIES

The Company is involved in various legal proceedings including matters which involve claims against the Company under employment, intellectual property, environmental and other laws. When it appears probable in management’s judgment that the Company will incur monetary damages or other costs in connection with claims and proceedings, and the costs can be reasonably estimated, appropriate liabilities are recorded in the financial statements and charges are made against earnings. No claim or proceeding has resulted in a material charge against earnings, nor are the total liabilities recorded material to the Company’s financial position for any of the periods presented. While the results of any ultimate resolution cannot be predicted with certainty, management believes the possibility of a material adverse effect on the Company’s consolidated financial position, results of operations and cash flows from claims and proceedings is remote.

7. CONTINGENCIES (continued)

Countervailing and Anti-Dumping Duties

In April 2001, the Coalition for Fair Lumber Imports filed two petitions with the U.S. Department of Commerce (Commerce) and the International Trade Commission (ITC), claiming that production of softwood lumber in Canada was being subsidized by Canada and that imports from Canada were being “dumped” into the U.S. market (sold at less than fair value). As a result, beginning in May 2002, Commerce began imposing countervailing duty (CVD) and anti-dumping (AD) tariffs on softwood lumber imported from Canada.

The CVD and AD tariff rates are determined by Commerce on an annual basis, with the actual final rate established at the end of each rate period via an annual review process. Based upon the results of the first and second administrative reviews, the Company’s combined duty rates were finalized by Commerce at rates lower than the rates on which the Company had based its deposit payments. As such, in 2005 the Company recorded $4.8 as a receivable and a partial reversal of the previously recorded expense representing the difference between the deposit rates and final rates.

The final rate determinations of both the first and second administrative reviews were appealed to the Court of International Trade by both Canadian and U.S. interests. In addition, the Canadian government and other Canadian companies appealed the ITC’s 2002 injury determination in a separate appeal under the North American Free Trade Agreement.

On April 27, 2006, the U.S. and Canada jointly announced that they had reached an agreement on the “core terms” of a potential accord which would settle this dispute and on October 12, 2006, the Canada-United States Softwood Lumber Agreement (the “Agreement”) officially entered into force. As a result, Commerce retroactively revoked the AD and CVD orders without the possibility of reinstatement and ordered the U.S. Customs Department to cease collecting cash duty deposits. The terms of the Agreement include the return of 81% of the duty deposits which have been paid to date plus interest. Although the duties were imposed and collected by the United States, the scheduled refund of those duties will be executed by the government of Canada where certain legislative details have yet to be fully completed. While we are reasonably confident that we will receive the refunds contemplated by the Agreement, and the government of Canada has indicated it expects to disburse the agreed upon refunds no later than December 2006, we intend to recognize the duty refund when the payment has been received or all of the Agreement’s technical and legislative requirements have been fully met. As of September 30, 2006, the Company has paid a total of $22.3 of countervailing duty and anti-dumping duty deposits. Under the terms of the Agreement, the Company is entitled to a refund of $17.9 plus an estimated $2.8 in interest. As noted above, to date we have recorded a refund receivable for $4.8 of this amount.

8. SEGMENT INFORMATION

Reportable segments are primarily based upon the Company's management organizational structure. This structure is generally focused on broad end-user markets for the Company's diversified products. Residential Furnishings derives its revenues from components for bedding, furniture and other furnishings, as well as related consumer products. Commercial Fixturing & Components derives its revenues from retail store fixtures, displays, storage and material handling systems, components for office and institutional furnishings, and plastic components. The Aluminum Products revenues are derived from die castings, custom tooling and secondary machining and coating. Industrial Materials derives its revenues from drawn steel wire, steel rod, specialty wire products and welded steel tubing sold to trade customers as well as other Leggett segments. Specialized Products derives its revenues from the automotive components industry, specialized machinery and equipment, and van interiors and truck bodies.

A summary of segment results for the three and nine months periods ended September 30, 2006 and 2005 are shown in the following tables. Segment figures for 2005 have been restated for an organizational change, effective January 1, 2006, that moved van upfitting operations from Commercial Fixturing & Components to Specialized Products and a small Office Components operation from Specialized Products to Commercial Fixturing & Components.

The impact of this organizational change on reported results for the nine months ended September 30, 2005 was to move $67.1 of external sales and ($1.1) of EBIT from the Commercial Fixturing & Components segment to the Specialized Products segment. In addition, for the nine month period ended September 30, 2005, intersegment sales for Commercial Fixturing & Components increased $7.4, resulting in a net reduction in total Commercial Fixturing & Components sales of $59.7. Intersegment sales for Specialized Products decreased $3.0, resulting in a net increase of $64.1 in total Specialized Products sales.

The impact of the organizational change on reported results for the third quarter ended September 30, 2005 was to move $24.2 of external sales and $.6 of EBIT from the Commercial Fixturing & Components segment to the Specialized Products segment. In addition, for the quarter ended September 30, 2005, intersegment sales for Commercial Fixturing & Components increased $3.5, resulting in a net reduction in total Commercial Fixturing & Components sales of $20.7. Intersegment sales for Specialized Products decreased $1.1, resulting in a net increase of $23.1 in total Specialized Products sales.

	External Sales	Inter-Segment Sales	Total Sales	EBIT
Nine Months ended Sept. 30, 2006				
Residential Furnishings	$2,091.0	$ 17.8	$2,108.8	$205.1
Commercial Fixturing & Components	794.3	10.2	804.5	53.6
Aluminum Products	422.1	11.0	433.1	38.4
Industrial Materials	366.2	204.4	570.6	47.0
Specialized Products	521.3	34.4	555.7	24.3
Intersegment eliminations	—	—	—	.6
Change in LIFO reserve	—	—	—	(4.0)
	$4,194.9	$277.8	$4,472.7	$365.0

8. SEGMENT INFORMATION (continued)

	External Sales	Inter-Segment Sales	Total Sales	EBIT
Nine Months ended Sept. 30, 2005				
Residential Furnishings	$1,923.1	$ 17.7	$1,940.8	$136.5
Commercial Fixturing & Components	809.9	15.9	825.8	47.8
Aluminum Products	394.8	11.9	406.7	24.9
Industrial Materials	400.2	246.9	647.1	77.9
Specialized Products	431.7	42.9	474.6	26.1
Intersegment eliminations	—	—	—	(6.6)
Change in LIFO reserve	—	—	—	26.0
	$3,959.7	$335.3	$4,295.0	$332.6
Quarter ended Sept. 30, 2006				
Residential Furnishings	$ 710.7	$ 4.6	$ 715.3	$ 85.6
Commercial Fixturing & Components	286.8	3.1	289.9	21.6
Aluminum Products	124.4	4.0	128.4	7.3
Industrial Materials	124.5	66.3	190.8	16.2
Specialized Products	168.2	11.0	179.2	8.2
Intersegment eliminations	—	—	—	.9
Change in LIFO reserve	—	—	—	(2.0)
	$1,414.6	$ 89.0	$1,503.6	$137.8
Quarter ended Sept. 30, 2005				
Residential Furnishings	$ 654.3	$ 6.2	$ 660.5	$ 32.6
Commercial Fixturing & Components	306.7	6.1	312.8	18.4
Aluminum Products	111.7	4.1	115.8	1.5
Industrial Materials	137.8	75.3	213.1	23.9
Specialized Products	138.1	14.9	153.0	5.0
Intersegment eliminations	—	—	—	.2
Change in LIFO reserve	—	—	—	6.0
	$1,348.6	$106.6	$1,455.2	$ 87.6

8. SEGMENT INFORMATION (continued)

Average asset information for the Company's segments at September 30, 2006 and December 31, 2005 is shown in the following table. As a result of the organizational change discussed above, $84.5 of the December 31, 2005 average asset balance was moved from the Commercial Fixturing & Components segment to the Specialized Products segment.

	September 30, 2006	December 31, 2005
Assets		
Residential Furnishings	$ 1,593.3	$ 1,504.4
Commercial Fixturing & Components	867.8	885.4
Aluminum Products	424.8	387.2
Industrial Materials	305.1	338.2
Specialized Products	719.1	614.7
Unallocated assets	272.6	218.9
Adjustment to period-end vs. average assets	131.3	103.8
	$ 4,314.0	$ 4,052.6

9. STOCK-BASED COMPENSATION

Effective January 1, 2006, the Company adopted FASB Statement No. 123(R) "Share-Based Payment" (SFAS No. 123R) which clarifies and expands the provisions of SFAS 123 "Accounting of Stock-Based Compensation." The Company adopted SFAS 123R using the modified-prospective method and, as such, results for prior periods have not been restated. Because the Company had previously adopted, as of January 1, 2003, the fair value recognition provisions of SFAS 123 under the prospective transition method, the adoption of SFAS No. 123R has not had a significant effect on 2006 results, nor is it expected to have a significant effect on future periods. In addition, the impact to the cash flow statement is immaterial. No modifications have been made to options granted prior to the adoption of SFAS 123R, nor have we made any changes in the valuation methods from those used under SFAS 123.

9. STOCK-BASED COMPENSATION (continued)

The following table recaps the impact of stock-based compensation on the results of operations for the nine and three-month periods ended September 30, 2006:

	Nine Months Ended Sept. 30, 2006	Three Months Ended Sept. 30, 2006
Amortization of the Grant Date Fair Value of Stock Options	$ 5.1	$ 1.7
Company Match in Stock-based Retirement Plans	6.0	2.0
Discounts on Common Stock and Stock Units	4.2	1.2
Total Stock-Based Compensation Expense	$ 15.3	$ 4.9
Recognized Tax Benefits	$ 6.0	$ 1.9
Stock-based Compensation Elected by Employees in Lieu of Cash Compensation	$ 20.6	$ 6.6

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 paid-in capital. The additional windfall tax benefit realized from exercises and conversions for the three and nine months ended September 30, 2006 were $.3 and $1.2, respectively.

The Company utilizes various forms of share-based compensation within its stock-based programs which are summarized below. Awards are provided in the form of common stock, stock options, stock units and restricted stock. One stock unit is considered equivalent to one common share for accounting and earnings per share purposes. The Company has only granted restricted stock to non-employee directors and these grants have not been material.

Stock options and stock units are issued pursuant to the Company’s Flexible Stock Plan. At September 30, 2006, a total of 22,463,969 common shares were authorized for issuance under the Flexible Stock Plan. This amount represents 12,956,127 unexercised options, 2,563,881 outstanding stock units, and 6,943,961 shares that remain available for grant.

The Company issues shares from treasury for stock option exercises and stock unit conversions, as well as for employee purchases of common stock made through the Discount Stock Plan and Stock Bonus Plan. The Company typically repurchases shares to replace those issued for employee stock plans, however, there is no specific repurchase schedule or policy. The level of share repurchases primarily depends on the cash resources available after funding current growth opportunities and dividends and other factors.

9. STOCK-BASED COMPENSATION (continued)

Stock Option Grants

The Company typically grants stock options annually on a discretionary basis to a broad group of employees and outside directors. Options generally become exercisable over 42 months in one-third increments beginning 18 months after the date of grant, have a maximum term of ten years, and are issued with exercise prices equal to the market price of Leggett common stock on the grant date. The Company's non-employee stock options are not significant. During the first nine months of 2006, discretionary grants totaled 1.5 million options with an aggregate grant date fair value under the Black-Scholes method of $8.7.

Deferred Compensation Program

The Company offers a deferred compensation program under which key managers and outside directors may elect to receive stock options and/or stock units in lieu of cash compensation. Prior to the 2005 program year, options granted under the deferred compensation program were below market and had 15-year terms. Options granted for deferrals made after December 31, 2003, have a contractual term of ten years. Stock issued upon option exercise is immediately distributed. The conversion of stock units associated with any given year's deferral must begin within 10 years of deferral and must be completed within 20 years of deferral. In 2005, the Company began to grant "at market" stock options instead of discount options under the program. Stock options under this program are granted in December of the year immediately prior to the year the compensation is earned. Options granted under the program vest as the associated compensation is earned and are exercisable beginning 15 months after the date of grant.

Stock units under this program are issued bi-weekly (when the compensation otherwise would have been paid) at a 20% discount to the market price of the Company's common stock and immediately vest. Stock units earn dividends in the form of additional units at the same rate as cash dividends paid on the Company's common stock. Dividend units are also issued at a 20% discount.

Cash compensation deferred during the first nine months of 2006 as either stock options or stock units totaled approximately $5.4, of which $1.5 related to bonuses accrued and expensed in 2005. In addition, approximately $1.2 of 2006 bonuses accrued and expensed in the first nine months are subject to employee deferral elections and will be paid in the form of stock options or stock units. Options and units associated with bonuses officially vest as of December 31 of the year earned. Approximately 393,000 stock options with a total grant date fair value of $2.2, and 110,000 stock units with a total grant date value of $2.7, were earned and vested during the first nine months under the Deferred Compensation Program. An additional 114,000 stock options with an aggregate grant date fair value of $.6, and 49,000 stock units with an aggregate value of $1.2, were earned and vested in association with 2005 bonuses that were distributed in the first quarter of 2006.

Stock-Based Retirement Plans

The Company has two stock-based retirement plans: the tax-qualified Stock Bonus Plan (SBP) and the non-qualified Executive Stock Unit Program (ESUP). The Company makes matching contributions of 50% of the amount of employee contributions under both plans. In addition, the Company makes another 50% matching contribution on an annual basis if certain profitability levels, as defined in the SBP and the ESUP, are attained. The first 50% matching contribution is expensed as incurred. The additional 50% match is accrued and expensed when it is more likely than not that the required

9. STOCK-BASED COMPENSATION (continued)

profitability levels will be met, while the contribution itself is not made until the year's results have been finalized. Company matches in the SBP and ESUP fully vest upon three and five years, respectively, of cumulative service, subject to certain participation requirements.

Contributions to the ESUP are used to acquire stock units at 85% of the common stock market price while contributions to the SBP are primarily used to purchase the Company's common stock at market prices. Employees in the SBP are allowed to diversify their accounts upon reaching certain age and participation requirements. Stock units earn dividends in the form of additional units at the same rate as cash dividends paid on the Company's common stock. Stock units are converted to common stock at a 1-to-1 ratio upon distribution from the plan. Distributions under both plans are triggered by an employee's retirement, death, disability or separation from the Company.

During the first nine months of 2006, a total of approximately $6.6 of employee contributions were made into these plans, including $.8 related to 2005 bonuses paid in 2006. The Company match expensed in the first nine months of 2006 totaled $6.0 and the discount expense on stock units was $1.4.

Discount Stock Plan

Under the Discount Stock Plan (DSP), eligible employees may purchase shares of Company common stock at 85% of the closing market price on the last business day of each month. Shares purchased by employees under the DSP during the first nine months of 2006 totaled 439,828 and were made at an average purchase price of $20.77 per share, net of the discount. In the first nine months of 2006, the total discount expense related to the DSP was approximately $2.0. Since inception of the DSP in 1982, a total of 19,723,876 shares have been purchased by employees. Eligible employees may purchase a maximum of 23,000,000 shares under the plan.

COMPENSATION COST NOT YET RECOGNIZED

As of September 30, 2006, the unrecognized cost of non-vested stock-based compensation was $10.9, all of which relates to non-vested stock options. Of this amount, $.2 relates to the Deferred Compensation Program (the excess grant date fair value over the underlying compensation deferred) and is expected to be recognized in income evenly over the course of the current year. The remaining $10.7 relates to the grant date fair value of our discretionary stock option grants and is expected to be recognized over a weighted-average period of 1.25 years.

9. STOCK-BASED COMPENSATION (continued)

STOCK OPTIONS

A summary of the Company's employee stock option activity for the nine months ended September 30, 2006, is as follows:

	Shares	Weighted Average Exercise Price per Share
Outstanding at January 1, 2006	12,282,810	$ 16.75
Granted	1,525,261	23.12
Exercised	(729,872)	12.42
Expired	(40,474)	19.96
Forfeited	(248,468)	21.71
Outstanding at September 30, 2006	12,789,257	$ 17.65
Options vested & exercisable at September 30, 2006	9,396,295	$ 15.40

The total intrinsic value (market price in excess of exercise price) of options exercised during the three and nine months ended September 30, 2006 was $2.9 and $8.9, respectively, and the cash received from option exercises was $2.7 and $9.1, respectively.

Of the 12,789,257 total employee stock options outstanding at September 30, 2006, the following table summarizes those employee stock options that either have or are expected to vest (net of expected forfeitures). A portion of these options were granted in conjunction with the deferred compensation program under which employees elected to receive stock options in lieu of otherwise payable cash compensation.

	Options Vested and Expected to Vest				
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life In Years	Weighted-Average Exercise Price	Aggregate Intrinsic Value*	Associated Employee-Deferred Compensation
$ .01 - $ .25	843,553	4.7	$ .06	21,063,415	9,072,684
3.09 - 4.70	2,130,746	9.7	3.89	45,043,056	27,962,248
10.00 - 15.00	17,500	4.5	14.01	192,900	—
15.31 - 20.00	3,277,413	4.0	18.84	20,294,863	193,962
20.03 - 28.67	6,453,591	7.7	23.84	7,703,845	7,070,305
$ .01 - $28.67	12,722,803	6.9	$ 17.62	94,298,079	44,299,199

* Number outstanding times the excess of the September 30, 2006 market price over the option exercise price.

9. STOCK-BASED COMPENSATION (continued)

The following table summarizes employee stock options that are exercisable at September 30, 2006:

Range of Exercise Prices	Options Exercisable: Number Outstanding	Weighted-Average Remaining Contractual Life In Years	Weighted-Average Exercise Price	Aggregate Intrinsic Value
$ .01 - $ .25	843,553	4.7	$ .06	21,063,415
3.09 - 4.70	2,130,746	9.7	3.89	45,043,056
10.00 - 15.00	17,500	4.5	14.01	192,900
15.31 - 20.00	3,225,590	3.9	18.83	19,984,224
20.03 - 28.67	3,178,906	6.6	23.71	4,209,553
$ .01 - $28.67	9,396,295	6.2	$ 15.40	90,493,148

The weighted-average per-share fair value of the options granted during the three and nine month periods ended September 30, 2006 was $5.03 and $5.68, respectively. The estimated grant date fair value of options is amortized to expense by the straight line method over the options' total vesting period.

The following table summarizes the weighted-average assumptions used to calculate the grant date fair value of options granted during the three and nine months ended September 30, 2006 and 2005. Fair values were calculated using the Black-Scholes option pricing model.

	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
Principal assumptions:				
Risk-free interest rate	4.4%	3.7%	4.9%	4.0%
Expected life in years	6.7	5.9	6.0	4.0
Expected volatility (over expected life)	27.3%	25.0%	22.9%	23.7%
Expected dividend yield (over expected life)	3.2%	3.2%	3.2%	3.0%

The risk free rate is determined based on U.S. Treasury yields in effect at the time of grant for maturities equivalent to the expected life of the option. The expected life of the option (estimated average period of time the option will be outstanding) is estimated based on the historical exercise behavior of employees, with executives displaying somewhat longer holding periods than other employees. Expected volatility is based on historical volatility measured daily for a time period equal to the option's expected life, ending on the day of grant. The expected dividend yield is estimated based on the dividend yield at the time of grant, adjusted for expected dividend increases and historical payout policy.

9. STOCK-BASED COMPENSATION (continued)

STOCK UNITS

A summary of the status of stock units outstanding at September 30, 2006 and changes during the nine months then ended is presented below:

	Units	Weighted Average Grant Date Fair Value per Unit
Nonvested at January 1, 2006	49,395	$ 24.67
Granted	580,397	24.02
Vested	(565,752)	24.00
Forfeited	(4,929)	25.40
Nonvested at September 30, 2006	59,111	$ 24.57

At September 30, 2006, there were 1,814,079 of fully vested stock units outstanding with an aggregate intrinsic value of $45.4. The intrinsic value of nonvested stock units, all of which relate to the Executive Stock Unit Program and are expected to vest, was $1.5 at September 30, 2006. The total intrinsic value of stock units converted to common stock during the three and nine months ended September 30, 2006 was $.1 and $1.1, respectively.

10. EMPLOYEE BENEFIT PLANS

The following table provides interim information at September 30, 2006 and 2005 as to the Company's sponsored domestic and foreign defined benefit pension plans. Expected 2006 employer contributions are not significantly different than the $2.1 previously reported at year-end 2005.

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2006	2005	2006	2005
Components of Net Pension Expense				
Service cost	$ 5.4	$ 3.7	$ 1.8	$ 1.3
Interest cost	9.0	7.7	3.0	2.5
Expected return on plan assets	(12.0)	(10.5)	(4.0)	(3.5)
Amortization of net transition asset	—	.2	—	—
Recognized net actuarial loss	2.0	.6	.6	.2
Net pension expense	$ 4.4	$ 1.7	$ 1.4	$ .5

11. RESTRUCTURING AND OTHER SPECIAL CHARGES

The Company has historically implemented various cost reduction initiatives to improve its operating cost structures. These cost initiatives have, among other actions, included workforce reductions and the closure or consolidation of certain operations. Except for the 2005 Closure and Consolidation Initiative described below, none of these initiatives has individually resulted in a material charge to earnings for any of the periods presented. Net of realized gains, we incurred $54.9 of restructuring-related costs in 2005, $10.4 in the first quarter of 2006, $6.1 in the second quarter of 2006, and $(4.6) in the third quarter of 2006. We expect to incur another $4.7 in the fourth quarter of 2006, bringing the total estimated net cost of recent restructuring activities to approximately $72, excluding any future gains on the sale of related assets.

The details regarding all of the Company's net restructuring related costs for the periods presented are provided below.

Restructuring and other special charges for the three and nine months ended September 30, 2006 and September 30, 2005 were comprised of:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2006	2005	2006	2005
Severance and other restructuring costs	$ 13.7	$ 4.3	$ 1.4	$ 1.2
Asset impairment charges	3.7	9.7	.6	9.2
Inventory obsolescence and other	1.6	7.2	(1.4)	5.7
(Gain) from sales of assets	(7.1)	—	(5.2)	—
Total restructuring & other special charges	$ 11.9	$ 21.2	$ (4.6)	$ 16.1

2005 Closure and Consolidation Initiative

In September 2005, the Company launched a significant broad-based restructuring initiative to reduce excess capacity and improve performance in a number of its businesses. As a result, management identified 36 operations to be closed, consolidated or sold which currently constitute the "2005 Closure and Consolidation Initiative." The Company's current estimate of the charges it expects to incur in connection with this plan is $46.7, excluding any future gains on the sale of related assets. Of this amount, $40.3 was incurred in 2005 and $6.1 in the first nine months of 2006. The remaining $.3 is expected to be incurred in the fourth quarter of 2006.

11. RESTRUCTURING AND OTHER SPECIAL CHARGES (continued)

The following table contains, by each major type of cost associated with the 2005 Closure and Consolidation Initiative, the total amount of costs expected to be incurred and the cumulative amount incurred to date:

	Total Amount Incurred in 2005	Amount Incurred in the First Nine Mos. of 2006	Total Remaining Amount Expected to be Incurred	Total Amount Expected to be Incurred
Type of charge:				
Employee termination costs	$ 8.4	$ 3.8	$ —	$ 12.2
Contract termination costs	.8	.3	—	1.1
Other exit costs, primarily plant closure and asset relocation	2.7	4.4	.3	7.4
Total restructuring costs(1)	11.9	8.5	.3	20.7
Asset impairment charges (2)	16.0	3.5	—	19.5
Inventory obsolescence and other (3)	12.4	1.2	—	13.6
(Gain) from sales of assets	—	(7.1)	—	(7.1)
Total costs	$ 40.3	$ 6.1	$ .3	$ 46.7

(1) Restructuring costs associated with the 2005 Closure and Consolidation Initiative are reported on the Statement of Earnings in "Other expense, net."

(2) Asset impairment charges relate primarily to the write down of property, plant and equipment at the impacted facilities. These facilities include six in the Fixture & Display group; five in Bedding; four in Fabric, Foam & Fiber; four in Wire; three in Home Furniture & Consumer Products; two in Automotive; and one in Machinery. Current fair market values were estimated based primarily on prices for similar assets. Asset impairment charges for the 2005 Closure and Consolidation Initiative are reported in "Other expense, net."

(3) Inventory obsolescence and other charges for the 2005 Closure and Consolidation Initiative are reported in "Cost of Goods Sold."

Other than the inventory obsolescence and asset impairment charges, the costs associated with the 2005 Closure and Consolidation Initiative primarily represent cash charges. The Company currently anticipates that the remaining $.3 will be incurred by the end of 2006.

11. RESTRUCTURING AND OTHER SPECIAL CHARGES (continued)

The following table contains information, by segment, regarding the total amount of costs expected to be incurred in connection with the 2005 Closure and Consolidation Initiative and the amount incurred in the current year:

		Amounts Incurred in 2006				
	Total Amount Incurred in 2005	Restructuring Charges	Asset Impairment Charges	Inventory Obsolescence and Other Charges (Gains)	Total Amount Incurred Year-to-Date 2006	Total Estimated Cost at Completion
Residential Furnishings	$ 15.9	$ 3.1	$ 3.1	$ (3.8)	$ 2.4	$ 18.3
Commercial Fixturing & Components	14.6	1.9	—	(1.8)	.1	14.9
Aluminum Products	—	—	—	—	—	—
Industrial Materials	3.2	1.3	—	(1.0)	.3	3.6
Specialized Products	6.6	2.2	.4	.7	3.3	9.9
Total	$ 40.3	$ 8.5	$ 3.5	$ (5.9)	$ 6.1	$ 46.7

At September 30, 2006, the accrued liability associated with the 2005 Closure and Consolidation Initiative consisted of the following:

	Balance at December 31, 2005	Additional Charges	Payments	Balance at September 30, 2006
Termination benefits	$ 6.7	$ 3.8	$ (8.8)	$ 1.7
Contract termination costs	.7	.3	(.8)	.2
Other restructuring costs	1.4	4.4	(5.0)	.8
	$ 8.8	$ 8.5	$ (14.6)	$ 2.7

All remaining payments relating to the 2005 Closure and Consolidation Initiative are expected to be paid in 2006.

Other Initiatives

Apart from the 2005 Closure and Consolidation Initiative, the Company has implemented various cost reduction initiatives during the periods presented to improve its operating cost structures. None of these actions has individually resulted in a material charge to earnings. For the full year 2005, the Company incurred $14.6 of costs for these various initiatives. In the first nine months of 2006, the Company incurred an additional $5.8, primarily composed of employee termination costs, which materially completed the other 2005 initiatives. The amount incurred year-to-date for restructuring activities initiated in 2006 is not material. The total cost remaining to complete current 2006 initiated activities is estimated to be approximately $4.4. Total costs associated with these other initiatives have had the following impact on the Company’s financial statements:

11. RESTRUCTURING AND OTHER SPECIAL CHARGES (continued)

	Nine Months ended September 30, 2006	Nine Months ended September 30, 2005	Quarter ended September 30, 2006	Quarter ended September 30, 2005
Charged to other expense, net:				
Severance and other restructuring costs	$ 5.2	$ 4.3	$ —	$ 1.2
Write-downs of property, plant & equipment	.2	—	—	—
	$ 5.4	$ 4.3	$ —	$ 1.2
Charged to cost of goods sold:				
Write-down of property, plant & equipment	$ —	$ .5	$ —	$ —
Inventory obsolescence and other	.4	2.0	—	.5
	$ .4	$ 2.5	$ —	$ .5
Total of Other Initiatives	$ 5.8	$ 6.8	$ —	$ 1.7
Restructuring liabilities at September 30	$ 1.0	$ 1.7	$ 1.0	$ 1.7

Adjustments of previously established liabilities relating to these activities have been negligible.

12. INCOME TAX MATTERS

The Company’s reported 2006 third quarter and year-to-date consolidated effective tax rates were 32.8% and 30.0%, respectively. The year-to-date effective tax rate reflects the non-recurring benefit from a tax write-off of subsidiary stock reported in the second quarter. The Company’s 2005 annual consolidated effective tax rate was 29.5% and reflected a 2.6% non-recurring benefit related to a foreign entity restructuring and cash repatriation transaction. The Company’s 2006 annual and fourth quarter effective rates may differ from these recently reported rates due to such factors as the overall profitability of the Company, the mix of earnings among various taxing jurisdictions, the ongoing rationalization of certain operations, changes in valuation allowances for certain tax assets, and the effect of tax law changes.

13. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year’s consolidated condensed financial statements and footnotes to conform to the current year presentation as follows:

In the Consolidated Condensed Statements of Cash Flows for the nine months ended September 30, 2005:

- “Stock-based compensation” is now disclosed as a separate line item in the Operating Activities section. “Stock-based compensation” was previously included as a change in “Accrued expenses and other current liabilities” in the Operating Activities section.
- “Asset impairment” and “(Gain) from sales of assets” are now presented as separate line items in the Operating Activities section. Previously these were both included in “Other” in the Operating Activities section.

13. RECLASSIFICATIONS (Continued)

In Footnote 8:

Prior year segment information has been recast to reflect an organizational change that moved certain operations between two segments. The impact of this change is described in Footnote 8.

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

INTRODUCTION

What We Do

Leggett & Platt is a FORTUNE 500 diversified manufacturer that conceives, designs, and produces a broad range of engineered components and products that can be found in many homes, retail stores, offices, and automobiles. We make components that are often hidden within, but integral to, our customers' products.

We are North America's leading independent manufacturer of: components for residential furniture and bedding, adjustable beds, carpet underlay, retail store fixtures and point-of-purchase displays, components for office furniture, non-automotive aluminum die castings, drawn steel wire, automotive seat support and lumbar systems, and machinery used by the bedding industry for wire forming, sewing, and quilting.

Our Segments

Our 123-year-old company is composed of 29 business units under five reportable segments, with approximately 34,000 employee-partners, and more than 300 facilities located in over 20 countries around the world. Our five segments are Residential Furnishings, Commercial Fixturing & Components, Aluminum Products, Industrial Materials, and Specialized Products.

Residential Furnishings: This segment supplies a variety of components mainly used by bedding and upholstered furniture manufacturers in the assembly of their finished products. We also sell adjustable beds, bed frames, ornamental beds, carpet cushion, geo components, and other finished products. This segment has generated between 45% to 46% of the Company's total sales during the past two years.

Commercial Fixturing & Components: Operations in this segment, which has contributed approximately 18% to 19% of total sales in the past two years, produce: a) store fixtures, point-of-purchase displays, and storage products used by retailers; b) chair controls, bases, and other components for office furniture manufacturers; and c) injection molded plastic components used in a variety of end products.

Effective January 1, 2006, the portion of the Commercial Vehicle Products unit historically included in the Commercial Fixturing & Components segment was moved to the Specialized Products segment and combined with the new Commercial Vehicle Products group that was established in that segment upon the acquisition of America's Body Company.

Aluminum Products: This segment has represented about 9% to 10% of total sales in the past two years, and provides die cast aluminum components for customers that manufacture many products including motorcycles, diesel and small engines, outdoor lighting fixtures, appliances, power tools, and consumer electronics, among others.

Industrial Materials: These operations primarily supply steel rod, drawn steel wire, and welded steel tubing to other Leggett operations and to external customers. Our wire and tubing is used to make bedding, furniture, automotive seats, retail store fixtures and displays, mechanical springs, and many other end products. This segment has generated approximately 15% of our total sales in each of the last two years.

Specialized Products: From this segment we supply lumbar systems and wire components used by automotive seating manufacturers. We design, produce, and sell van interiors (the racks, shelving, cabinets, etc. installed in service vans) and truck bodies (for cargo vans, flatbed trucks, service trucks, and dump trucks) used in light-to-medium duty commercial trucks. We also design and produce machinery, both for our own use and for others, including bedding manufacturers. This segment has contributed around 12% of total sales during the past two years.

Customers

We serve a broad suite of customers, with no single one representing 5% or more 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.

We primarily sell our products through our own sales employees, although we also use independent sales representatives and distributors.

Major Factors That Impact Our Business

Many factors impact our business every year, but those that generally have the greatest impact are: market demand for our products, raw material cost trends, energy costs and competition.

Market Demand

Market demand (including product mix) is impacted by many broad economic factors, including consumer confidence, employment levels, housing turnover, energy costs, and interest rates. These factors influence consumer spending on durable goods, and therefore affect demand for our components and products. Some of these factors also influence the level of business spending on facilities and equipment, which impacts approximately one-quarter of our sales. Market demand can also be affected by inflation in raw materials when cost increases cause customers to change the design of their products (and the type of components they use) to offset higher costs.

Demand in the North American bedding and automotive markets has been weak for most of the year, and recently has exhibited greater softness than previously anticipated. In contrast, market demand for our residential furniture components continues to be strong.

Raw Materials

In many of our businesses we have a cost advantage from buying large quantities of raw materials. This purchasing leverage is a benefit that many of our competitors do not enjoy. Still, our costs can vary significantly as market prices for raw materials (many of which are commodities) increase and decrease.

Purchasing arrangements vary considerably across the company. Because we typically have short-term commitments from vendors, our raw material costs generally fluctuate with the market. In certain of our businesses we have longer-term contracts with pricing terms that provide stability under reasonable market conditions. However, when commodities experience extreme inflation, vendors may not honor those contracts.

Our ability to recover higher costs (through selling price increases) is a critical factor when we experience inflation. We have few long-term, fixed-pricing contracts with customers. When we experience significant increases in raw material costs, we often implement price increases to recover the higher costs. Although we are generally able to pass through most cost increases, we encounter greater difficulty in businesses where we have a smaller market share and in products that are of a commodity nature. Inability to recover cost increases (or a delay in the recovery time) can impact our earnings.

Higher raw material costs can lead our customers to modify certain product designs, changing the quantity and mix of our components in their finished goods. In some cases, customers will respond to inflationary pressures by replacing higher cost components with lower cost components. Such changes can impact product mix and reduce our profit margins.

Steel is our most significant raw material. For the past two years, unusual market conditions resulted in unsustainably high margins on our steel rod production. The global steel market has changed and year-to-date average rod margins have narrowed. While we expect the average spread for the year to be narrower than in 2005, scrap costs have been volatile and the spread is difficult to predict. In addition, wire prices are generally lower in certain other countries, leading to lower pricing for components made in those countries.

In 2005, we experienced significant inflation in chemicals, fibers, and resins (generally driven by changes in oil prices). These costs remained relatively flat for the first nine months of 2006, and the majority of the 2005 cost increases are now reflected in our selling prices.

In addition to steel and oil-based materials, we also use significant amounts of aluminum. However, we are generally less exposed to cost changes in this commodity because of the pricing arrangements we have with our customers.

Energy Costs

Higher prices for natural gas, electricity, and fuel increase our production and delivery costs. Many of our large manufacturing operations are heavy users of natural gas and electricity. In addition, certain of our sales are made under terms requiring us to incur the fuel cost associated with delivering the product to our customer's facility. Our ability to respond to these cost increases (by raising selling prices) affects our operating results.

We continuously monitor natural gas price trends and have hedged a portion of our natural gas requirements for the next three years. The details of those arrangements are discussed under 'Derivative Financial Instruments' (on page 38).

Higher energy prices can impact consumer demand in certain markets. Higher energy costs leave less disposable income available to purchase products that contain our components.

Competition

Most of our markets are highly competitive with the number of competitors varying by product line (they tend to be smaller, private companies).

We believe we gain competitive advantage in our global markets through low cost operations, significant internal production of key raw materials, superior manufacturing expertise and product innovation, higher quality products, extensive customer service capabilities, long-lived relationships with customers, and greater financial strength. Many of our competitors, both domestic and foreign, compete primarily on the basis of price. Our success has stemmed from the ability to remain price competitive, while delivering product quality, innovation, and customer service.

In some instances we have experienced increased price competition from Chinese bedding component manufacturers. This has primarily occurred with low-end commodity products. We have reacted to this competition by reducing prices and developing new products.

We face increasing pressure from foreign competitors as some of our customers source a portion of their components or finished products from Asia. When prices for key materials (such as steel, aluminum, and chemicals) are relatively level throughout the world, we can generally produce our components at a lower cost in the U.S. (because many of our products have low labor content). However, in instances where our customers move production of their finished products overseas, our operations must be located nearby to supply them efficiently. At September 30, 2006, Leggett operated 12 facilities in China.

Asian manufacturers are currently thought to benefit from lower commodity costs (we believe certain commodities are sometimes subsidized by Asian governments), lenient attitudes toward safety and environmental matters, and currency rates that are pegged to the U.S. dollar rather than free floating. However, when exporting to the U.S., Asian manufacturers must overcome higher transportation costs, increased working capital needs, and difficulty matching U.S. manufacturers' level of service, flexibility, and logistics.

Restructuring and Asset Impairments

In the third quarter of 2006, we incurred restructuring-related and asset impairment charges of $.6 million. Offsetting this amount was $5.2 million in gains on sales of assets, resulting in a total net benefit of $4.6 million, compared to a net cost of $16.1 million in the third quarter of 2005. In the third quarter of 2005, we launched a significant broad-based restructuring project (Restructuring Plan) to reduce excess capacity and improve performance in a number of our businesses. We had maintained spare capacity for several years expecting market demand to increase, but that incremental demand had not materialized.

As part of the Restructuring Plan, we identified 36 underutilized or underperforming facilities to be closed, consolidated, or sold (the 2005 Closure and Consolidation Initiative). We also took a more critical look at other underperforming operations; as a result, we modified or accelerated restructuring activities that were previously underway, and identified other operations with impaired assets.

Total expenses (net of gains on asset sales) associated with these restructuring activities should approximate $72 million, of which about half will be non-cash charges. These expenses include the cost of plant closures (building cleanup and repair), equipment relocation, employee severance pay, asset impairment, inventory obsolescence, and similar items. We incurred $54.9 million of these costs in 2005 and $11.9 million in the first nine months of 2006. We expect to incur the remaining $4.7 million in fourth quarter 2006. The incurred amounts include gains on the sale of assets of $3.5 million in the fourth quarter of 2005 and $7.1 million in the first nine months of 2006. Total additional future gains from the sale of assets are currently estimated to range from $10 million to $20 million. Timing of the gains is uncertain and the actual amount realized could fall outside the range due to unknown factors and changes in circumstances.

(Dollar amounts in millions)	Amount	Cash	Non-Cash
2005 Closure & Consolidation Initiative Costs	$ 40.3	$13.6	$26.7
Costs related to other activity	14.6	9.8	4.8
2005 costs for Restructuring Plan	54.9	23.4	31.5
Total first quarter 2006 costs	10.4	7.9	2.5
Total second quarter 2006 costs	6.1	2.6	3.5
Third quarter 2006 costs incurred:			
Restructuring charges	1.4		
Asset impairment charges	.6		
Inventory obsolescence and other costs	(1.4)		
(Gains) from sales of assets	(5.2)		
Total third quarter 2006 costs	(4.6)	(3.8)	(.8)
Remaining 2006 expected costs	4.7	4.7	—
Total anticipated Restructuring Plan costs	$ 71.5	$34.8	$36.7

Of the 36 facilities under the 2005 Closure and Consolidation Initiative, about half were in Residential Furnishings, one-quarter were in Commercial Fixturing & Components, and the remainder were in Industrial Materials and Specialized Products. These operations were generating total revenue of roughly $400 million per year. Most of this volume has shifted to other facilities, but a $90 million per year sales reduction occurred as we divested small, non-core operations and walked away from unprofitable business. The majority of this volume reduction occurred in the Residential and Commercial segments. During the third quarter of 2006, the Company estimates sales decreased approximately $20 million due to restructuring activities.

In the third quarter of 2006 we began realizing to a significant degree most of the benefits anticipated from the 2005 Restructuring Plan. Realized third-quarter benefits were consistent with our $30 - $35 million estimate of the annual ongoing benefits expected from the Restructuring Plan. Due to the seasonal nature of some restructured operations, not all quarters are expected to benefit equally. The majority of the benefits are expected to be in the form of production and other operating cost reductions and will be reflected primarily in cost of goods sold. See Note 11 of the Company's Notes to Consolidated Condensed Financial Statements for further discussion of restructuring and asset impairments.

Fixture & Display Performance

In the third quarter of 2006, we believe retailer demand for fixtures & displays declined versus the third quarter of last year as sales volume was softer than expected. While overall demand in this unit has been difficult to predict, we are not anticipating a significant near-term change in the market. We are realizing expected restructuring benefits, however margins are still not at desired levels.

Work to improve the performance of this unit is continuing on a number of fronts. We are implementing certain production process improvements, and evaluating others, aimed at reducing operating costs and increasing speed to market. Renewed emphasis on innovation and product development is expected to result in new product introductions that will allow us to expand our customer base as well as increase sales to existing customers. In addition, we are continuing our efforts to maximize capacity utilization and will consolidate or close additional operations, if necessary.

Softwood Lumber Duties

On April 27, 2006, the U.S. and Canada jointly announced that they had reached an agreement on the “core terms” of a potential accord which would settle an ongoing dispute over U.S. – imposed lumber duties. On October 12, 2006, the Canada-United States Softwood Lumber Agreement (the “Agreement”) officially entered into force. The terms of the Agreement include the return of 81% of duty deposits paid to date plus interest. Although the duties were imposed and collected by the United States, the scheduled refund of those duties will be executed by the government of Canada where certain legislative details have yet to be fully completed. While we are reasonably confident that we will receive the refunds contemplated by the Agreement, and the government of Canada has indicated it expects to disburse the agreed upon refunds no later than December 2006, we intend to recognize the duty refund when the payment has been received or all of the Agreement’s technical and legislative requirements have been fully met. As of September 30, 2006, the Company has paid a total of $22.3 of related softwood lumber duty deposits. Under the terms of the Agreement, the Company is entitled to a refund of $17.9 plus an estimated $2.8 in interest. In 2005, the Company recorded a refund receivable for $4.8 of this amount related to tariff rate reductions announced by the U.S. Department of Commerce. See Note 7 of the Company’s Notes to Consolidated Condensed Financial Statements for further discussion.

RESULTS OF OPERATIONS

Discussion of Consolidated Results

We achieved record quarterly sales of $1.41 billion in the third quarter of 2006, exceeding the prior year third quarter by 4.9%. Same location sales increased 1%, with growth from inflation partially offset by slight unit volume declines. (Same location sales are defined as sales from businesses owned and operated during all of the respective current and prior year periods presented and sales from internal business expansion). Acquisitions increased quarterly sales by almost 6% versus third quarter of 2005, but were partially offset by a 2% decline in sales due to restructuring and divestiture activity.

Earnings for the quarter were $84.0 million, or $.45 per diluted share, reflecting improved results in Residential Furnishings over the prior period, largely due to improved performance in our foam and fiber operations. In addition, two small items (a $5.2 million benefit from asset sales, and an offsetting $.6 million restructuring-related expense), resulted in a net benefit of $4.6 million to earnings. Earnings for the third quarter of 2005 were $54.0 million, or $.28 per diluted share, which included $16.1 million of restructuring-related expenses, $9.7 million of abnormally high workers compensation costs and higher costs for certain raw materials and energy.

LIFO/FIFO and the effect of Changing Prices

All of our segments use the first-in, first-out (FIFO) method for valuing inventory. In 2005, declining steel costs resulted in lower segment margins (mainly in Residential and Industrial) under the FIFO method as our average selling prices decreased faster than previously acquired higher cost product was relieved from inventory. In our consolidated financials, we use the last-in, first-out (LIFO) method for determining cost of about half of our inventories. An adjustment is made at the corporate level (i.e. outside the segments) to convert the appropriate operations to the LIFO inventory method. For the full year of 2005, LIFO income totaled $23.9 million. In the third quarter of 2005, the Company recorded $6 million of income associated with this LIFO adjustment. That income adjustment did not recur in the third quarter of 2006; instead there was a $2 million expense.

See Note 3 of the Company's Notes to Consolidated Condensed Financial Statements for further discussion of inventories.

Income Taxes

The Company's reported 2006 third quarter and year-to-date consolidated effective tax rates were 32.8% and 30.0%, respectively. The year-to-date effective tax rate reflects the non-recurring benefit from a tax write-off of subsidiary stock reported in the second quarter. The Company's 2005 annual consolidated effective tax rate was 29.5% and reflected a 2.6% non-recurring benefit related to a foreign entity restructuring and cash repatriation transaction. The Company's 2006 annual and fourth quarter effective rates may differ from these recently reported rates due to such factors as the overall profitability of the Company, the mix of earnings among various taxing jurisdictions, the ongoing rationalization of certain operations, changes in valuation allowances for certain tax assets, and the effect of tax law changes.

Discussion of Segment Results

Third Quarter Discussion

A description of the products included in each segment, along with segment financial data, appear in Note 8 of the Notes to Consolidated Condensed Financial Statements.

A summary of our segment results for the quarters ended September 30, 2006 and September 30, 2005 are shown in the following tables. Effective January 1, 2006, the prior Commercial Vehicle Products unit was moved from the Commercial Fixturing & Components segment to the new Commercial Vehicle Products group in the Specialized Products segment. See Note 8 of the Company's Notes to Consolidated Condensed Financial Statements.

	3rd Qtr. 2006 Sales	3rd Qtr. 2005 Sales	Change in Sales $	Change in Sales %	% Change in Same Location Sales
Residential Furnishings	$ 715.3	$ 660.5	$ 54.8	8.3	3.2
Commercial Fixturing & Components	289.9	312.8	(22.9)	(7.3)	(5.6)
Aluminum Products	128.4	115.8	12.6	10.9	11.0
Industrial Materials	190.8	213.1	(22.3)	(10.5)	(8.5)
Specialized Products	179.2	153.0	26.2	17.1	(.8)
Total	$ 1,503.6	$ 1,455.2	$ 48.4	3.3	1.2

	3rd Qtr. 2006 EBIT	3rd Qtr. 2005 EBIT	Change in EBIT $	Change in EBIT %	EBIT Margins 3rd Qtr. 2006	EBIT Margins 3rd Qtr. 2005
Residential Furnishings	$ 85.6	$ 32.6	$ 53.0	162.6	12.0%	4.9%
Commercial Fixturing & Components	21.6	18.4	3.2	17.4	7.5%	5.9%
Aluminum Products	7.3	1.5	5.8	386.7	5.7%	1.3%
Industrial Materials	16.2	23.9	(7.7)	(32.2)	8.5%	11.2%
Specialized Products	8.2	5.0	3.2	64.0	4.6%	3.3%
Intersegment eliminations	.9	.2	.7			
LIFO	(2.0)	6.0	(8.0)			
Total	$ 137.8	$ 87.6	$ 50.2	57.3	9.7%	6.5%

Residential Furnishings

Total sales for the quarter increased $54.8 million, with acquisitions (net of divestitures) contributing $45 million of the increase, and restructuring activity eliminating $12 million in revenue. Same location sales increased 3.2%, with inflation more than offsetting unit declines.

Our upholstered furniture components, foam products, and fibers businesses continue to perform very well. In upholstered furniture components, the overall market was soft in the third quarter, but our business continued to post unit growth as a result of a broad customer base, a strong international presence, and the growing use of motion features within upholstered furniture.

Despite the normal seasonal increase in volume, North American bedding demand continued to be weak and softened further late in the quarter. In addition to lower bedding market demand this year, we have reacted to price competition and customer decontenting (reducing costs by changing the quantity and mix of our components in their finished products), and have been very aggressive in protecting market share.

EBIT increased $53.0 million over the prior year's third quarter due to higher sales, improved market conditions in the foam and fiber business, benefits from restructuring, the absence of $4.9 million of last year's abnormally high workers compensation costs, lower restructuring related expenses of $5.8 million, and gain on asset sales of $4.2 million.

Commercial Fixturing & Components

Total sales declined $22.9 million due to a 5.6% decline in same location sales and the restructuring-related elimination of $7 million in sales. EBIT increased $3.2 million, with the earnings impact of lower sales more than offset by lower restructuring-related costs of $2.6 million, operational improvements (from restructuring activity) and the absence of $2.2 million of last year's abnormally high workers compensation costs.

Retailer demand for fixtures & displays declined versus third quarter of last year, and volume in office furniture components and plastics eased in recent months but is still positive for the year. The full-year margin in the Commercial segment is expected to increase about 250 basis points versus 2005, but we are still not where we intend to be. We are realizing the expected restructuring benefits, but volume remains soft and we are addressing a few remaining performance issues.

Aluminum Products

Total sales for the third quarter increased $12.6 million primarily due to inflation. There have been no acquisitions within the last 12 months.

Sales increased during the quarter from a combination of inflation and higher volumes driven by the start up of our Auburn, Alabama die-casting facility and strength in the motorcycle, appliance and telecom markets. These improvements were partially offset by declines in small engines (in part due to the absence of significant weather events that drive generator sales), outdoor grills and lighting.

EBIT increased $5.8 million due to higher sales, operational improvements (from restructuring activity), and absence of last year's work stoppage at one facility. We have made significant operational progress over the past year, with performance improving at several locations. We realized EBIT and EBIT margin gains in the quarter despite start-up costs associated with our Auburn die-cast facility and the margin compression from the pass-through of raw material cost increases.

Industrial Materials

Total sales decreased $22.3 million during the quarter mainly due to unit volume declines, but also to the restructuring-related elimination of $5 million in sales. There have been no acquisitions within the last 12 months. Sales declined in the quarter primarily from continued weakness in the U.S. bedding and automotive markets.

EBIT declined $7.7 million, as lower restructuring-related costs of $2.9 million and the absence of $1.6 million of last year's abnormally high workers compensation costs were more than offset by reduced sales and lower profitability on rod production.

The Company anticipated lower margins in this segment in 2006. For the past two years, margins have been above our long-range, targeted levels mainly due to unusual market conditions that resulted in unsustainably high margins on our rod production.

Specialized Products

Total sales for the quarter increased $26.2 million. Acquisitions (net of divestitures and restructuring) contributed all of the increase. Same location sales declined slightly versus the third quarter last year.

In automotive, strength in Asia and Europe has helped offset market weakness in North America, particularly in larger vehicles that contain more seats with higher-end features. Machinery volume remains fairly stable in comparison with last year.

In our Commercial Vehicle Products business, demand for fleet van interiors is strong, but we are experiencing some market softness for commercial truck equipment, caused in part by production cuts by the OEMs and associated shortages of commercial truck chassis.

EBIT improved $3.2 million, primarily from lower restructuring-related costs of $3.5 million and $1.0 million in lower workers compensation costs. Although segment margins improved versus third quarter last year, they are still well below our target levels in part due to lower volume in North American automotive and portions of our Commercial Vehicle businesses, as well as the continued weakness of the U.S. dollar to the Canadian dollar.

Nine-Month Discussion

A summary of the segment results for the nine months ended September 30, 2006 and September 30, 2005 are shown in the following tables. Effective January 1, 2006, the prior Commercial Vehicle Products unit was moved from the Commercial Fixturing & Components segment to the new Commercial Vehicle Products group in the Specialized Products segment. See Note 8 of the Company's Notes to Consolidated Condensed Financial Statements.

	Nine Months ended Sept. 30, 2006 Sales	Nine Months ended Sept. 30, 2005 Sales	Change in Sales		% Change in Same Location Sales
			$	%	
Residential Furnishings	$ 2,108.8	$ 1,940.8	$168.0	8.7	3.1
Commercial Fixturing & Components	804.5	825.8	(21.3)	(2.6)	(1.6)
Aluminum Products	433.1	406.7	26.4	6.5	6.6
Industrial Materials	570.6	647.1	(76.5)	(11.8)	(10.9)
Specialized Products	555.7	474.6	81.1	17.1	(1.1)
Total	$ 4,472.7	$ 4,295.0	$177.7	4.1	1.4

	Nine Months ended Sept. 30, 2006 EBIT	Nine Months ended Sept. 30, 2005 EBIT	Change in EBIT $	Change in EBIT %	EBIT Margins Nine Months ended Sept. 30, 2006 EBIT	Nine Months ended Sept. 30, 2005 EBIT
Residential Furnishings	$ 205.1	$ 136.5	$ 68.6	50.3	9.7%	7.0%
Commercial Fixturing & Components	53.6	47.8	5.8	12.1	6.7%	5.8%
Aluminum Products	38.4	24.9	13.5	54.2	8.9%	6.1%
Industrial Materials	47.0	77.9	(30.9)	(39.7)	8.2%	12.0%
Specialized Products	24.3	26.1	(1.8)	(6.9)	4.4%	5.5%
Intersegment eliminations	.6	(6.6)	7.2			
LIFO	(4.0)	26.0	(30.0)			
Total	$ 365.0	$ 332.6	$ 32.4	9.7	8.7%	8.4%

Residential Furnishings

Total sales increased $168.0 million, with acquisitions (net of divestitures) contributing $139 million of the increase, and restructuring activity reducing sales by $39 million. Same location sales increased 3.1%, primarily due to inflation. Demand trends were mixed in the segment. Bedding volume was soft, but our upholstered furniture businesses continue to perform well.

EBIT increased $68.6 million over the prior year, due to higher sales, improved market conditions in the foam and fiber business, benefits from restructuring, absence of $8.1 million of last year’s abnormally high workers compensation costs and gain on asset sales.

Commercial Fixturing & Components

Total sales decreased $21.3 million for the nine months, due to a 1.6% decrease in same location sales growth and a restructuring-related reduction of $11 million in sales.

EBIT increased $5.8 million, or 12.1%, with the earnings impact of lower sales more than offset by lower restructuring-related costs of $3.0 million, operational improvements (from restructuring activity) and absence of $3.7 million of last year’s abnormally high workers compensation costs.

Aluminum Products

Total sales for the nine months increased $26.4 million. There have been no acquisitions within the last 12 months. Higher sales resulted primarily from inflation. Aluminum and zinc costs increased significantly during the first nine months of 2006, but the pricing arrangements we have with our customers allowed for a timely pass-through of most of these higher costs.

EBIT increased $13.5 million due to higher sales, operational improvements (from restructuring activity), and absence of last year’s work stoppage at one facility, partially offset by higher energy expenses and start up costs (as anticipated) at the new die-casting facility in Auburn, Alabama.

Industrial Materials

Total sales decreased $76.5 million during the first nine months of 2006, due to both lower unit volume and selling price declines, and a restructuring-related elimination of $5 million in sales. There have been no acquisitions within the last 12 months. Volume in our wire and tubing operations decreased reflecting softness in the U.S. bedding and automotive industries.

EBIT declined $30.9 million, as a result of reduced sales, lower profitability on steel rod production, equipment start-up costs at our steel rod mill, increased energy and transportation costs, partially offset by lower restructuring-related expenses of $2.2 million and absence of $2.7 million of last year's abnormally high workers compensation costs.

Specialized Products

Total sales for the nine months increased $81.1 million. Acquisitions (net of divestitures) contributed $96.8 million to sales. Same location sales declined slightly versus the same period last year. In automotive, strength in Asia and Europe has helped offset market weakness in North America, particularly in larger vehicles that contain more seats with higher-end features. Commercial Vehicle Products volume was up due to strong demand for van interiors. Machinery volume remains fairly stable in comparison with last year.

EBIT declined $1.8 million, due primarily to lower automotive volume, currency exchange rates, and higher restructuring-related costs, partially offset by $1.7 million of last year's abnormally high workers compensation costs.

LIQUIDITY AND CAPITALIZATION

In this section, we provide details about our

- Uses of cash
- Cash from operations
- Debt position and total capitalization

Our priorities for use of cash, in order of importance, are:

- Finance internal growth and acquisitions
- Pay dividends and extend our record of annual increases
- Repurchase our stock

Our operations provide much of the cash required to fund these priorities. In 2005, we also increased net debt and used excess cash to fund a portion of these items, including higher levels of acquisitions and share repurchases. Our long-term goal is to have net debt as a percent of net capital in the 30%-40% range while maintaining our longstanding "single A" debt rating. Net debt to net capital has increased from 21.9% at the beginning of 2005 to 28.7% as of September 30, 2006.

Uses of Cash

Finance Growth

We use cash to fund growth, both internally through capital expenditures and externally through acquisitions. Capital expenditures are investments we make to modernize, maintain, and expand manufacturing capacity. We expect 2006 capital spending to approximate $180 million, compared to 2005 which totaled $164.2 million.

Acquisitions add to our business by expanding our markets, product lines, or manufacturing capabilities. Our level of acquisition spending increased 19.8% in the first nine months of 2006 compared to the same period of 2005. However, there were no acquisitions in the third quarter of 2006. Cash used for acquisitions for the remainder of the year will vary depending on the timing of opportunities.

Pay Dividends

Our third quarter 2006 dividend was 6% higher than in 2005 and, annualized, extends Leggett's string of consecutive annual dividend increases to 35 years. Over the last three years, dividends have grown at an 8% compound annual rate. Our long-term target for dividend payout is approximately one-third of the prior three years' average earnings. We've been above those levels in recent years, but as earnings grow, we expect to move back toward that target.

Repurchase Stock

During the third quarter of 2006, the Company purchased an additional 2.1 million shares of its stock; this was partially offset by the issuance of .3 million shares through benefit plans. During the first nine months of 2006, the Company purchased a total of 4.8 million shares. Shares outstanding have declined to 179.1 million as of September 30, 2006, a 6.2% decrease versus the 190.9 million shares that were outstanding at the beginning of 2005. Share repurchases should be lower in 2006 (versus 2005), in part because we do not expect as large an increase in our net debt levels. In 2005, the Company used $227 million to purchase 10.3 million shares of its stock, considerably more than in any previous year. The cost, on average, was about $23 per share. Shares outstanding declined by 8.3 million shares, or 4.3%, to 182.6 million shares at year end.

As we first mentioned in September 2004, we planned to increase our net debt levels toward the lower end of our targeted range and use the cash to fund growth, pay dividends, and repurchase shares. Going forward, the cash available to repurchase shares will fluctuate each year with earnings, capital spending, and the pace of acquisitions. At a minimum, we typically repurchase shares to replace those issued for employee stock plans (approximately two million shares each year). Although no specific repurchase schedule has been established, we have been authorized by the Board of Directors to repurchase up to 10 million shares in 2006.

Cash from Operations

Cash from operations is our primary source of funds. Changes in earnings and working capital levels are the two broad factors that generally have the greatest impact on our cash from operations. Cash from operations for the first nine months of 2006 was $309 million. Inventory levels increased in the first quarter of 2005 due largely to an inventory restocking following an intentional reduction of year-end 2004 inventory levels in response to higher steel costs. That rebuild did not recur in the first nine months of 2006, as inventory levels remained relatively flat compared to year-end 2005 levels.

Working capital levels vary by segment, with the requirements of Aluminum Products and Commercial Fixturing & Components generally higher than overall company averages. Accounts receivable balances in these segments are typically higher due to the longer credit terms required to service certain customers of the Aluminum Die Casting and Fixture & Display businesses. These same businesses also require higher inventory investments due to the custom nature of their 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.

Capitalization

The following table recaps Leggett's total capitalization and unused committed credit at September 30, 2006 and December 31, 2005.

(Dollar amounts in millions)	September 30, 2006	December 31, 2005
Long-term debt outstanding:		
Scheduled maturities	$ 891.9	$ 921.6
*Average interest rates**	5.0%	5.0%
*Average maturities in years**	7.7	7.8
Revolving credit/commercial paper	156.8	—
Total long-term debt	1,048.7	921.6
Deferred income taxes and other Liabilities	156.6	144.0
Shareholders' equity	2,346.7	2,249.0
Total capitalization	$ 3,552.0	$ 3,314.6
Unused committed credit:		
Long-term	$ 243.2	$ 400.0
Short-term	—	—
Total unused committed credit	$ 243.2	$ 400.0
Current maturities of long-term debt	$ 51.0	$ 98.6
Cash and cash equivalents	$ 94.1	$ 64.9
Ratio of earnings to fixed charges**	7.1x	6.7x

* *Including current maturities and excluding commercial paper.*

** *Fixed charges include interest expense, capitalized interest, plus implied interest included in operating leases.*

The next table shows the percent of long-term debt to total capitalization at September 30, 2006 and December 31, 2005. We show this calculation 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 more meaningful comparison to recent periods, during which cash has ranged from $65 million to $491 million. We use these adjusted measures to monitor our financial leverage.

(Amounts in millions)	September 30, 2006	December 31, 2005
Debt to total capitalization:		
Long-term debt	$ 1,048.7	$ 921.6
Current debt maturities	51.0	98.6
Cash and cash equivalents	(94.1)	(64.9)
Net debt	$ 1,005.6	$ 955.3
Total Capitalization	$ 3,552.0	$ 3,314.6
Current debt maturities	51.0	98.6
Cash and cash equivalents	(94.1)	(64.9)
Net capitalization	$ 3,508.9	$ 3,348.3
Long-term debt to total capitalization	29.5%	27.8%
Net debt to net capitalization	28.7%	28.5%

At September 30, 2006 total debt (which includes long-term debt and current debt maturities) was higher than year-end 2005 levels. Approximately $75 million in notes matured during the second quarter of 2006; however this amount was more than offset by commercial paper borrowings in the amount of $156.8 million that remained outstanding at the end of the third quarter.

Since 2003, we've issued $730 million of fixed rate debt with an average remaining life at September 30, 2006 of 8.75 years, and a weighted average coupon rate of 4.7%. To further facilitate the issuance of debt and other securities, $300 million remains available under a shelf registration.

In addition to issuing long-term notes, we can also raise cash by issuing up to $400 million in commercial paper through a program that is backed by a $400 million, five year revolving credit commitment. We expect any commercial paper issued under this agreement to be classified as long-term debt since we intend to maintain or increase the balance until it is replaced with long-term notes. At September 30, 2006, $156.8 million in commercial paper was outstanding.

Considering both the shelf registration and the commercial paper program in place, we believe we have sufficient funds available to support our ongoing operations and take advantage of growth opportunities.

Most of our debt has fixed repayment dates. At September 30, 2006, this debt consisted primarily of term notes. Our term notes and public debt currently carry a Moody's rating of A2 and a Standard & Poor's rating of A+. Our commercial paper program carries a Moody's rating of P-1 and a Standard & Poor's rating of A-1. We have maintained a single A rating on our debt for over a decade.

ADOPTION OF SFAS 123(R) AND COMPENSATION COST NOT YET RECOGNIZED

Effective January 1, 2006, the Company adopted FASB Statement No. 123(R) "Share-Based Payment" (SFAS No. 123R) which clarifies and expands the provisions of SFAS 123 "Accounting of Stock-Based Compensation." The Company adopted SFAS 123R using the modified-prospective method and, as such, results for prior periods have not been restated. Because the Company had previously adopted, as of January 1, 2003, the fair value recognition provisions of SFAS 123 under the prospective transition method, the adoption of SFAS No. 123R did not have a significant effect on the first nine months of 2006 results, nor is it expected to have a significant effect on future periods. In addition, the impact to the cash flow statement is immaterial. No modifications have been made to options granted prior to the adoption of SFAS 123R, nor have we made any changes in the valuation methods from those used under SFAS 123. As of September 30, 2006, the unrecognized cost of non-vested stock-based compensation was $10.9, all of which relates to non-vested stock options. This amount is expected to be recognized over a weighted-average period of 1.25 years.

NEW ACCOUNTING STANDARDS

In February 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments" (SFAS No. 155). SFAS 155 establishes, among other things, the accounting for certain derivatives embedded in other financial instruments. This statement permits fair value remeasurement for any hybrid financial instrument containing an embedded derivative that would otherwise require bifurcation. It also requires that beneficial interests in securitized financial assets be accounted for in accordance with SFAS No. 133. SFAS 155 is effective for fiscal years beginning after September 15, 2006, and is not expected to have a material impact on the Company's financial reporting and disclosures.

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). This interpretation modified the accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109, "Accounting for Income Taxes" (SFAS No. 109). Specifically, FIN 48 changes the application of SFAS No. 109 by establishing criteria that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise's financial statements. Additionally, FIN 48 provides new rules for measurement, derecognition, classification, interest and penalties, accounting in interim periods of income taxes, as well as disclosure and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company is still in the process of analyzing the impact of FIN 48, however we do not believe that the adoption of FIN 48 will have a material impact on the Company's financial statements.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS 157). SFAS 157 provides guidance for using fair value to measure assets and liabilities and requires additional disclosure about the use of fair value measures, the information used to measure fair value, and the effect fair-value measurements have on earnings. The primary areas in which the Company utilizes fair value measures are valuing pension plan assets and liabilities, valuing hedge-related derivative financial instruments, allocating purchase price to the assets and liabilities of acquired companies, and evaluating long-term assets for potential impairment. SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for the Company beginning January 1, 2008. The adoption of SFAS 157 is not expected to have a material impact on the Company's financial statements.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS 158). SFAS 158 will require the Company to recognize the funded status of each of its defined benefit postretirement plans as an asset or liability on the balance sheet and to recognize in other comprehensive income any change in funded status that occurred during the year and was not reflected in net income (the recognition provisions). SFAS 158 does not change how pensions and other postretirement benefits plans are accounted for and reported in the income statement. The recognition provisions of SFAS 158 are effective for the Company beginning with its December 31, 2006 balance sheet. SFAS 158 will also require the Company to measure the funded status of its plans as of year end beginning with its December 31, 2008 balance sheet. The Company currently uses September 30 as the measurement date for most of its plans.

Based on the funded status of the Company's plans as of their 2005 measurement dates, the impact of adopting SFAS 158 would be as follows:

	Increase (Decrease)
Other Long-Term Assets	$ (28)
Other Long-Term Liabilities	11
Long-Term Deferred Income Taxes	(15)
Accumulated Other Comprehensive Income	(24)

The actual impact will depend on changes from last year in the plans' fair values of assets and the accumulated benefit obligations as of their respective 2006 measurement dates.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108 "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" (SAB 108) which expresses the staff's views regarding quantifying the effects of financial statement errors. Currently, the two methods most commonly used to quantify misstatements are the "rollover" method (which focuses primarily on the income statement impact of misstatements) and the "iron curtain" method (which focuses primarily on the cumulative effect of misstatements on the balance sheet). SAB 108 requires companies to consider both the rollover and iron curtain methods (a dual approach) when evaluating the materiality of financial statement errors. SAB 108 is effective for the Company beginning with its December 31, 2006 annual financial statements. The adoption of SAB 108 is not expected to have a material impact on the Company's financial statements.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company's risk management strategies include the use of derivative instruments to manage the fixed/variable interest rate mix of our debt portfolio, to hedge our exposure to fluctuating natural gas prices, and to hedge against exposure to variability in interest and foreign exchange rates. It is the Company's policy not to speculate in derivative instruments.

Interest Rates

Substantially all of the Company's debt is denominated in United States dollars. The fair value for fixed rate debt was less than its carrying value by $41.2 million at September 30, 2006, and less than its carrying value by $23.5 million at December 31, 2005. The fair value of variable rate debt is not significantly different from its recorded amount. The fair value of fixed rate debt was calculated using the U.S. Treasury Bond rate as of September 30, 2006 and December 31, 2005 for similar remaining maturities, plus an estimated "spread" over such Treasury securities representing the Company's interest costs.

Exchange Rates

The Company occasionally hedges firm specific commitments or other anticipated foreign currency cash flows. The decision by management to hedge any such transactions is made on a case-by-case basis.

As of September 30, 2006, outstanding forward positions totaled approximately $24.1 million on a notional basis. The market value of these hedges was approximately $.7 million. Approximately 65% of these hedges were MXN/USD forwards; approximately 30% were CAD/USD forwards; and the remaining 5% were CHF, AUD and GBP denominated forwards.

During the third quarter of 2006, certain of the Company's subsidiaries entered into several average rate collars to hedge non-functional currency exposures. The notional amount of these contracts was less than $6.2 million USD. As of September 29, 2006, four of the sixteen option contracts had expired. The market value of the outstanding collars at September 30, 2006 was not material.

The Company views its investment in foreign subsidiaries as a long-term commitment, and, except for the cross-currency swap agreement disclosed below, 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 was $834.9 million at September 30, 2006, compared to $780.8 million at December 31, 2005. The increase in net investment was due primarily to increased capital contributions to certain subsidiaries in Western Europe and China.

Cross-Currency Swap Agreement

In December 2003, the Company entered into a 38.3 million Swiss Francs (CHF) five-year cross-currency swap agreement with Wachovia Bank, N.A. This agreement is designated as a net investment hedge. The purpose of this swap is to hedge CHF denominated assets, thereby reducing exposure to volatility in the exchange rate. In addition, the terms of this agreement include that the Company will receive interest on $30 million USD at a fixed rate of 6.35% and pay interest on 38.3 million CHF at a fixed rate of 4.71%.

During the first nine months of 2006, the Company paid interest of $1.1 million on the CHF portion and received interest of $1.4 million on the USD portion of the agreement. At September 30, 2006, the unrealized loss recorded in other comprehensive income on the cross-currency swap was approximately $.8 million, net of tax.

Commodity Price

At September 30, 2006, approximately $20.9 million of natural gas forward contracts were outstanding at an average price of $8.12 per mmbtu. On September 30, 2006 the Company had contracts hedging approximately 70% of its anticipated monthly natural gas consumption for the 3-month period beginning October 2006, approximately 35% of its anticipated monthly consumption for calendar 2007, and approximately 5-15% of its anticipated monthly consumption for 2008. At September 30, 2006, the total unrealized loss recorded in other comprehensive income on natural gas contracts was approximately $1.6 million, net of tax.

FORWARD-LOOKING STATEMENTS AND RELATED MATTERS

This report and our other public disclosures, whether written or oral, may contain "forward-looking" statements including, but not limited to, estimates of the amounts and timing of charges resulting from our Restructuring Plan, as described beginning on page 27, and related reductions in revenues and the number of facilities to be closed pursuant to this plan; 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; and statements of 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," "intends," "may," "plans," "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.

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 from forward-looking statements. However, some of these risks and uncertainties include the following:

- risks and uncertainties that could affect industries or markets in which we participate, such as growth rates and opportunities in those industries, changes in demand for certain products or trends in business capital spending
- changes in competitive, economic, legal and market conditions and related factors, such as the rate of economic growth in the United States and abroad, inflation, currency fluctuation, political risk, U.S. or foreign laws or regulations, interest rates, housing turnover, employment levels, consumer sentiment, taxation and the like
- factors that could impact raw material costs, including the availability and pricing of steel rod and scrap, and other raw materials (including chemicals, fibers, foam scrap and resins), the reduction in the spread between the pricing of steel rod and steel scrap, energy costs (including natural gas, electricity and fuel) and the availability of labor
- our ability to pass along raw material cost increases to our customers through increased selling prices and our ability to maintain profit margins if our customers change the quantity and mix of our components in their finished goods because of increased raw materials costs
- price and product competition from foreign (particularly Asian) and domestic competitors
- our ability to capture anticipated savings from our Restructuring Plan, and maintain market share within the affected operations
- our ability to improve operations and realize cost savings (including our ability to improve the profitability of the Fixture & Display group)
- a significant decline in the long-term outlook for any given reporting unit that could result in goodwill impairment
- our ability to achieve long-term targets for sales, earnings and margins for the Company as a whole and for each segment
- future growth of acquired companies
- our ability to increase debt and maintain our current public debt and commercial paper credit ratings
- our ability to bring start up operations on line as budgeted in terms of expense and timing
- litigation risks, including litigation regarding product liability and warranty, intellectual property and workers compensation expense

Furthermore, we have made and expect to continue to make acquisitions. Acquisitions present significant challenges and risks, and depending upon market conditions, pricing and other factors, there can be no assurance that we can successfully negotiate and consummate acquisitions or successfully integrate acquired businesses into the Company.

This MD&A contains a disclosure on page 37 of the security ratings of the Company's public debt. This discussion is not a recommendation to buy, sell or hold securities. Also, the security ratings are subject to revisions and withdrawal at any time by the rating organizations. Each rating should be evaluated independently of any other rating.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See the "Derivative Financial Instruments" section under Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation as of the period ending September 30, 2006 was carried out by the Company's management, with participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures are effective, as of September 30, 2006, to provide reasonable assurance that information that is 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 & Exchange Commission 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.

In the second quarter of 2005, the Company began the rollout of a redesigned procurement process. Spanning the purchasing, receiving and accounts payable processes, this initiative will centralize purchasing information for operations in the United States and Canada. The primary objectives of this initiative are to enable strategic sourcing with our suppliers and reduce total procurement costs. We believe the effectiveness of the Company's internal control over financial reporting will be maintained or enhanced by the redesigned system. We believe implementation risk will be controlled through a staged rollout and an on-going process of monitoring and evaluation. Approximately thirty percent of the Company's operations in the United States and Canada were converted as of September 30, 2006. Based upon our experience converting the initial operations, the Company anticipates that 35% to 40% of United States and Canada operations will be converted in 2006. The rollout is expected to be completed by the end of 2007.

There were no other changes in the Company's internal control over financial reporting that occurred during the quarter ending September 30, 2006 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information contained in Note 7 to the Company's Consolidated Condensed Financial Statements included in Item 1 to this Report and found on page 10 is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Our 2005 Annual Report on Form 10-K filed March 1, 2006 includes a detailed discussion of our risk factors in Item 1A "Risk Factors." The information presented below updates and should be read in conjunction with the risk factors and information disclosed in that Form 10-K.

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

Costs of raw materials could adversely affect our operating results.

Raw material cost increases (and our ability to respond to cost increases through selling price increases) can significantly impact our earnings. Steel is our largest raw material. During 2004 the price of certain types of steel nearly doubled. In 2005, market prices for most types of steel were slightly lower at the end of the year than at the beginning of the year. Although we anticipate the costs for steel to stabilize, the future pricing of steel is uncertain and could increase in 2006 even beyond current levels.

The price increases in the steel market during 2004 led to an above average spread between scrap costs and rod prices. This spread continued throughout 2005, enhancing the earnings of our rod mill. However, the spread between the price of steel rod and steel scrap has narrowed in 2006. If this narrowing continues, it will negatively impact our results of operations.

Our operations can also be impacted by other raw materials, including those affected by changes in oil prices, such as chemicals, fibers and resins, as well as aluminum and lumber. Throughout 2005, but particularly in the last half of the year, we experienced higher costs associated with the oil based raw materials. The cost of these materials have been relatively stable in 2006 at the higher level established at the end of 2005. Also, the cost of foam scrap has increased steadily throughout 2006 with the overall cost of scrap doubling from the prices in the fourth quarter of 2005.

When we experience significant increases in raw material costs, we often attempt to implement price increases to recover the higher costs. We encounter greater difficulty in implementing these price increases in businesses where we have a smaller market share and in products that are of a commodity nature. We may not be able to pass along future cost increases through selling price increases.

In 2005, higher raw material costs 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, our higher priced components were replaced with lower priced components. This has impacted our Residential Furnishings product mix and decreased profit margins. If this trend continues it could negatively impact our results of operations.

We may not be able to improve operating performance in our Fixture & Display group.

Our Fixture & Display group has experienced deterioration in profitability in recent years. We were hampered in our efforts to improve operating margins in 2005 by new program start-up costs and integration inefficiencies associated with the RHC Spacemaster acquisition. In September 2005, we announced a Restructuring Plan where eight facilities in the Fixture & Display group have been or will be consolidated, sold, or closed. We have estimated that our Fixture & Display group productive capacity will be reduced by approximately $100 million pursuant to the Restructuring Plan.

In the third quarter of 2006, we believe retailer demand for fixtures & displays declined versus the third quarter of last year as sales volume was softer than expected. While overall demand in this unit has been difficult to predict, we are not anticipating a near-term change in the market. We are realizing expected restructuring benefits, however margins are still not at desired levels.

Earnings must continue to improve from current levels or further restructuring may be initiated.

Asian competition could adversely affect our operating results.

We operate in markets that are highly competitive. Depending upon the particular product, we experience competition based on a number of factors, including quality, performance, price and availability. We face increasing pressure from foreign competitors as some of our customers source a portion of their components and finished product from Asia. If we are unable to purchase key raw materials, such as steel, aluminum and chemicals, at prices competitive with those of foreign suppliers, our ability to maintain market share and profit margins could likewise be harmed.

If our customers move production of their finished products overseas, we believe that our operations must be located nearby to supply them efficiently, which is particularly true in China. At September 30, 2006, we operated 12 facilities in China. If demand in China (and other foreign countries) increases at a more rapid rate than we are able to establish operations, our market share and results of operations could be negatively impacted.

Also, we have experienced increased price competition from Chinese bedding component manufacturers. This has primarily occurred with low-end commodity products. We have reacted to this competition by reducing prices and developing new products. If this price competition intensifies we could lose market share and our earnings could be negatively impacted.

Higher energy costs could adversely affect our operating results.

Higher prices for natural gas, electricity and fuel increase our production and delivery costs. Many of our large manufacturing operations are heavy users of natural gas and electricity. In addition, certain of our sales are made with terms such that we incur the fuel cost associated with delivering the product to our customer's facility. Energy costs increased throughout 2005 but especially in the last half of the year, in part due to supply disruptions caused by hurricanes.

In 2006, higher energy prices have impacted consumer demand in certain markets. Bedding demand has been soft in recent quarters, and we believe this is partially due to the impact higher gas prices are having on the consumer. Even though gasoline prices are well off their summer highs, demand in our markets has not increased. Higher energy costs leave less disposable income available to purchase products that contain our components. Our inability to respond to these cost increases (by raising selling prices) could negatively affect our operating results.

We have exposure to economic factors that may affect market demand for our products.

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. This market demand is impacted by many broad economic factors, including consumer confidence, employment levels, housing turnover, energy costs and interest rates. These factors influence consumer spending on durable goods, and therefore drive demand for our components and products. Higher energy costs may impact consumer demand for our products. As consumers pay more for fuel and utilities, they have less disposable income available to purchase products that contain our components. Some of these factors also influence the level of business spending on facilities and equipment, which impacts approximately one quarter of our sales. Significant changes in these economic factors may negatively impact the demand for our products and our results of operations.

Demand in the North American bedding and automotive markets has been weak for most of the year, and has recently exhibited greater softness than previously anticipated. If demand in the North American bedding and automotive markets does not improve, our ability to achieve our long-term targets for sales, margins and earnings for the Company as a whole and for the Residential Furnishing and Specialized Product segments may be negatively impacted.

Our assets are subject to potential goodwill impairment.

A significant portion of our assets consists of goodwill and other intangible assets, the carrying value of which may be reduced if we determine that those assets are impaired. As of September 30, 2006, goodwill and other intangible assets represented approximately $1.3 billion, or 30.2% of our total assets. We test goodwill and other assets for impairment annually and whenever events or circumstances indicate an impairment may exist. We could be required to recognize reductions in our net income caused by the impairment of goodwill and other intangibles, which, if significant, could materially and adversely affect our results of operations.

As disclosed above, our Fixture & Display group had experienced deterioration in profitability compared to historical levels but has shown improvement during the past three years. We expect that the Restructuring Plan will lead to improved earnings in the Fixture & Display group. About $280 million of goodwill is associated with the Fixture & Display group. If earnings in this group fail to more consistently meet forecasted levels a goodwill impairment charge may be necessary.

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

Issuer Repurchases of Equity Securities

The table below is a listing of our repurchases of the Company's common stock by calendar month during the third quarter of 2006.

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program (2)	Maximum Number of Shares that may yet be purchased under the Plans or Programs (2)
July 2006	342,197	$ 23.00	339,251	7,060,212
August 2006	1,003,569	$ 22.94	997,590	6,062,622
September 2006	734,057	$ 24.61	694,929	5,367,693
Total	2,079,823	$ 23.54	2,031,770	

(1) The shares purchased include 48,053 shares surrendered or withheld to cover the exercise price and/or tax withholding obligations in stock option exercises and other benefit plan transactions, as permitted under the Company's Flexible Stock Plan. These shares were not repurchased as part of a publicly announced plan or program.

(2) On August 4, 2004, the Board authorized management to repurchase up to 10 million shares each calendar year beginning January 1, 2005. This authorization was first reported in the quarterly report on Form 10-Q for the period ended June 30, 2004, and shall remain in force until repealed by the Board of Directors.

ITEM 5. OTHER INFORMATION

Amendment of Bylaws

On November 1, 2006 the Board of Directors amended the Company's Bylaws to:

(i) require another shareholder to second the motion of a shareholder proponent at an applicable shareholder's meeting to propose business at the meeting (under Section 1.2(d));

(ii) require another shareholder to second the motion of a shareholder proponent at an applicable shareholder's meeting to present a director nominee at the meeting (under Section 2.2(d)); and

(iii) increase the retirement age of a director from 70 to 72 (under Section 2.3).

The effective date of the amendments was November 1, 2006. The foregoing is only a summary of the amendments to the Bylaws and is qualified in its entirety by reference to the Bylaws, as amended through November 1, 2006, which are attached as Exhibit 3.2 hereto and are incorporated herein by reference. Because this Quarterly Report on Form 10-Q is being filed within four business days from November 1, 2006, the Bylaw amendments are being disclosed hereunder rather than under Item 5.03 of Form 8-K.

Amendment of Form of Non-Qualified Stock Option Award

On November 1, 2006 the Compensation Committee of the Board of Directors amended the terms and conditions of the Company's Form of Non-Qualified Stock Option Award. The amendments consisted of certain administrative changes related to the Company's decision to outsource its stock option exercises, and the following changes applicable to employees whose employment is terminated for retirement or disability:

(i) If an employee retires on or after age 65, or on of after age 55 with 20 years of service, his options will continue to vest and remain exercisable until the earlier of (a) 3 years and 6 months, or (b) the expiration date of the option.

Previously, the employee's options continued to vest for 3 months after retirement (but not later than the expiration date), and could be exercised until the earlier of (a) 1 year after retirement, or (b) the expiration date of the option.

(ii) An employee who is terminated for disability will now have 2 years instead of 1 year to exercise any vested outstanding options, (still limited by the expiration date of the option.)

(iii) If an employee is terminated for disability on or after age 55 with 20 years of service, his options will continue to vest and remain exercisable until the earlier of (a) 3 years 6 months, or (b) the expiration date of the option.

The amended Form of Non-Qualified Stock Option Award is applicable for stock option grants made to employees on or after November 15, 2006. The foregoing is only a summary of the amendments to the Form of Non-Qualified Stock Option Award, and is qualified in its entirety by reference to the Form which is attached as Exhibit 10.1 hereto and is incorporated herein by reference. Because this Quarterly Report on Form 10-Q is being filed within four business days from November 1, 2006, the amendments are being disclosed hereunder rather than under Item 1.01 of Form 8-K.

ITEM 6. EXHIBITS

Exhibit 3.2	–	Bylaws of the Company as amended through November 1, 2006
Exhibit 10.1	–	Form of Non-Qualified Stock Option Award.
Exhibit 12	–	Computation of Ratio of Earnings to Fixed Charges.
Exhibit 31.1	–	Certification of David S. Haffner, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 2, 2006.
Exhibit 31.2	–	Certification of Matthew C. Flanigan, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 2, 2006.
Exhibit 32.1	–	Certification of David S. Haffner, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 2, 2006.
Exhibit 32.2	–	Certification of Matthew C. Flanigan, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 2, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LEGGETT & PLATT, INCORPORATED

DATE: November 2, 2006	By: /s/ DAVID S. HAFFNER David S. Haffner President and Chief Executive Officer
DATE: November 2, 2006	By: /s/ MATTHEW C. FLANIGAN Matthew C. Flanigan Senior Vice President – Chief Financial Officer

EXHIBIT INDEX

Exhibit	
3.2	Bylaws of the Company as amended through November 1, 2006.
10.1	Form of Non-Qualified Stock Option Award.
12	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of David S. Haffner, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 2, 2006.
31.2	Certification of Matthew C. Flanigan, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 2, 2006.
32.1	Certification of David S. Haffner, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 2, 2006.
32.2	Certification of Matthew C. Flanigan, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 2, 2006.

Exhibit 3.2

BYLAWS

OF

LEGGETT & PLATT, INCORPORATED
as amended through November 1, 2006

PROTECTED BYLAWS

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

ARTICLE 1

Section 1.1	-	Annual Meeting
Section 1.2	-	Proper Business at Annual Meetings
Section 1.3	-	Special Meetings
Section 1.4	-	Quorum
Section 1.6	-	No Cumulative Voting
Section 1.7	-	Procedure

ARTICLE 2

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

ARTICLE 5

All Sections

ARTICLE 6

Section 6.6	-	Amendments

TABLE OF CONTENTS
OF BYLAWS
OF
LEGGETT & PLATT, INCORPORATED

Exhibit 3.2

BYLAWS

OF

LEGGETT & PLATT, INCORPORATED

ARTICLE 1.

MEETINGS OF SHAREHOLDERS

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

Section 1.2 Proper Business at Annual Meetings. (a) At an annual meeting of the shareholders, only such business shall be conducted as has been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a shareholder who was a shareholder of record both at the time of giving of notice provided for in Section 1.2(b) and at the time of the meeting, who is entitled to vote at the meeting and who has complied with the notice and other requirements of this Section 1.2.

(b) For such business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice of the business in writing to the Secretary and such business must be a proper subject for action by the Corporation's shareholders. To be timely, a shareholder's notice must be received by the Secretary at the principal executive offices of the Corporation not less than 100 days nor more than 150 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if (i) no annual meeting was held in the previous year or (ii) the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, notice by the shareholder must be received not later than the later of the 100th day prior to such annual meeting or the tenth day following the public announcement of such meeting. Such shareholder's notice shall set forth:

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

(ii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, (a) the name and address of such shareholder and beneficial owner, as they appear on the Corporation's books, (b) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such shareholder and beneficial owner, (c) a representation that the shareholder intends to appear in person or by proxy at the meeting to propose such business, (d) any other information that is required to be provided by the shareholder or beneficial owner pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in such person's capacity as a proponent of a shareholder proposal, and (e) a representation as to whether the shareholder or the beneficial owner, if any, intends or is part of a group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or (ii) otherwise solicit proxies from shareholders in support of such proposal.

(c) Only such business shall be conducted at a meeting of shareholders as has been brought before the meeting in accordance with this Section 1.2. The presiding officer of the meeting shall determine whether any proposal to bring business before the meeting was made in accordance with this Section 1.2 and is a proper subject for shareholder action under applicable law and, if any proposed business is not in compliance with this Section 1.2 or not a proper subject for shareholder action, to declare that such defective proposal be disregarded. The presiding officer of a meeting shall have sole authority to decide questions of compliance with the foregoing procedures, and his ruling shall be final.

(d) Notwithstanding anything to the contrary in this Section 1.2, (i) if the shareholder (or a qualified representative of the shareholder) and another shareholder to second the shareholder's motion do not appear at the applicable meeting of shareholders to propose such business, such business shall not be transacted, and (ii) a shareholder shall also comply with state law and the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.2. Nothing in this Section 1.2 shall be deemed to affect any rights of shareholders to request inclusion of proposals in, or the Corporation's right to omit proposals from, the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or any successor provision. The provisions of this Section 1.2 shall also govern what constitutes timely notice for purposes of Rule 14a-4(c) under the Exchange Act.

Section 1.3 Special Meetings. Except as otherwise required by law, special meetings of the shareholders may be called only by the Chairman of the Board, the Chief Executive Officer, the President, or the Board of Directors. In addition, shareholders holding not less than two-thirds of all issued and outstanding shares which are entitled to vote for the election of Directors may call a special meeting of shareholders by providing a notice to the Secretary signed by the requisite number of shareholders and setting forth the information required by clauses 1.2(b)(i) and 1.2(b)(ii) of these Bylaws. The Secretary shall call a special meeting of the shareholders not later than ninety (90) days after receipt of such shareholder notice. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 1.4 Quorum. Except as otherwise required by law, the Restated Articles of Incorporation or these Bylaws, the holders of a majority of the shares entitled to vote at any meeting of the shareholders, present in person or by proxy, shall constitute a quorum and the act of the majority of such quorum shall be deemed the act of the shareholders. The shareholders present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of such number of shareholders as to reduce the remaining shareholders to less than a quorum.

Whether or not a quorum is present, the presiding officer of the meeting shall have the power, except as otherwise provided by statute, successively to adjourn the meeting to another place, date or time not longer than ninety days after each such adjournment, and no notice of any such adjournment need be given to shareholders if the place, date and time of the adjourned meeting are announced at the meeting at which the adjournment is taken.

At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 1.5 Qualification of Voters. The Board of Directors, in accordance with applicable law, may fix a record day prior to the day of holding any meeting of the shareholders as the time as of which the shareholders entitled to notice of and to vote at such meeting shall be determined. Only those persons who are holders of record of voting stock on any record date fixed by the Board of Directors shall be entitled to notice of, to attend and to vote at such meeting.

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

Section 1.7 Procedure. The Chairman of the Board, or in his absence the Chief Executive Officer, or in his absence the President or in his absence the Secretary of the Corporation, shall preside at an annual or special meeting of the shareholders. In the absence of all of the above named officers, the Board of Directors shall select the person to preside at any meeting of the shareholders. It shall be the duty of such presiding officer to preserve order and ensure that the meeting is conducted in a businesslike and proper manner. The presiding officer shall have all sole, complete and absolute authority necessary to fully carry out his duties, including, without limitation, the power to postpone or adjourn the meeting from time to time if in his discretion such action is necessary or advisable to ensure order, seek and receive advice of counsel, ensure fair and complete voting or otherwise. The ruling of the presiding officer on any matter shall be final and conclusive. The presiding officer shall establish the order of business and such rules and procedures for the conduct of the meeting as in his sole, absolute and complete discretion he determines appropriate under the circumstances, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to shareholders of record of the Corporation and their duly authorized and constituted proxies and such other persons as the person presiding over the meeting shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the voting or balloting, as applicable, including, without limitation, matters which are to be voted on by ballot, if any. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of shareholders shall not be required to be held in accordance with rules of parliamentary procedure.

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

Section 1.9 Transmittal of Notices. Except as provided otherwise in the Bylaws, notices to shareholders shall be in writing and shall be given no less than ten nor more than seventy days before the date of the meeting, by or at the direction of the Secretary to each shareholder of record entitled to vote at such meeting and may be delivered in any reasonable manner including, but not limited to, U.S. mail, private courier, hand delivery or electronic transmission. An electronic transmission means any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval and reproduction of information by the recipient, including, but not limited to, facsimile transmission, telex, telegram and communication utilizing the internet.

Notice by U.S. mail or private courier shall be deemed given when deposited with the postal service or courier. Notice by electronic transmission shall be deemed given when transmitted.

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

ARTICLE 2.

DIRECTORS

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

Section 2.2 Advance Notice of Nominations. (a) Nominations of individuals for election to the Board of Directors may be made at an annual meeting of shareholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors, or (iii) by any shareholder of the Corporation who was a shareholder of record both at the time of giving of notice provided for in this Section 2.2(a) and at the time of the meeting, who is entitled to vote at the meeting and who has complied with the notice and other requirements of this Section 2.2(a).

For nominations to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice of the nomination in writing to the Secretary. To be timely, a shareholder's notice must be received by the Secretary at the principal executive offices of the Corporation not less than 100 days nor more than 150 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if (i) no annual meeting was held in the previous year or (ii) the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, notice by the shareholder must be received not later than the later of the 100th day prior to such annual meeting or the tenth day following the public announcement of such meeting. Such shareholder's notice shall set forth:

(i) as to each person whom the shareholder proposes to nominate for election as a Director (a) the name, age, business and residential addresses, and principal occupation or employment of each proposed nominee, (b) the class and number of shares of capital stock of the Corporation that are beneficially owned by such nominee on the date of such notice, (c) a description of all arrangements or understandings between the shareholder and each nominee and the name of any other person or persons pursuant to which the nomination is to be made by the shareholder, (d) all other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required pursuant to Regulation 14A under the Exchange Act, and (e) the written consent of each proposed nominee to being named as a nominee in the proxy statement and to serve as a Director of the Corporation if so elected; and

(ii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, (a) the name and address of such shareholder and beneficial owner, as they appear on the Corporation's books, (b) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such shareholder and beneficial owner, (c) a representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, (d) any other information that is required to be provided by the shareholder or beneficial owner pursuant to Regulation 14A under the Exchange Act in such person's capacity as a proponent of a shareholder proposal, and (e) a representation as to whether the shareholder or the beneficial owner, if any, intends or is part of a group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal, or (ii) otherwise solicit proxies from shareholders in support of such proposal.

The Corporation may require any proposed nominee to furnish any information, in addition to that required above, it may reasonably require to determine the eligibility of the proposed nominee to serve as a Director of the Corporation.

(b) Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which Directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors, or (iii) provided that the Board of Directors has determined that Directors shall be elected at such special meeting, by any shareholder of the Corporation who is a shareholder of record both at the time of giving of notice provided for in this Section 2.2(b) and at the time of the meeting, who is entitled to vote at the meeting and who has complied with the notice and other requirements set forth in this Section 2.2(b).

For nominations to be properly brought before a special meeting by a shareholder, the shareholder must have given timely notice of the nomination in writing to the Secretary. To be timely, a shareholder's notice must be received by the Secretary at the principal executive offices of the Corporation not later than the later of the 100th day prior to such special meeting or the tenth day following the public announcement of such special meeting. Such notice must contain the same information as would be required for an annual meeting under Section 2.2(a). No other proposals of business by a shareholder, other than the nomination of persons for election to the Board requested by a shareholder, may be considered at a special meeting of the shareholders.

(c) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.2 shall be eligible to serve as Directors. The presiding officer of the meeting shall determine whether a nomination was made in accordance with this Section 2.2 and, if any proposed nomination is not in compliance with this Section 2.2, to declare that such defective nomination be disregarded. The presiding officer of the meeting shall have sole authority to decide questions of compliance with the foregoing procedures, and his ruling shall be final and conclusive.

(d) Notwithstanding anything to the contrary in this Section 2.2, (i) if the shareholder (or a qualified representative of the shareholder) and another shareholder to second the shareholder's motion do not appear at the applicable meeting of shareholders of the Corporation to present such nomination, such nomination shall be disregarded, and (ii) a shareholder shall also comply with state law and the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.2.

Section 2.3 Qualification. Each Director upon reaching his seventy-second birthday shall not thereafter stand for election to the Board of Directors at any meeting of shareholders. The application of this paragraph may be waived by the Board of Directors upon special request by the Chairman of the Board or the President.

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

Section 2.4 Regular and Special Directors' Meetings. Regular meetings of the Board of Directors may be held at such time and at such place, within or without the State of Missouri, as shall from time to time be determined by the Board. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, Chief Executive Officer or the President, and shall be called by the Secretary on the written request of two or more Directors.

No notice of regular meetings of the Board of Directors need be given.

At least three days prior notice of any special meeting of the Board of Directors shall be given to each Director.

Notwithstanding the provisions of the immediately preceding paragraph of the section, the Chairman of the Board, Chief Executive Officer, the President, or the Secretary on the written request of two or more Directors may call a special meeting of the Board of Directors upon notice to each Director at such Director's last known address by telephone, electronic transmission or other means not later than the day preceding the date of the meeting.

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

Attendance of a Director at any meeting shall constitute a waiver of notice of the meeting except where a Director attends a meeting for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

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

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

Section 2.6 Committees. The Board of Directors at any time may elect from their number an executive committee, audit committee, compensation committee and other committees, each of which shall consist of not less than two Directors. Each such committee shall have such powers and duties as shall be delegated to it by the Board of Directors. Each member of such committee shall hold office at the pleasure of the Directors and may be removed by the Board of Directors at any time with or without cause. Vacancies occurring in any committee may be filled by the Board of Directors. During any vacancy on a committee, the remaining members shall have full power to act as the committee. Each committee may prescribe its own rules for calling and holding meetings and its method of procedure, subject, however, to any rules prescribed by the Board of Directors, and, if no such rules shall have been prescribed, the rules applicable to calling and holding of a meeting of the Board of Directors shall apply to the committee meetings. A quorum for any meeting of a committee shall consist of not less than a majority of the members in office at the time. A Director who may be disqualified, by reason of personal interest, from voting on any particular matter before a meeting of a committee may nevertheless be counted for the purpose of constituting a quorum of the committee. At each meeting of the committee at which a quorum is present, all questions and business shall be determined by the affirmative vote of not less than a majority of the members present. Except as the executive committee's powers and duties may be limited or otherwise prescribed by the Directors, the executive committee, during the intervals between the meetings of the Directors, shall possess and may exercise all of the powers of the Board of Directors in the management and control of the business and property of the Corporation; including but not limited to the power and authority to authorize the issuance or sale of the stock of the Corporation.

The foregoing notwithstanding, no committee shall be empowered to elect Directors to fill vacancies among the Directors or on any committee of the Directors. Subject to said exceptions, persons dealing with the Corporation shall be entitled to rely upon any action of a committee with the same force and effect as though such action had been taken by the Directors. Subject to the rights of third persons, any action of a committee shall be subject to revision or alteration by the Directors.

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

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

ARTICLE 3.

OFFICERS

Section 3.1 Officers. The principal executive officers of the Corporation shall be the Chairman of the Board, the Chief Executive Officer, the President, one or more Vice Presidents (who may also be called executive vice president, senior executive vice president, group vice president, division vice president or the like), a Secretary and a Treasurer, all of which shall be elected by the Board of Directors. The Board may elect, or the Chairman of the Board or the Chief Executive Officer may appoint, such other officers (including vice presidents and assistant or associate officers), as may be deemed necessary or appropriate from time to time. Such officers may include, but shall not be limited to, a chief financial officer, a general counsel, controller and director of internal audit. Any two or more offices may be held by the same person.

The officers of the Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices or as shall be specified from time to time by the Board of Directors or the Chairman of the Board, regardless of whether such authority and duties are customarily incident to such office.

Section 3.2 Removal. Any officer may be removed by the Board of Directors or the Chairman of the Board at any time, with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create contract rights.

ARTICLE 4.

CERTIFICATES FOR SHARES

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

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

Section 4.2 Lost, Stolen, Destroyed or Mutilated Certificate. The holder of any shares of stock of the Corporation shall immediately notify the Corporation and its transfer agents and registrars, if any, of any loss, theft, destruction or mutilation of the certificates representing the same. The Corporation, acting through any of its duly authorized officers or other duly authorized employees, may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen, destroyed or mutilated, upon the filing of an affidavit of that fact by the person claiming the certificate to be lost, stolen, destroyed or mutilated. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, destroyed or mutilated certificate or certificates, or the owner's legal representative, to advertise the same in such manner as the Corporation shall require and/or to give the Corporation a bond in such sum and in such form as the Corporation may direct, and with a surety or sureties which the Corporation finds satisfactory, as indemnity against any claim or liability that may be made against or incurred by the Corporation and its transfer agents and registrars, if any, with respect to the certificate alleged to have been lost, stolen, destroyed or mutilated

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

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

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

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

ARTICLE 5.

INDEMNIFICATION

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

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

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

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

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

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

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

It shall be a defense to any suit seeking indemnification under Section 5.1 of these Bylaws that the claimant has not met the standards of conduct which make it permissible (under indemnification sources, agreement, vote of shareholders or disinterested Directors or otherwise) for the Corporation to indemnify the claimant. The failure of the Corporation (through its Directors, independent legal counsel or shareholders) to make a determination before the commencement of such suit that indemnification of the claimant is proper under the circumstances (because the claimant has met the applicable standard of conduct) shall not be a defense to the claimant's action or create a presumption that the claimant has not met the applicable standard of conduct. Similarly, an actual determination by the Corporation that the claimant has not met such applicable standard of conduct, shall not be a defense to the claimant's action nor create a presumption that the claimant has not met the applicable standard of conduct.

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6.

GENERAL PROVISIONS

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

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

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

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

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

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

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

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

STOCK OPTION AWARD

[NAME]

Congratulations!

On **[date]**, Leggett & Platt, Incorporated (the "*Company*") awarded you Stock Options under the Company's Flexible Stock Plan. You were granted an option to buy __________ shares of the Company's Common Stock at the price of **[$]** per share.

The option will expire ten (10) years from the date of grant, will be subject to the *Terms and Conditions – Non-Qualified Stock Option Award* attached and will become exercisable as follows:

	May Be Purchased	
# of Shares	**Not Before**	**Not After**
[33%]	[1 year, 6 months from grant date]	[expiration date]
[33%]	[2 years, 6 months from grant date]	[expiration date]
[34%]	[3 years, 6 months from grant date]	[expiration date]

IMPORTANT

By exercising this option, you agree to abide by the attached *Terms and Conditions – Non-Qualified Stock Option Award* and acknowledge receipt of:

A. *Terms and Conditions – Non-Qualified Stock Option Award*

B. *Summary of Flexible Stock Plan – Options*, dated [**date**]

The Annual Report to Shareholders is not included in this folder but is available upon request to the Corporate Human Resources Department.

TERMS AND CONDITIONS
OF
NON-QUALIFIED STOCK OPTION AWARD

DEFINITIONS

Committee	A Committee of non-employee directors (or their designees) who administer the Stock Option Plan
Exercise Price	The price per share as shown on the Option Award times the number of shares to be exercised
Expiration Date	The last date on which shares may be purchased as shown on the Option Award
Fair Market Value	The number of shares of the Company's common stock delivered by Participant *times* the closing price of such stock on the trading day immediately preceding the Option exercise date, or in the event a simultaneous sale has occurred at the time of the exercise, through a contractually arranged captive broker, the sale price may be used as the Fair Market Value
Option	The Non-Qualified Stock Option Award and these Terms and Conditions
Option Shares	The number of shares of L&P Stock set out on the Option Award that may be purchased under the Option
Smith Barney	The brokerage firm with which the Company has contracted to provide stock option services, currently Smith Barney, a division of Citigroup Global Markets, Inc., or any successor firm if applicable
Stock Option Plan	The Leggett & Platt, Incorporated Flexible Stock Plan, as amended

1. ***Exercise of Option***

The Option may be exercised in whole or in part. You must contact Smith Barney to exercise the Option. You may contact Smith Barney by phone at **888-609-3534** (US participants) or **312-419-3264** (international participants) or online at www.benefitaccess.com. If contact information should change during the term of this Option, contact the Human Resources Department Compensation Section at (417) 358-8131.

Your Option exercise is contingent on timely receipt of payment by Smith Barney. By exercising the Option you agree that the Option is subject to these terms and conditions.

2. ***Payment of Exercise Price***

Payment of the Exercise Price for Option Shares will be made either:

(a) in cash (cashier's check, bank draft, or money order); or

(b) by delivering or attesting to ownership of L&P Stock owned by you (and held for at least six months) having a Fair Market Value equal to the Exercise Price; or

(c) by any combination of cash and L&P Stock.

3. ***Termination of Employment; Nonassignability***

3.1 *Termination of Employment*. If your employment is terminated by reason of discharge or voluntary quit, you may exercise the Option within 3 months after such termination, but (*i*) only to the extent the Option was exercisable on the termination date, and (*ii*) not later than the Expiration Date. However, if employment is terminated "for cause," your full interest in the Option will terminate immediately upon such termination and all rights to the Option will cease. "For cause" means termination for any of the following reasons: (*i*) conviction of a crime involving the theft or willful destruction of money or other property of the Company or conviction of any crime involving moral turpitude or fraud; (*ii*) continued and repeated violations of specific directions of the Company; or (*iii*) dishonesty, willful gross neglect or willful gross misconduct in the performance of duties.

3.2 *Retirement*. If your employment is terminated due to Retirement (as defined below), your rights under the Option will continue to vest and remain exercisable until 3 years and 6 months after the Retirement date (but not later than the Expiration Date). "Retirement" means you voluntarily quit *(i)* on or after age 65, or *(ii)* on or after age 55 if you have at least 20 years of service with the Company or any company or division acquired by the Company.

3.3 *Disability*. If your employment is terminated due to Disability (as defined below), you may exercise the Option within 2 years after such termination, but *(i)* only to the extent the Option was exercisable on the termination date, and *(ii)* not later than the Expiration Date. "*Disability*" means the inability to substantially perform your duties and responsibilities by reason of any accident or illness that can be expected to result in death or to last for a continuous period of not less than 1 year. If you are terminated due to Disability on or after age 55 and you have at least 20 years of service with the Company or any company or division acquired by the Company, your termination will be treated in accordance with the Retirement provisions in Section 3.2.

3.4 *Death*. If you die within the post-termination period referred to in Sections 3.1, 3.2, or 3.3, or while employed by the Company or a Subsidiary, the beneficiary designated pursuant to Section 3.6 may exercise the Option within 1 year after your death, but (*i*) only to the extent the Option was exercisable on the date of death, and (*ii*) no later than the Expiration Date. If you have no designated beneficiary, the right to exercise will extend to the personal representative of your estate or the person to whom the Option has been transferred by will or the laws of descent and distribution.

No transfer of the Option, other than by filing a written designation of beneficiary as provided in Section 3.6, will bind the Company unless the Company has been furnished with written notice of the transfer and a copy of the will and/or such other evidence as the Committee may require to establish the validity of the transfer. No transfer will be effective unless the transferee accepts the terms and conditions of the Option.

3.5 *Leave of Absence*. In determining whether your employment has been terminated for purposes of exercising the Option, the employment relationship will be treated as continuing intact while you are on military, sick leave or other bona fide leave of absence if (*i*) the Company does not terminate the employment relationship or (*ii*) your right to re-employment is guaranteed by statute or by contract.

3.6 *Non-Transferability of Rights; Designation of Beneficiaries*. You may not transfer the Option except by will or the laws of descent and distribution or as provided in this Section. During your lifetime, only you may exercise the Option.

You may file with the Company a written designation of a beneficiary or beneficiaries to exercise your stock options in the event of your death. You may revoke or change a beneficiary designation. Any such beneficiary designation will be controlling over any other disposition; provided, however, that if the Committee is in doubt as to the right of any such beneficiary to exercise your stock options, the Committee may determine to recognize only an exercise by the personal representative of your estate.

4. ***Withholding***

When you exercise the Option, the Company may withhold from the Option Shares any amount required to satisfy applicable tax laws (at the Company's required withholding rate). Alternatively, the tax liability may be settled in cash or L&P stock.

5. ***Noncompetition***

For two years after you exercise any portion of this Option, you will not directly or indirectly (*i*) engage in any Competitive Activity, (*ii*) solicit orders from or seek or propose to do business with any customer of the Company or its subsidiaries or affiliates (collectively, the "*Companies*") relating to any Competitive Activity, or (*iii*) influence or attempt to influence any employee, representative or advisor of the Companies to terminate their employment or relationship with the Companies. "*Competitive Activity*" means any manufacture, sale, distribution, engineering, design, promotion or other activity that competes with any business of the Companies in which you were involved as an employee, consultant or agent.

If you violate the preceding paragraph, then you will pay to the Company any Option Gain you realized from exercising all or any portion of this Option. "*Option Gain*" is equal to (*i*) the number of shares purchased under the Option *times* the closing price of L&P Stock on the trading day immediately preceding the date the Option is exercised, *minus* (*ii*) the Exercise Price, and *minus (iii)* any non-refundable taxes paid by you as a result of such exercise.

If any restriction in this section is deemed unenforceable, then you and the Company contemplate that the appropriate court will reduce the scope or other provisions and enforce the restrictions set out in this section in their reduced form. The covenants in this Section are in addition to any similar covenants under any other agreement between the Company and you.

6. ***Stock Option Plan Controls***

The Option is subject to the Stock Option Plan, which is incorporated by reference. In the event of any conflict, the Stock Option Plan will control over the Option. All capitalized terms have the meanings given them in the Stock Option Plan unless otherwise defined herein or unless the context clearly indicates otherwise. Upon request, a copy of the Stock Option Plan will be furnished to you.

7. ***Non-Qualified Stock Option***

The Option is not designed to be an "*Incentive Stock Option*" under Section 422 of the Internal Revenue Code. The Option is a non-qualified option.

8. ***Other***

In the event of a Change of Control of the Company, all shares granted under the Option Award will immediately become exercisable.

The Committee may in its discretion accelerate the time at which all or any part of the Option becomes exercisable.

In the absence of any specific agreement to the contrary, the grant of the Option to you will not affect any right of the Company or its Subsidiaries to terminate your employment or your right to resign from employment.

If this Option was translated into a language other than English and the translation differs from the English version, the English version will control.

The Company maintains the right to suspend an Optionee's right to exercise an Option while the Company or an agent of the Company is investigating conduct by the Optionee that may constitute grounds to terminate the Optionee "for cause."

This Option is entered into and accepted in Carthage, Missouri. The Option will be governed by Missouri law, excluding any conflicts or choice of law provision that might otherwise refer construction or interpretation of the Option to the substantive law of another jurisdiction.

Any action or proceeding arising from or related to this Option is subject to the exclusive venue and subject matter jurisdiction of the Circuit Court for Jasper County, Missouri or the United States District Court for the Western District of Missouri, and the parties agree to submit to the jurisdiction of such Courts. The parties also waive the defense of an inconvenient forum and agree not to seek any change of venue from such Courts.

LEGGETT AND PLATT, INCORPORATED AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Amounts in millions of dollars)

	Nine Months Ended		Twelve Months Ended December 31,				
	9/30/06	9/30/05	2005	2004	2003	2002	2001
Earnings							
Income from continuing operations before income tax	$ 329.0	$ 303.5	$356.2	$422.6	$315.1	$363.5	$297.3
Interest expense (excluding amount capitalized)	40.9	33.9	46.7	45.9	46.9	42.1	58.8
Portion of rental expense under operating leases representative of an interest factor	12.1	11.5	14.0	13.3	12.5	11.2	10.6
Total earnings	$ 382.0	$ 348.9	$416.9	$481.8	$374.5	$416.8	$366.7
Fixed charges							
Interest expense (including amount capitalized)	$ 42.0	$ 34.9	$ 48.3	$ 46.9	$ 48.0	$ 43.3	$ 60.2
Portion of rental expense under operating leases representative of an interest factor	12.1	11.5	14.0	13.3	12.5	11.2	10.6
Total fixed charges	$ 54.1	$ 46.4	$ 62.3	$ 60.2	$ 60.5	$ 54.5	$ 70.8
Ratio of earnings to fixed charges	7.1	7.5	6.7	8.0	6.2	7.6	5.2

Earnings consist principally of income from continuing operations before income taxes, plus fixed charges. Fixed charges consist principally of interest costs.

EXHIBIT 31.1

CERTIFICATION

I, David S. Haffner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Leggett & Platt, Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2006

/s/ David S. Haffner
David S. Haffner
President and Chief Executive Officer
Leggett & Platt, Incorporated

EXHIBIT 31.2

CERTIFICATION

I, Matthew C. Flanigan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Leggett & Platt, Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2006

/s/ Matthew C. Flanigan

Matthew C. Flanigan
Senior Vice President – Chief Financial Officer
Leggett & Platt, Incorporated

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Leggett & Platt, Incorporated (the "Company") on Form 10-Q for the period ending September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David S. Haffner, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Leggett & Platt, Incorporated and will be retained by Leggett & Platt, Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ David S. Haffner
David S. Haffner
President and Chief Executive Officer

November 2, 2006

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Leggett & Platt, Incorporated (the "Company") on Form 10-Q for the period ending September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew C. Flanigan, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Leggett & Platt, Incorporated and will be retained by Leggett & Platt, Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Matthew C. Flanigan
Matthew C. Flanigan
Senior Vice President – Chief Financial Officer

November 2, 2006