

# LEGGETT & PLATT INC (LEG)

## 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filed on 08/04/2011

Filed Period 06/30/2011

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

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**Form 10-Q**

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(Mark One)

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

June 30, 2011 For the quarterly period ended June 30, 2011

OR

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

for the transition period from            to

Commission File Number 001-07845

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**LEGGETT & PLATT, INCORPORATED**

(Exact name of registrant as specified in its charter)

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**Missouri**  
(State or other jurisdiction of  
incorporation or organization)  
**No. 1 Leggett Road**  
**Carthage, Missouri**  
(Address of principal executive offices)

**44-0324630**  
(I.R.S. Employer  
Identification No.)  
  
**64836**  
(Zip Code)

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

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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 July 25, 2011: 141,582,977

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

(Amounts in millions)	June 30, 2011	December 31, 2010
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 203.3	\$ 244.5
Accounts and other receivables, net	567.9	478.9
Inventories		
Finished goods	291.1	241.1
Work in process	49.9	47.7
Raw materials and supplies	246.8	218.2
LIFO reserve	(80.7)	(71.7)
Total inventories, net	507.1	435.3
Other current assets	39.6	60.4
Total current assets	1,317.9	1,219.1
<b>PROPERTY, PLANT AND EQUIPMENT - AT COST</b>		
Machinery and equipment	1,159.4	1,136.6
Buildings and other	623.3	613.0
Land	47.1	48.5
Total property, plant and equipment	1,829.8	1,798.1
Less accumulated depreciation	1,211.8	1,173.9
Net property, plant and equipment	618.0	624.2
<b>OTHER ASSETS</b>		
Goodwill	946.7	930.3
Other intangibles, less accumulated amortization of \$115.7 and \$107.8 as of June 30, 2011 and December 31, 2010, respectively	143.3	152.3
Sundry	68.8	75.1
Total other assets	1,158.8	1,157.7
<b>TOTAL ASSETS</b>	<b>\$ 3,094.7</b>	<b>\$ 3,001.0</b>
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 2.2	\$ 2.2
Accounts payable	282.3	226.4
Accrued expenses	215.1	209.5
Other current liabilities	78.2	84.9
Total current liabilities	577.8	523.0
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	856.6	762.2
Other long-term liabilities	129.2	121.9
Deferred income taxes	76.4	69.5
Total long-term liabilities	1,062.2	953.6
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY</b>		
Common stock	2.0	2.0
Additional contributed capital	458.6	463.2
Retained earnings	2,053.7	2,033.3
Accumulated other comprehensive income	135.3	101.8
Treasury stock	(1,214.5)	(1,093.0)
Total Leggett & Platt, Inc. equity	1,435.1	1,507.3
Noncontrolling interest	19.6	17.1
Total equity	1,454.7	1,524.4
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 3,094.7</b>	<b>\$ 3,001.0</b>

See accompanying notes to consolidated condensed financial statements.

The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required for annual financial statements by generally accepted accounting principles in the United States of America.

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

	Six Months Ended		Three Months Ended	
	June 30,		June 30,	
(Amounts in millions, except per share data)	2011	2010	2011	2010
Net sales	\$ 1,841.0	\$ 1,690.7	\$ 945.2	\$ 874.3
Cost of goods sold	<u>1,489.1</u>	<u>1,345.5</u>	<u>763.3</u>	<u>694.6</u>
Gross profit	351.9	345.2	181.9	179.7
Selling and administrative expenses	193.9	181.1	98.1	88.8
Amortization of intangibles	9.7	9.9	4.9	4.9
Other (income) expense, net	<u>(5.0)</u>	<u>(8.1)</u>	<u>(.2)</u>	<u>.9</u>
Earnings from continuing operations before interest and income taxes	153.3	162.3	79.1	85.1
Interest expense	18.9	18.5	9.4	9.2
Interest income	<u>3.8</u>	<u>2.3</u>	<u>2.3</u>	<u>1.2</u>
Earnings from continuing operations before income taxes	138.2	146.1	72.0	77.1
Income taxes	<u>36.4</u>	<u>45.0</u>	<u>16.5</u>	<u>23.5</u>
Earnings from continuing operations	101.8	101.1	55.5	53.6
Earnings (loss) from discontinued operations, net of tax	<u>—</u>	<u>(.1)</u>	<u>—</u>	<u>.5</u>
Net earnings	\$ 101.8	\$ 101.0	\$ 55.5	\$ 54.1
(Earnings) loss attributable to noncontrolling interest, net of tax	<u>(2.1)</u>	<u>(3.2)</u>	<u>(.8)</u>	<u>(1.4)</u>
Net earnings attributable to Leggett & Platt, Inc.	<u>\$ 99.7</u>	<u>\$ 97.8</u>	<u>\$ 54.7</u>	<u>\$ 52.7</u>
Earnings per share from continuing operations attributable to Leggett & Platt, Inc. common shareholders				
Basic	\$ .68	\$ .64	\$ .38	\$ .34
Diluted	\$ .67	\$ .64	\$ .37	\$ .34
Earnings per share from discontinued operations attributable to Leggett & Platt, Inc. common shareholders				
Basic	\$ —	\$ .00	\$ —	\$ .00
Diluted	\$ —	\$ .00	\$ —	\$ .00
Net earnings per share attributable to Leggett & Platt, Inc. common shareholders				
Basic	\$ .68	\$ .64	\$ .38	\$ .35
Diluted	\$ .67	\$ .63	\$ .37	\$ .34
Cash dividends declared per share	\$ .54	\$ .52	\$ .27	\$ .26
Average shares outstanding				
Basic	147.4	152.0	145.6	151.5
Diluted	149.1	154.1	147.4	153.8

See accompanying notes to consolidated condensed financial statements.

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

(Amounts in millions)	Six Months Ended June 30,	
	2011	2010
<b>OPERATING ACTIVITIES</b>		
Net earnings	\$ 101.8	\$ 101.0
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation	50.6	51.3
Amortization	9.7	9.9
Provision for losses on accounts and notes receivable	5.4	5.3
Writedown of inventory	5.3	5.0
Asset impairment charges	3.4	2.3
Net gain from sales of assets and businesses	(8.8)	(12.1)
Deferred income tax expense	7.4	5.3
Stock-based compensation	21.1	21.7
Other	(2.9)	(1.5)
Other changes, excluding effects from acquisitions and divestitures:		
Increase in accounts and other receivables	(82.4)	(82.7)
Increase in inventories	(71.0)	(55.8)
Increase in other current assets	(1.8)	(1.6)
Increase in accounts payable	52.0	62.1
Increase in accrued expenses and other current liabilities	11.2	7.7
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>101.0</b>	<b>117.9</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(37.8)	(30.0)
Purchases of companies, net of cash acquired	(4.7)	(.4)
Proceeds from sales of assets and businesses	18.6	10.8
Maturity of short-term investments	22.8	1.3
Other	(1.9)	(.8)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(3.0)</b>	<b>(19.1)</b>
<b>FINANCING ACTIVITIES</b>		
Additions to debt	98.4	68.0
Payments on debt	(14.3)	(25.5)
Dividends paid	(78.8)	(77.2)
Issuances of common stock	15.7	17.3
Purchases of common stock	(172.8)	(89.1)
Other	5.8	1.2
<b>NET CASH USED FOR FINANCING ACTIVITIES</b>	<b>(146.0)</b>	<b>(105.3)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>6.8</b>	<b>(10.5)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(41.2)</b>	<b>(17.0)</b>
<b>CASH AND CASH EQUIVALENTS - January 1,</b>	<b>244.5</b>	<b>260.5</b>
<b>CASH AND CASH EQUIVALENTS - June 30,</b>	<b>\$ 203.3</b>	<b>\$ 243.5</b>

See accompanying notes to consolidated condensed financial statements.

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

(Amounts in millions, except per share data)

**1. INTERIM PRESENTATION**

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

For further information, refer to the financial statements and footnotes included in our annual report on Form 10-K for the year ended December 31, 2010.

**2. NEW ACCOUNTING GUIDANCE**

In June 2011, the Financial Accounting Standards Board issued guidance that removes the current presentation options for comprehensive income and requires presentation in either a single continuous statement of comprehensive income or in two separate but consecutive statements. The new guidance does not change the items that must be reported in other comprehensive income. The amendment is effective for our first quarter 2012 reporting, and we do not expect it to have a material impact on our financial statements.

The FASB has issued other accounting guidance effective for current and future periods (that we have not yet adopted), but we do not believe any of the other new guidance will have a material impact on our current or future financial statements.

**3. INVENTORIES**

About 60% of our inventories are valued using the Last-In, First-Out (LIFO) cost method and the remainder using the First-In, First-Out (FIFO) cost method.

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

The following table contains the LIFO expense included in earnings for each of the periods presented.

	Six Months Ended		Three Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
LIFO expense	\$ 9.0	\$ 4.3	\$ 3.5	\$ 2.2

**4. SEGMENT INFORMATION**

We have four operating segments that are generally focused on broad end-user markets for our 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 and components for office and institutional furnishings. Industrial Materials derives its revenues from drawn steel wire, specialty wire products and welded steel tubing sold to trade customers as well as our other segments. Specialized Products derives its revenues from automotive seating components, specialized machinery and equipment, and commercial vehicle interiors.

Our reportable segments are the same as our operating segments, which also correspond with our management organizational structure. Each reportable segment has a senior operating vice-president that reports to the chief operating decision maker. The operating results and financial information reported through the segment structure are regularly reviewed and used by the chief operating decision maker to evaluate segment performance, allocate overall resources and determine management incentive compensation.

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

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

**4. SEGMENT INFORMATION (continued)**

The accounting principles used in the preparation of the segment information are the same as those used for the consolidated financial statements, except that the segment assets and income reflect the FIFO basis of accounting for inventory. Certain inventories are accounted for using the LIFO basis in the consolidated financial statements. We evaluate performance based on earnings from operations before interest and income taxes (EBIT). Intersegment sales are made primarily at prices that approximate market-based selling prices. Centrally incurred costs are allocated to the segments based on estimates of services used by the segment. Certain of our general and administrative costs and miscellaneous corporate income and expenses are allocated to the segments based on sales and EBIT. These allocated corporate costs include depreciation and other costs and income related to assets that are not allocated or otherwise included in the segment assets.

A summary of segment results from continuing operations are shown in the following tables.

	External Sales	Inter- Segment Sales	Total Sales	EBIT
<b>Six Months ended June 30, 2011:</b>				
Residential Furnishings	\$ 922.8	\$ 4.6	\$ 927.4	\$ 83.3
Commercial Fixturing & Components	265.1	2.7	267.8	15.7
Industrial Materials	311.8	127.6	439.4	27.6
Specialized Products	341.3	20.1	361.4	39.5
Intersegment eliminations				(3.8)
Change in LIFO reserve				(9.0)
	<u>\$ 1,841.0</u>	<u>\$ 155.0</u>	<u>\$ 1,996.0</u>	<u>\$ 153.3</u>
<b>Six Months ended June 30, 2010:</b>				
Residential Furnishings	\$ 887.7	\$ 4.1	\$ 891.8	\$ 94.0
Commercial Fixturing & Components	281.4	2.1	283.5	16.6
Industrial Materials	247.6	124.2	371.8	30.2
Specialized Products	274.0	18.4	292.4	27.2
Intersegment eliminations				(1.4)
Change in LIFO reserve				(4.3)
	<u>\$ 1,690.7</u>	<u>\$ 148.8</u>	<u>\$ 1,839.5</u>	<u>\$ 162.3</u>
<b>Three Months ended June 30, 2011:</b>				
Residential Furnishings	\$ 465.4	\$ 2.3	\$ 467.7	\$ 41.2
Commercial Fixturing & Components	137.3	1.5	138.8	7.5
Industrial Materials	166.3	62.8	229.1	13.6
Specialized Products	176.2	10.3	186.5	21.4
Intersegment eliminations				(1.1)
Change in LIFO reserve				(3.5)
	<u>\$ 945.2</u>	<u>\$ 76.9</u>	<u>\$ 1,022.1</u>	<u>\$ 79.1</u>
<b>Three Months ended June 30, 2010:</b>				
Residential Furnishings	\$ 455.4	\$ 2.0	\$ 457.4	\$ 44.9
Commercial Fixturing & Components	140.7	1.1	141.8	8.7
Industrial Materials	132.3	62.4	194.7	16.8
Specialized Products	145.9	10.1	156.0	18.8
Intersegment eliminations				(1.9)
Change in LIFO reserve				(2.2)
	<u>\$ 874.3</u>	<u>\$ 75.6</u>	<u>\$ 949.9</u>	<u>\$ 85.1</u>

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

**4. SEGMENT INFORMATION (continued)**

Average assets for our segments are shown in the table below and reflect the basis for return measures used by management to evaluate segment performance. These segment totals include working capital (all current assets and current liabilities) plus net property, plant and equipment. Segment assets for all years are reflected at their estimated average for the periods presented.

	June 30, 2011	December 31, 2010
Residential Furnishings	\$ 629.7	\$ 645.3
Commercial Fixturing & Components	180.8	185.2
Industrial Materials	213.8	211.6
Specialized Products	224.7	207.9
Average current liabilities included in segment numbers above	413.4	381.1
Unallocated assets (1)	1,372.9	1,448.6
Difference between average assets and period-end balance sheet	59.4	(78.7)
Total assets	<u>\$ 3,094.7</u>	<u>\$ 3,001.0</u>

(1) Primarily goodwill, other intangibles, cash and notes receivable

**5. DISCONTINUED OPERATIONS**

Exit activities associated with an extensive review of our business portfolio in 2007 (which included the divestiture of seven businesses) were substantially complete by the end of 2008. However, a small amount of subsequent activity directly related to these divestitures continued into 2010.

The sale of the last business, the Storage Products unit (previously reported in Commercial Fixturing and Components) was completed in the third quarter of 2010. No significant gain or loss was realized on the sale of this unit.

Results from discontinued operations and activity directly related to divestitures subsequent to the date of sale were as follows:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2011	2010	2011	2010
External sales:				
Commercial Fixturing & Components - Storage Products Unit	\$ —	\$ 26.3	\$ —	\$ 14.1
Earnings (loss):				
Commercial Fixturing & Components - Storage Products Unit (1)	\$ —	\$ (.1)	\$ —	\$ .7
Subsequent activity related to divestitures completed prior to 2010	—	(.1)	—	—
Earnings (loss) before interest and income taxes	—	(.2)	—	.7
Income tax benefit (expense)	—	.1	—	(.2)
Earnings (loss) from discontinued operations, net of tax	<u>\$ —</u>	<u>\$ (.1)</u>	<u>\$ —</u>	<u>\$ .5</u>

(1) In the first quarter of 2010, pre-tax impairment charges of \$.9 were recorded to reflect an updated estimate of fair value less costs to sell.



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

**6. EARNINGS PER SHARE**

Basic and diluted earnings per share were calculated as follows:

	<u>Six Months Ended</u>		<u>Three Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Earnings:</u></b>				
Earnings from continuing operations	\$ 101.8	\$ 101.1	\$ 55.5	\$ 53.6
(Earnings) loss attributable to noncontrolling interest, net of tax	(2.1)	(3.2)	(.8)	(1.4)
Net earnings from continuing operations attributable to Leggett & Platt, Inc. common shareholders.	\$ 99.7	\$ 97.9	\$ 54.7	\$ 52.2
Earnings (loss) from discontinued operations, net of tax	—	(.1)	—	.5
Net earnings attributable to Leggett & Platt, Inc. common shareholders	<u>\$ 99.7</u>	<u>\$ 97.8</u>	<u>\$ 54.7</u>	<u>\$ 52.7</u>
<b><u>Weighted average number of shares:</u></b>				
Weighted average number of common shares used in basic EPS	147.4	152.0	145.6	151.5
Additional dilutive shares principally from the assumed exercise of outstanding stock options	1.7	2.1	1.8	2.3
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	<u>149.1</u>	<u>154.1</u>	<u>147.4</u>	<u>153.8</u>
<b><u>Basic and Diluted EPS:</u></b>				
Basic EPS attributable to Leggett & Platt, Inc. common shareholders				
Continuing operations	\$ .68	\$ .64	\$ .38	\$ .34
Discontinued operations	—	.00	—	.00
Basic EPS attributable to Leggett & Platt, Inc. common shareholders	<u>\$ .68</u>	<u>\$ .64</u>	<u>\$ .38</u>	<u>\$ .35</u>
Diluted EPS attributable to Leggett & Platt, Inc. common shareholders				
Continuing operations	\$ .67	\$ .64	\$ .37	\$ .34
Discontinued operations	—	.00	—	.00
Diluted EPS attributable to Leggett & Platt, Inc. common shareholders	<u>\$ .67</u>	<u>\$ .63</u>	<u>\$ .37</u>	<u>\$ .34</u>
<b><u>Other information:</u></b>				
Shares issuable under employee and non-employee stock options	11.6	12.6	11.6	12.6
Anti-dilutive shares excluded from diluted EPS computation	2.0	3.0	1.7	1.5

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

**7. ACCOUNTS AND OTHER RECEIVABLES**

Accounts and other receivables consisted of the following:

	June 30, 2011		December 31, 2010	
	Current	Long-term	Current	Long-term
Trade accounts receivable	\$ 526.1	\$ —	\$ 438.3	\$ —
Customer-related and other notes	7.1	4.8	7.7	4.3
Notes received as partial payment for divestitures	7.4	11.0	8.0	11.1
Income tax receivables	23.6	—	25.2	—
Other receivables	30.1	—	21.8	—
Total accounts and other receivables	594.3	15.8	501.0	15.4
Allowance for doubtful accounts:				
Trade accounts receivable	(26.0)	—	(22.0)	—
Customer-related and other notes	(.1)	(1.7)	(.1)	(1.1)
Notes received as partial payment for divestitures	(.3)	—	—	—
Total allowance for doubtful accounts	(26.4)	(1.7)	(22.1)	(1.1)
Total net receivables	<u>\$ 567.9</u>	<u>\$ 14.1</u>	<u>\$ 478.9</u>	<u>\$ 14.3</u>

Notes are evaluated individually for impairment, and we had no significant impaired notes for the periods presented.

There were no past due amounts related to notes received as partial payment for divestitures. Our investment in customer-related and other notes that were past due more than 90 days was less than \$3.0 at June 30, 2011, of which approximately \$1.0 had been placed on non-accrual status.

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

	Balance at	2011		Balance at
	December 31, 2010	2011 Charges	Charge-offs, net of recoveries	June 30, 2011
Trade accounts receivable	\$ 22.0	\$ 4.8	\$ .8	\$ 26.0
Customer-related and other notes	1.2	.3	(.3)	1.8
Notes received as partial payment for divestitures	—	.3	—	.3
	<u>\$ 23.2</u>	<u>\$ 5.4</u>	<u>\$ .5</u>	<u>\$ 28.1</u>

**8. STOCK-BASED COMPENSATION**

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

	Six Months Ended		Three Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Stock-based compensation expense:				
Amortization of the grant date fair value of stock options (1)	\$ 3.6	\$ 3.5	\$ .8	\$ .9
Stock-based retirement plans contributions (2)	3.5	3.6	1.4	1.3
Discounts on various stock awards:				
Deferred Stock Compensation Program	.8	.6	.2	.1
Stock-based retirement plans	1.2	1.2	.3	.3
Discount Stock Plan	.4	.4	.2	.2
Performance Stock Unit awards (3)	3.6	3.8	1.8	1.9
Restricted Stock Unit awards	1.1	.8	.6	.4
Other, primarily non-employee directors restricted stock	.6	.8	.2	.2
Total stock-based compensation expense	14.8	14.7	5.5	5.3
Employee contributions for above stock plans	6.3	7.0	2.3	3.1
Total stock-based compensation	<u>\$ 21.1</u>	<u>\$ 21.7</u>	<u>\$ 7.8</u>	<u>\$ 8.4</u>
Recognized tax benefits on stock-based compensation expense	<u>\$ 5.6</u>	<u>\$ 5.7</u>	<u>\$ 2.1</u>	<u>\$ 2.1</u>

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

**8. STOCK-BASED COMPENSATION (continued)**

(1) Stock Option Grants

Our most significant stock options are granted annually in the first quarter of each year on a discretionary basis to a broad group of employees.

In connection with the January 2010 grant, we gave most participants the choice to receive stock options or to receive a cash payment in the first quarter in lieu of options. The value of the cash alternative was equal to approximately one-half of the Black Scholes value of the option grant the employee would have otherwise received.

In January 2011, we offered two different option choice programs. One group of employees was offered the same option/cash choice as in 2010, with the cash alternative being equal to approximately one-half of the Black-Scholes value of the option grant foregone. Another group of employees, generally higher level employees, were offered a choice between stock options or restricted stock units (RSUs), on a ratio of four options foregone for every one RSU offered. The RSUs vest in one-third increments at 12 months, 24 months and 36 months after the date of grant.

The following table summarizes fair values calculated (and assumptions utilized) using the Black-Scholes option pricing model for all options granted in the periods presented. There were no material stock option grants during the second quarter of either year.

	Six Months Ended	
	June 30,	
	2011	2010
Options granted (in millions)	1.0	1.3
Aggregate grant date fair value	\$ 4.9	\$ 5.1
Weighted-average per share grant date fair value	\$ 4.91	\$ 4.08
Risk-free interest rate	2.7%	3.1%
Expected life in years	7.1	6.9
Expected volatility (over expected life)	33.3%	33.2%
Expected dividend yield (over expected life)	4.7%	5.2%
Cash payments to employees elected in lieu of options	\$ .3	\$ .6

(2) Stock-Based Retirement Plans

We have two stock-based retirement plans: the tax-qualified Stock Bonus Plan (SBP) for non-highly compensated employees, and the non-qualified Executive Stock Unit Program (ESUP) for highly compensated employees. We make matching contributions to both plans. In addition to the automatic 50% match, we will make another matching contribution of up to 50% of the employee's contributions for the year if certain profitability levels as defined in the SBP and the ESUP are obtained.

SBP participants may direct their contributions into Company stock or several other investment options. Company matching contributions are invested in Company stock until the participant is vested. After vesting, the participant may re-direct company matching contributions into any of the investments offered under the plan.

Since April 1, 2011, ESUP participant contributions are credited to a diversified investment account consisting of various mutual funds and retirement target funds selected by the participant. At every bi-weekly contribution date, we add a premium contribution equal to 17.65% of the participant's contribution to the diversified investment accounts. Participants may change investment elections in the diversified investment accounts, but cannot purchase Company common stock or stock units in these accounts. All company matching contributions are credited to participant's accounts in the form of Company stock units. Participants may not diversify this portion of their accounts.

We have purchased investments intended to mirror the diversified investments selected by the participants that are a component of "Sundry" long-term assets in the accompanying Consolidated Condensed Balance Sheet. Investment experience of the actual funds, whether positive or negative, are eventually paid out in cash. All amounts deferred under this program are unfunded, unsecured obligations of the Company and are presented as a component of the "Other long-term liabilities" in the accompanying Consolidated Condensed Balance Sheet. Both the asset and liabilities associated with this program are presented in Note 11 and are adjusted to fair value at each reporting period.

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

**8. STOCK-BASED COMPENSATION (continued)**

(3) Performance Stock Unit Awards

We also grant Performance Stock Unit (PSU) awards in the first quarter of each year to selected officers and other key managers. These awards contain the following conditions:

- A service requirement—Awards generally "cliff" vest three years following the grant date; and
- A market condition—Awards are based on our Total Shareholder Return [TSR = (Change in Stock Price + Dividends) / Beginning Stock Price] as compared to the TSR of a group of peer companies. The peer group consists of all the companies in the Industrial, Materials and Consumer Discretionary sectors of the S&P 500 and S&P Midcap 400 (approximately 320 companies). Participants will earn from 0% to 175% of the base award depending upon how our Total Shareholder Return ranks within the peer group at the end of the 3-year performance period.

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

Below is a summary of the number of shares and related grant date fair value of PSU's for the periods presented. There were no PSU's granted during the second quarter of either year.

	Six Months Ended	
	June 30,	
	2011	2010
Total shares base award (in millions)	.3	.3
Grant date per share fair value	\$ 25.41	\$ 21.96

The three-year performance cycle of the 2008 award was completed on December 31, 2010. Our TSR performance, relative to the peer group, ranked among the top one-tenth of the S&P 500 companies; accordingly, participants earned 175% of the base award and .9 million shares were distributed in January 2011.

Beginning with the 2010 award (that will be settled in 2013), thirty-five percent (35%) of awards will be paid out in cash. We intend to pay out the remaining sixty-five percent (65%) in shares of our common stock, although we reserve the right to pay up to one hundred percent (100%) in cash. The 35% portion is recorded as a liability and is adjusted to fair value at each reporting period.

	June 30, 2011	December 31, 2010
PSU liability to be settled in cash	\$ 2.0	\$ 1.1

**9. EMPLOYEE BENEFIT PLANS**

The following table provides interim information as to our domestic and foreign defined benefit pension plans. Expected 2011 employer contributions are not significantly different than the \$8.7 previously reported at December 31, 2010.

	Six Months Ended		Three Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Components of net pension expense				
Service cost	\$ 1.2	\$ 1.1	\$ .6	\$ .5
Interest cost	6.7	6.7	3.3	3.4
Expected return on plan assets	(6.7)	(6.4)	(3.3)	(3.2)
Recognized net actuarial loss	2.0	1.8	1.0	.9
Net pension expense	\$ 3.2	\$ 3.2	\$ 1.6	\$ 1.6

**LEGGETT & PLATT, INCORPORATED**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)**  
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**10. STATEMENT OF CHANGES IN EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME**

	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011						
	Comprehensive Income Attributable to Leggett & Platt, Inc.	Comprehensive Income Attributable to Leggett & Platt, Inc.	Total Equity	Retained Earnings	Common Stock & Additional Contributed Capital	Treasury Stock	Noncontrolling Interest	Accumulated Other Comprehensive Income	
	Beginning balance, January 1, 2011	\$ —	\$ —	\$1,524.4	\$ 2,033.3	\$ 465.2	\$(1,093.0)	\$ 17.1	\$ 101.8
	Net earnings	55.5	101.8	101.8	101.8	—	—	—	—
(Earnings) loss attributable to noncontrolling interest, net of tax	(8)	(2.1)	—	(2.1)	—	—	2.1	—	
Dividends declared	—	—	(77.4)	(79.3)	1.9	—	—	—	
Dividends paid to noncontrolling interest	—	—	—	—	—	—	—	—	
Treasury stock purchased	—	—	(177.5)	—	—	(177.5)	—	—	
Treasury stock issued	—	—	26.1	—	(29.9)	56.0	—	—	
Foreign currency translation adjustments	15.1	36.4	36.8	—	—	—	.4	36.4	
Cash flow hedges, net of tax	(4.5)	(3.7)	(3.7)	—	—	—	—	(3.7)	
Defined benefit pension plans, net of tax	.5	.8	.8	—	—	—	—	.8	
Stock options and benefit plan transactions, net of tax	—	—	23.4	—	23.4	—	—	—	
Ending balance, June 30, 2011	<u>\$ 65.8</u>	<u>\$ 133.2</u>	<u>\$1,454.7</u>	<u>\$ 2,053.7</u>	<u>\$ 460.6</u>	<u>\$(1,214.5)</u>	<u>\$ 19.6</u>	<u>\$ 135.3</u>	

	Three Months Ended June 30, 2010		Six Months Ended June 30, 2010						
	Comprehensive Income Attributable to Leggett & Platt, Inc.	Comprehensive Income Attributable to Leggett & Platt, Inc.	Total Equity	Retained Earnings	Common Stock & Additional Contributed Capital	Treasury Stock	Noncontrolling Interest	Accumulated Other Comprehensive Income	
	Beginning balance, January 1, 2010	\$ —	\$ —	\$1,575.5	\$ 2,013.3	\$ 469.7	\$(1,033.8)	\$ 21.5	\$ 104.8
	Net earnings	54.1	101.0	101.0	101.0	—	—	—	—
(Earnings) loss attributable to noncontrolling interest, net of tax	(1.4)	(3.2)	—	(3.2)	—	—	3.2	—	
Dividends declared	—	—	(76.7)	(78.8)	2.1	—	—	—	
Dividends paid to noncontrolling interest	—	—	(1.7)	—	—	—	(1.7)	—	
Treasury stock purchased	—	—	(91.1)	—	—	(91.1)	—	—	
Treasury stock issued	—	—	33.1	—	(8.6)	41.7	—	—	
Foreign currency translation adjustments	(35.6)	(59.1)	(59.1)	—	—	—	—	(59.1)	
Cash flow hedges, net of tax	(3.6)	(4.0)	(4.0)	—	—	—	—	(4.0)	
Other	—	—	.1	—	—	—	.1	—	
Defined benefit pension plans, net of tax	.5	1.0	1.0	—	—	—	—	1.0	
Stock options and benefit plan transactions, net of tax	—	—	10.2	—	10.2	—	—	—	
Ending balance, June 30, 2010	<u>\$ 14.0</u>	<u>\$ 35.7</u>	<u>\$1,488.3</u>	<u>\$ 2,032.3</u>	<u>\$ 473.4</u>	<u>\$(1,083.2)</u>	<u>\$ 23.1</u>	<u>\$ 42.7</u>	

**LEGGETT & PLATT, INCORPORATED**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)**  
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**10. STATEMENT OF CHANGES IN EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME (continued)**

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

	Foreign Currency Translation Adjustments	Cash Flow Hedges	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance January 1, 2010	\$ 147.2	\$ .1	\$ (42.5)	\$ 104.8
Period change - gross	(59.1)	(6.4)	1.6	(63.9)
Period change - income tax effect	—	2.4	(.6)	1.8
Balance June 30, 2010	<u>\$ 88.1</u>	<u>\$ (3.9)</u>	<u>\$ (41.5)</u>	<u>\$ 42.7</u>
Balance January 1, 2011	\$ 151.1	\$ 1.4	\$ (50.7)	\$ 101.8
Period change - gross	36.4	(5.9)	1.3	31.8
Period change - income tax effect	—	2.2	(.5)	1.7
Balance June 30, 2011	<u>\$ 187.5</u>	<u>\$ (2.3)</u>	<u>\$ (49.9)</u>	<u>\$ 135.3</u>

**11. FAIR VALUE**

Fair value measurements are established using a three level valuation hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into the following categories:

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. Short-term investments in this category are valued using discounted cash flow techniques with all significant inputs derived from or corroborated by observable market data. Derivative assets and liabilities in this category are valued using models that consider various assumptions and information from market-corroborated sources. The models used are primarily industry-standard models that consider items such as quoted prices, market interest rate curves applicable to the instruments being valued as of the end of each period, discounted cash flows, volatility factors, current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.
- Level 3: Unobservable inputs that are not corroborated by market data.

**Items measured at fair value on a recurring basis**

	As of June 30, 2011			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 23.8	\$ —	\$ —	\$ 23.8
Bank time deposits with original maturities of three months or less	—	82.5	—	82.5
Short-term investments:				
Bank time deposits with original maturities of greater than three months	—	—	—	—
Derivative assets	—	1.3	—	1.3
Diversified investments associated with the ESUP	.9	—	—	.9
<b>Total assets</b>	<u>\$ 24.7</u>	<u>\$ 83.8</u>	<u>\$ —</u>	<u>\$ 108.5</u>
<b>Liabilities:</b>				
Derivative liabilities	\$ .7	\$ 5.1	\$ —	\$ 5.8
Liabilities associated with the ESUP	.9	—	—	.9
<b>Total liabilities</b>	<u>\$ 1.6</u>	<u>\$ 5.1</u>	<u>\$ —</u>	<u>\$ 6.7</u>

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

**11. FAIR VALUE (continued)**

	As of December 31, 2010			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 101.7	\$ —	\$ —	\$ 101.7
Bank time deposits with original maturities of three months or less	—	38.1	—	38.1
Short-term investments:				
Bank time deposits with original maturities of greater than three months	—	22.8	—	22.8
Derivative assets	—	5.3	—	5.3
<b>Total assets</b>	<b>\$ 101.7</b>	<b>\$ 66.2</b>	<b>\$ —</b>	<b>\$ 167.9</b>
<b>Liabilities:</b>				
Derivative liabilities	\$ 1.1	\$ .2	\$ —	\$ 1.3
<b>Total liabilities</b>	<b>\$ 1.1</b>	<b>\$ .2</b>	<b>\$ —</b>	<b>\$ 1.3</b>

The fair value for fixed rate debt was greater than its \$730.0 carrying value by \$47.0 at June 30, 2011 and greater than its \$730.0 carrying value by \$6.0 at December 31, 2010.

**Items measured at fair value on a non-recurring basis**

The primary areas in which we use fair value measurements of non-financial assets and liabilities are allocating purchase price to the assets and liabilities of acquired companies and evaluating long-term assets for potential impairment.

**Goodwill**

We perform an annual review for potential goodwill impairment in June of each year and as triggering events occur. The goodwill impairment review performed in June 2011 indicated no goodwill impairments.

The ten reporting units for goodwill purposes are one level below the operating segments, and are the same as the business groups disclosed in Item 1. Business in Form 10-K. Fair market values of the reporting units are estimated using a discounted cash flow model and comparable market values for similar entities using price to earnings ratios. Key assumptions and estimates used in the cash flow model include discount rate, internal sales growth, margins, capital expenditure requirements, and working capital requirements. Recent performance of the reporting unit is an important factor, but not the only factor, in the assessment.

Reporting units' fair values in relation to their respective carrying values and significant assumptions used in the June 2011 review are presented in the table below. If actual results differ from estimates used in these calculations, we could incur future impairment charges.

Percentage of fair value in excess of carrying value	June 30, 2011 goodwill value	10-year compound annual growth rate range	Terminal values long- term growth rate	Discount rate ranges
15-40%	\$542.6	2.0% - 6.5%	3%	9.5% - 11.5%
40%+	404.1	2.3% - 5.2%	3%	8.5%
	<b>\$946.7</b>	<b>2.0% - 6.5%</b>	<b>3%</b>	<b>8.5% - 11.5%</b>

**LEGGETT & PLATT, INCORPORATED**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)**  
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**11. FAIR VALUE (continued)**

*Fixed Assets*

We test long-lived assets for recoverability at year-end and whenever events or changes in circumstances indicate the carrying value may not be recoverable. The table below summarizes fixed asset impairments for the periods presented.

	Six Months Ended June 30,		Three Months Ended June 30,	
	2011	2010	2011	2010
Continuing operations	\$ 3.4	\$ 1.4	\$ .4	\$ —
Discontinued operations	—	.9	—	—
<b>Total asset impairments</b>	<b>\$ 3.4</b>	<b>\$ 2.3</b>	<b>\$ .4</b>	<b>\$ —</b>

Fair value and the resulting impairment charges were based primarily upon offers from potential buyers or third party estimates of fair value less selling costs.



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

**12. RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS**

*Risk Management Strategy & Objectives*

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

We have recorded the following assets and liabilities representing the fair value for our most significant derivative financial instruments. The fair values of the derivatives reflect the change in the market value of the derivative from the date of the trade execution, and do not consider the offsetting underlying hedged item.

	Total USD Equivalent Notional Amount	As of June 30, 2011			
		Assets		Liabilities	
		Other Current Assets	Sundry	Other Current Liabilities	Other Long-Term Liabilities
<b>Derivatives designated as hedging instruments</b>					
Cash flow hedges:					
Commodity hedges	\$ 7.6	\$ —	\$ —	\$ .6	\$ .1
Interest rate hedges	200.0	—	1.0	—	3.8
Currency Hedges:					
- Future USD sales of Canadian subsidiaries	3.1	.3	—	—	—
- Future USD cost of goods sold of Canadian subsidiaries	5.2	—	—	.3	—
- Future USD cost of goods sold of European subsidiary	1.4	—	—	.1	—
Total cash flow hedges		.3	1.0	1.0	3.9
Fair value hedges:					
USD inter-company note receivable on a Canadian subsidiary	6.0	—	—	.1	—
USD inter-company note receivable on a Swiss subsidiary	14.5	—	—	—	.1
USD inter-company note receivable on an European subsidiary	3.5	—	—	.2	—
Total fair value hedges		—	—	.3	.1
<b>Derivatives not designated as hedging instruments</b>					
Hedge of EUR cash on a UK subsidiary	3.5	—	—	.1	—
Hedge of EUR inter-company note receivable from a European subsidiary	28.0	—	—	—	.4
		<u>\$ .3</u>	<u>\$ 1.0</u>	<u>\$ 1.4</u>	<u>\$ 4.4</u>

**LEGGETT & PLATT, INCORPORATED**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)**  
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**12. RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

	Total USD Equivalent Notional Amount	As of December 31, 2010			
		Assets		Liabilities	
		Other Current Assets	Sundry	Other Current Liabilities	Other Long-Term Liabilities
<b>Derivatives designated as hedging instruments</b>					
<b>Cash flow hedges:</b>					
Commodity hedges	\$ 7.3	\$ —	\$ —	\$ .9	\$ .2
Interest rate hedges	200.0	—	3.1	—	—
<b>Currency hedges:</b>					
-Future USD cost of goods sold of Canadian subsidiaries	5.1	—	—	.1	—
-Future USD sales of a Chinese subsidiary	3.0	—	—	.1	—
-Future USD sales of Canadian subsidiaries	6.1	.4	—	—	—
Total cash flow hedges		.4	3.1	1.1	.2
<b>Fair value hedges:</b>					
USD inter-company note receivable on a Canadian subsidiary	6.0	.1	—	—	—
Total fair value hedges		.1	—	—	—
<b>Derivatives not designated as hedging instruments</b>					
Hedge of EUR inter-company note receivable from a European subsidiary	28.0	—	1.7	—	—
		\$ .5	\$ 4.8	\$ 1.1	\$ .2

***Cash Flow Hedges***

At June 30, 2011 and December 31, 2010, we had outstanding derivative financial instruments that hedged forecasted transactions and anticipated cash flows. The effective changes in fair value of unexpired contracts are recorded in accumulated other comprehensive income and reclassified to income or expense in the period in which earnings are impacted and are presented as operating cash flows when the contracts are settled.

***Commodity Cash Flow Hedges***

The commodity cash flow hedges manage natural gas commodity price risk. All commodity hedges at June 30, 2011 had maturities of less than two years. We routinely hedge commodity price risk up to 36 months.

***Foreign Currency Cash Flow Hedges***

The foreign currency hedges manage risk associated with exchange rate volatility of various currencies. The foreign currency cash flow hedges outstanding at June 30, 2011 and December 31, 2010 had maturity dates within one year. In general, foreign currency cash flow hedges have maturities within two years.

***Interest Rate Cash Flow Hedges***

In anticipation of long-term debt maturing in April 2013, we entered into forward starting interest swaps in 2010. The swap contracts manage benchmark interest rate risk associated with \$200 of future debt issuance, and mature in August 2012. The swaps have a weighted average interest rate of 4.0% and hedge the benchmark rate of the future issuance of \$200 of debt. The credit spread over the benchmark bonds will continue to fluctuate until the contracts are settled (either upon an issuance of debt or upon their expiration).

***Fair Value Hedges***

Our fair value hedges manage foreign currency risk associated with third party and subsidiaries' inter-company assets and liabilities. Hedges designated as fair value hedges recognize gain or loss currently in earnings and are presented as operating cash flows when the contracts are settled. These fair value hedges generally have a maturity date within one year.

**LEGGETT & PLATT, INCORPORATED**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)**  
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**12. RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

***Hedge Effectiveness***

We have determined all ineffectiveness to be immaterial, and as a result, have not recorded any amounts for ineffectiveness. If a hedge was not highly effective, the portion of the change in fair value considered to be ineffective would be recognized immediately in the consolidated condensed statements of operations.

***Derivatives Not Designated as Hedging Instruments***

At June 30, 2011 and December 31, 2010, we had two derivative transactions that did not qualify for hedge accounting treatment. Gains or losses on these transactions are recorded directly to income and expense in the period impacted, and economically offset the gains or losses on the underlying Euro inter-company debt.

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

	Income Statement Caption	Amount of Gain (Loss) Recorded in Income Six Months Ended June 30		Amount of Gain (Loss) Recorded in Income Three Months Ended June 30	
		2011	2010	2011	2010
<b>Derivatives designated as hedging instruments</b>					
Commodity cash flow hedges	Cost of goods sold	\$ (.6)	\$ (.5)	\$ (.2)	\$ (.3)
Foreign currency cash flow hedges	Net Sales	.2	.4	.1	.3
Total cash flow hedges		(.4)	(.1)	(.1)	—
Fair value hedges	Other expense				
	(income), net	(.2)	.1	(.2)	(.3)
<b>Derivatives not designated as hedging instruments</b>					
Hedge of EUR cash- UK subsidiary	Other expense				
	(income), net	(.1)	—	(.1)	—
Hedge of EUR inter-company note receivable- European subsidiary	Other expense				
	(income), net	(2.1)	5.1	(.6)	2.4
Hedge of EUR inter-company note receivable- European subsidiary	Interest expense	(.1)	(.1)	—	(.1)
Total derivative instruments		<u>\$ (2.9)</u>	<u>\$ 5.0</u>	<u>\$ (1.0)</u>	<u>\$ 2.0</u>

**13. CONTINGENCIES**

We are a defendant in various proceedings involving employment, intellectual property, environmental, taxation and other laws. When it is probable, in management's judgment, that we may incur monetary damages or other costs resulting from these proceedings or other claims, and we can reasonably estimate the amounts, we record appropriate liabilities in the financial statements and make charges against earnings. For all periods presented, we have recorded no material charges against earnings, and the total liabilities recorded are not material to our financial position.

***NPI Lawsuit***

On January 18, 2008, National Products, Inc. ("NPI") sued Gamber-Johnson, LLC ("Gamber"), our wholly-owned subsidiary, in Case C08-0049C-JLR, in the United States District Court, Western District of Washington, alleging that portions of a Gamber marketing video contained false and misleading statements. NPI and Gamber compete in the market for vehicle computer mounting systems. NPI sought: (a) injunctive relief requiring Gamber to stop using the video and to notify customers; (b) damages for its alleged lost profits; and (c) disgorgement of Gamber's profits in an unspecified amount.

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

**13. CONTINGENCIES (continued)**

Although part of the claims were dismissed by the Court before and during trial, a jury, on April 12, 2010, found four statements in the video were false and deliberate and awarded \$10 in disgorgement damages against Gamber. On August 16, 2010, the Court: (a) reduced the jury verdict to approximately \$0.5; (b) granted NPI attorney fees and costs in an amount to be determined; and (c) granted an injunction requiring Gamber to notify its distributors and resellers of the verdict. The Court subsequently awarded NPI \$2.0 in attorney fees and costs.

We believe that Gamber has valid bases upon which the appellate court could overturn the verdict and the award of attorney fees and costs. On September 17, 2010, NPI filed an appeal to the Ninth Circuit Court of Appeals. Gamber has also filed an appeal. We established an accrual for this suit in an amount we believe is probable. Also, we believe that it is probable that at least part of the verdict, attorney fees and costs will be covered by insurance, but that coverage is subject to the insurance company's reservation of rights. We do not expect that the outcome of this suit will have a material adverse effect on our financial condition, operating cash flows or results of operations.

*Shareholder Derivative Lawsuit*

On August 10, 2010, a shareholder derivative suit was filed by the New England Carpenters Pension Fund in the Circuit Court of Jasper County, Missouri as Case No. 10AO-CC00284 ("2010 Suit"). The 2010 Suit was substantially similar to a prior suit filed by the same plaintiff, in the same court, on February 5, 2009 ("2009 Suit"). The 2009 Suit was dismissed without prejudice based on the plaintiff's failure to make demand on our Board and shareholders. As before, the plaintiff did not make such demand. On April 6, 2011, the 2010 Suit was dismissed without prejudice. On May 12, 2011, the plaintiff filed an appeal to the Missouri Court of Appeals.

The 2010 Suit was purportedly brought on our behalf, naming us as a nominal defendant, and certain current and former officers and directors as individual defendants including David S. Haffner, Karl G. Glassman, Matthew C. Flanigan, Ernest C. Jett, Harry M. Cornell, Jr., Felix E. Wright, Robert Ted Enloe, III, Richard T. Fisher, Judy C. Odom, Maurice E. Purnell, Jr., Ralph W. Clark and Michael A. Glauber.

The plaintiff alleged, among other things, that the individual defendants: breached their fiduciary duties; backdated and received backdated stock options violating our stock plans; caused or allowed us to issue false and misleading financial statements and proxy statements; sold our stock while possessing material non-public information; committed gross mismanagement; wasted corporate assets; committed fraud; violated the Missouri Securities Act; and were unjustly enriched.

The plaintiff was seeking, among other things: unspecified monetary damages against the individual defendants; certain equitable and other relief relating to the profits from the alleged improper conduct; the adoption of certain corporate governance proposals; the imposition of a constructive trust over the defendants' stock options and proceeds; punitive damages; the rescission of certain unexercised options; and the reimbursement of litigation costs. The plaintiff was not seeking monetary relief from us. We have director and officer liability insurance in force subject to customary limits and exclusions.

We and the individual defendants filed motions to dismiss the 2010 Suit in late October 2010, asserting: the plaintiff failed to make demand on our Board and shareholders as required by Missouri law, and, consistent with the Court's ruling in the 2009 Suit, this failure to make demand should not be excused; the plaintiff is not a representative shareholder; the 2010 Suit was based on a statistical analysis of stock option grants and our stock prices that we believe was flawed; the plaintiff failed to state a substantive claim; the common law fraud claim was not pled with sufficient particularity; and the statute of limitations has expired on the fraud claim and all the alleged challenged grants except the December 30, 2005 grant. As to this grant, the motions to dismiss advised the Court that it was made under our Deferred Compensation Program, which (i) provided that options would be dated on the last business day of December, and (ii) was filed with the SEC on December 2, 2005 setting out the pricing mechanism well before the grant date.

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

*Antitrust Lawsuits*

Beginning in August 2010, a series of civil lawsuits was initiated in several U.S. federal courts against over 20 defendants alleging that competitors of our carpet underlay division and other manufacturers of polyurethane foam products had engaged in price fixing in violation of U.S. antitrust laws.

A number of these lawsuits have been voluntarily dismissed without prejudice. Of the cases remaining, we have been named as a defendant in (a) four direct purchaser class action cases (the first on November 15, 2010) and a consolidated amended class action complaint filed on February 28, 2011 on behalf of a class of all direct purchasers of polyurethane foam products; (b) an indirect purchaser class consolidated amended complaint filed March 21, 2011 (although the underlying lawsuits do not name us as a defendant); (c) an individual direct purchaser case filed on March 22, 2011; and (d) an indirect purchaser class action case filed on

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

**13. CONTINGENCIES (continued)**

May 23, 2011. All pending cases in which we have been named as a defendant have been filed in or transferred to the U.S. District Court for the Northern District of Ohio under the name *In re: Polyurethane Foam Antitrust Litigation*, Case No. 1:10-MD-02196.

In these actions, the plaintiffs, on behalf of themselves and/or a class of purchasers, seek three times the amount of unspecified damages allegedly suffered as a result of alleged overcharges in the price of polyurethane foam products from at least 1999 to the present. Each plaintiff also seeks attorney fees, pre-judgment and post-judgment interest, court costs, and injunctive relief against future violations. On April 15 and May 6, 2011, we filed motions to dismiss direct purchaser and indirect purchaser class actions, for failure to state a legally valid claim. On July 19, 2011, the Court denied the motions to dismiss.

We deny all of the allegations in these actions and will vigorously defend ourselves. This contingency is subject to many uncertainties. Therefore, based on the information available to date, we cannot estimate the amount or range of potential loss, if any. At this time, we do not expect that the outcome of these actions will have a material adverse effect on our financial condition, operating cash flows or results of operations.

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

### *What We Do*

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

We are the leading U.S. manufacturer of: components for residential furniture and bedding, power foundations, carpet underlay, components for office furniture, drawn steel wire, automotive seat support and lumbar systems, and bedding industry machinery.

### *Our Segments*

Our continuing operations are comprised of 19 business units in four segments, with approximately 19,000 employees, and 140 production facilities located in 18 countries around the world. Our segments are described below.

*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 carpet cushion, power foundations, bed frames, ornamental beds and geo components. This segment generated approximately 47% of total sales during the first half of 2011.

*Commercial Fixturing & Components:* Operations in this segment, which contributed approximately 13% of first half 2011 total sales, manufacture and sell store fixtures and point-of-purchase displays used in retail stores. We also produce chair controls, bases, and other components for office furniture manufacturers, as well as select lines of private-label finished furniture.

*Industrial Materials:* These operations primarily supply steel rod, drawn steel wire, steel billets, and welded steel tubing to our other operations and to external customers. Our customers use this wire and tubing to make bedding, furniture, automotive seats, mechanical springs, and many other end products. We also supply fabricated wire products, such as shaped wire for automotive and medical supply application; tying heads, boxed wire, and parts for automatic baling equipment; coated wire products, including dishwasher racks; and wire retail fixtures and point-of-purchase displays. This segment generated approximately 22% of our total sales during the first six months of 2011.

*Specialized Products:* From this segment we supply lumbar support systems and seat suspension systems used by automotive seating manufacturers. We manufacture and install the racks, shelving and cabinets used to outfit fleets of service vans. We also produce quilting, sewing, and wire forming machinery, some of which is used by other Leggett operations as well as external customers, including bedding manufacturers. This segment contributed about 18% of first half 2011 total sales.

### *Total Shareholder Return*

Total Shareholder Return (TSR), relative to peer companies, is the key financial measure that we use to assess long-term performance. TSR is driven by the change in our share price and the dividends we pay [ $TSR = (\text{Change in Stock Price} + \text{Dividends}) / \text{Beginning Stock Price}$ ]. We seek to achieve TSR in the top one-third of the S&P 500 over the long-term through a balanced approach that employs all four TSR sources: revenue growth, margin expansion, dividends, and share repurchases.

We monitor our TSR performance (relative to the S&P 500) on a rolling three-year basis. To date, for the three-year measurement period that began January 1, 2009, we have so far (over the last 31 months) generated TSR of 23% per year on average, while the S&P 500 index generated average TSR of 18% per year. Accordingly, our 2009-2011 TSR ranks among the top half of the companies in the S&P 500 index.

Beginning in 2008, we introduced TSR-based incentives (based on our performance compared to the performance of a group of 320 peers) for senior executives and we modified business unit bonuses to give more importance to achieving higher returns on the assets under their direct control.

### *Customers*

We serve a broad suite of customers, with our largest customer representing about 6% of our sales as of year-end 2010. Many are companies whose names are widely recognized; they include most manufacturers of furniture and bedding, a variety of other manufacturers, and many major retailers.

### *Major Factors That Impact Our Business*

Many factors impact our business, but those that generally have the greatest impact are market demand, raw material cost trends, and competition.

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### *Market Demand*

Market demand (including product mix) is impacted by several economic factors, with consumer confidence being particularly significant. Other important factors include disposable income levels, employment levels, housing turnover, and interest rates. All these factors influence consumer spending on durable goods, and therefore affect demand for our components and products. Some of these factors also influence business spending on facilities and equipment, which impacts approximately one-quarter of our sales.

Improved market demand led to higher sales and earnings in 2010. In the first half of 2011, unit volumes grew, primarily reflecting demand strength in our automotive and office furniture businesses. In contrast, unit volumes declined in most of our residential businesses, reflecting continued uncertainty on the part of consumers. Store fixtures volume also declined during the first half of 2011 as these operations faced difficult prior year comparisons related to high levels of remodeling activity by large customers in 2010.

When demand improves, given our spare production capacity, our sales can rebound to nearly \$4.5 billion without the need for significant investment in plant expansion. As a result we have meaningful operating leverage that should benefit future earnings.

### *Raw Material Costs*

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

We typically have short-term commitments from our suppliers; accordingly, our raw material costs generally move with the market. Our ability to recover higher costs (through selling price increases) is crucial. When we experience significant increases in raw material costs, we typically implement price increases to recover the higher costs. Conversely, when costs decrease significantly, we generally pass those lower costs through to our customers. The timing of our price increases or decreases is important; we typically experience a lag in recovering higher costs, so we also expect to realize a lag as costs decline.

Steel is our principal raw material and at various times in past years we have experienced extreme cost fluctuations in this commodity. In most cases, the major changes (both increases and decreases) were passed through to customers with selling price adjustments. In early 2011, we announced and began implementing price increases in response to rising commodity costs, with the magnitude of these increases varying by product category. Raw material costs have stabilized since first quarter, which has allowed pricing to catch up with the higher costs in most of our businesses.

As a producer of steel rod, we are also impacted by volatility in metal margins (the difference in the cost of steel scrap and the market price for steel rod). Scrap costs increased in late 2010 and early 2011, but market prices for steel rod have also increased.

Our other raw materials include woven and non-woven fabrics, foam scrap, and chemicals. We have experienced changes in the cost of these materials in recent years and, in most years, have been able to pass them through to our customers. In late 2010 these costs began increasing once again and in early 2011, we announced and began implementing price increases to recover the higher costs.

When we raise our prices to recover higher raw material costs, this sometimes causes customers to modify their product designs and replace higher cost components with lower cost components. We experienced this de-contenting effect in our Residential Furnishings and Industrial Materials segments in recent years. As our customers changed the quantity and mix of components in their finished goods to address steel and chemical inflation, our profit margins were negatively impacted. We are responding by developing new products (including new types of mattress innersprings, boxesprings, and reclining chair mechanisms) that enable our customers to reduce their total costs, and in certain instances, provide higher margin and profit contribution for our operations.

### *Competition*

Many of our markets are highly competitive with the number of competitors varying by product line. In general, our competitors tend to be smaller, private companies. Many of these companies (both domestic and foreign) compete primarily on the basis of price. Our success has stemmed from the ability to remain price competitive, while delivering product quality, innovation, and customer service.

We continue to face pressure from foreign competitors as some of our customers source a portion of their components and finished products offshore. In addition to lower labor rates, foreign competitors benefit (at times) from lower raw material costs. They may also benefit from currency factors and more lenient regulatory climates related to safety and environmental matters. We typically remain price competitive, even versus many foreign manufacturers, as a result of our highly efficient operations, low labor content, vertical integration in steel and wire, and large scale purchasing of raw materials and commodities. However, we have reacted to foreign competition in certain cases by selectively adjusting prices, and by developing new proprietary products that help our customers reduce total costs. In instances where our customers move production of their finished products overseas, our operations must be located nearby to supply them efficiently.

In late 2007, we filed an antidumping suit related to innerspring imports from China, South Africa and Vietnam. We saw a distinct decline in unfair imports during 2008 after the antidumping investigations began. As a result, we regained market share and performance in our Bedding group improved. The investigations were brought to a favorable conclusion in early 2009. The current antidumping duty rates on innersprings from these countries are significant, ranging from 116% to 234%, and should remain in effect at least until early 2014. Imported innersprings from these countries are now supposed to be sold at fair prices, however the duties on certain innersprings are being evaded by various means including shipping the goods through a third country and falsely identifying the country of origin. Leggett, along with several U.S. manufacturers of products with active antidumping or antidumping/countervailing duty orders, formed a coalition and are working with Members of Congress, the U.S. Department of Commerce, and U.S. Customs and Border Protection to seek stronger enforcement of existing antidumping and/or countervailing duty orders.

## RESULTS OF OPERATIONS

### *Discussion of Consolidated Results*

#### Second Quarter:

Second quarter sales of \$945 million were 8% higher than in the second quarter of 2010, from a combination of inflation (from price increases implemented to recover higher costs), currency exchange rates, and higher trade sales from our steel mill. Excluding these factors, sales during the quarter were roughly flat with the prior year.

Unit volumes declined (both year-over-year and sequentially) in most of our major residential businesses, reflecting continued uncertainty on the part of consumers and choppiness in the broader global economies. Store fixtures volume also decreased versus the prior year as this business continued to face difficult comparisons related to high levels of remodeling activity by large customers in 2010. The businesses where we saw year-over-year growth during the quarter were Automotive, Office Furniture Components, Power Foundations, Machinery, and Commercial Vehicle Products.

EBIT (earnings before interest and income taxes) decreased year-over-year as a result of unusually high selling and administrative costs. Several items contributed to this cost increase, including: pledges toward Joplin tornado relief efforts; increased professional fees; and higher trade show expenses.

Earnings per share from continuing operations for the quarter were \$.37 per diluted share, which includes \$.02 per share benefit from an unusual tax item. In the second quarter of 2010, earnings per share from continuing operations were \$.34. As expected, earnings improved sequentially, as a result of price increases we implemented late in the first quarter to recover higher raw material costs. Raw material costs have stabilized since first quarter, which has allowed pricing to catch up with the higher costs in most of our businesses.

#### Six Months Ended June 30, 2011:

Sales for the first half of 2011 were \$1.8 billion, 9% higher than in the first half of 2010, due to raw material-related price inflation and unit volume growth in certain of our businesses (primarily Automotive, Office Furniture Components, Power Foundations, Steel Mill, Machinery, and Commercial Vehicle Products).

Earnings per share for the first half of 2011 were \$.67 per diluted share, compared to \$.63 per diluted share in the first half of 2010. This increase reflects a \$.02 per share benefit from the tax item noted above.

### *LIFO/FIFO and the Effect of Changing Prices*

All of our segments use the first-in, first-out (FIFO) method for valuing inventory. In our consolidated financials, an adjustment is made at the corporate level (i.e., outside the segments) to convert about 60% of our inventories to the last-in, first-out (LIFO) method.

Our LIFO expense estimate for the full year is \$18 million and incorporates certain assumptions about year-end steel prices and inventory levels (both are very difficult to accurately predict). Therefore, LIFO expense for the full year could be significantly different from that currently estimated. Any further change in the annual estimate of LIFO expense will be reflected in the remaining quarters.

The following table contains the LIFO expense included in earnings for each of the periods presented:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2011	2010	2011	2010
LIFO expense	\$ 9.0	\$ 4.3	\$ 3.5	\$ 2.2



### Interest Expense and Income Taxes

Second quarter 2011 interest expense from continuing operations was level with the second quarter of 2010. Interest expense for the full year 2011 is expected to be slightly higher than in 2010.

The reported second quarter consolidated worldwide effective tax rate was 23%, compared to 30% for the same quarter last year. The 2011 effective rate was lower primarily due to some one-time tax benefits from planning strategies, and tentative agreement with taxing authorities regarding audits. We anticipate that the effective rate for the remainder of 2011 will remain below 31%, but that is dependent upon factors such as our overall profitability, the mix of earnings among taxing jurisdictions, the type of income earned, the impact of tax audits and other discrete items, and the effect of any tax law changes.

### Discussion of Segment Results

#### Second Quarter Discussion

A description of the products included in each segment, along with segment financial data, appear in Note 4 of the Notes to Consolidated Condensed Financial Statements.

A summary of the segment results are shown in the following tables.

	Three Months ended June 30, 2011		Three Months ended June 30, 2010		Change in Net Sales		% Change in Same Location Sales(1)
	Net Sales		Net Sales		\$	%	
Residential Furnishings	\$	467.7	\$	457.4	\$	10.3	2.3%
Commercial Fixturing & Components		138.8		141.8		(3.0)	(2.1)
Industrial Materials		229.1		194.7		34.4	17.7
Specialized Products		186.5		156.0		30.5	19.6
Total		1,022.1		949.9		72.2	7.6
Intersegment sales		(76.9)		(75.6)		(1.3)	
External sales	\$	945.2	\$	874.3	\$	70.9	8.1%

	Three Months ended June 30, 2011		Three Months ended June 30, 2010		Change in EBIT		EBIT Margins(2)	
	EBIT		EBIT		\$	%	Three Months ended June 30, 2011	Three Months ended June 30, 2010
Residential Furnishings	\$	41.2	\$	44.9	\$	(3.7)	(8.2)%	8.8%
Commercial Fixturing & Components		7.5		8.7		(1.2)	(13.8)	5.4
Industrial Materials		13.6		16.8		(3.2)	(19.0)	5.9
Specialized Products		21.4		18.8		2.6	13.8	11.5
Intersegment eliminations & other		(1.1)		(1.9)		.8		12.1
Change in LIFO reserve		(3.5)		(2.2)		(1.3)		
Total	\$	79.1	\$	85.1	\$	(6.0)	(7.1)%	8.4%

(1) The change in sales not attributable to acquisitions or divestitures; sales that come from the same plants and facilities that we owned one year earlier.

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

#### Residential Furnishings

Second quarter sales in this segment grew 2%. Unit volume declined in nearly all the segment's business units, but this contraction was more than offset by raw-material related price increases and changes in currency exchange rates. The only product line within the segment that had meaningful unit growth was Power Foundations: those operations were up 46% during the quarter.

In our U.S. Spring business, innerspring unit volumes decreased 5% and boxspring units were down 3% during the quarter. In our Furniture Hardware business, second quarter unit volume decreased 12% versus the prior year. Prior year comparisons continued to be difficult during the second quarter, in both bedding and furniture, as demand was relatively strong in 2010 through mid-year, and then weakened substantially in the back half of the year.

EBIT decreased \$4 million versus the prior year primarily from lower unit volume.

### Commercial Fixturing & Components

Total sales declined \$3 million, or 2%, as lower Fixture and Display sales were partially offset by continued growth in Office Furniture Components. Sales in our Fixture and Display business decreased approximately 10% versus a strong second quarter of 2010, which included significant remodeling activity by some of our large, value-oriented customers.

We continue to be very pleased with the performance of our Office Furniture Components business, as that industry continues to show convincing signs of recovery. Our second quarter sales in that business unit grew approximately 15%, which is notable since we posted 20% growth in the second quarter of 2010. Comparisons in this business will become more difficult in the coming quarters.

EBIT decreased in this segment versus second quarter of 2010 primarily from lower sales.

### Industrial Materials

Total sales increased \$34 million, or 18%, reflecting steel-related price inflation and higher trade sales from our steel mill. Unit volumes decreased in Wire and Tubing, reflecting weakness in bedding and furniture demand, and also the second quarter disruption in automotive production.

EBIT decreased versus second quarter of 2010, primarily due to lower unit volume in Wire and Tubing, and higher raw material and transportation costs.

### Specialized Products

Total sales increased \$31 million, or 20%, reflecting continued strength in global automotive demand, as well as growth in Machinery and Commercial Vehicle Products. Changes in currency exchange rates also added to year-over-year sales growth during the quarter.

Higher sales led to increased EBIT during the quarter, but these gains were partially offset by higher raw material costs and currency impacts.

### Discontinued Operations

The sale of the last business reported as discontinued operations was completed in third quarter 2010. There was no discontinued operations activity in second quarter 2011. Earnings from discontinued operations in second quarter of 2010 were less than \$1 million.

### Six-Month Discussion

A description of the products included in each segment, along with segment financial data, appear in Note 4 of the Notes to Consolidated Condensed Financial Statements.

A summary of the segment results are shown in the following tables.

	Six Months ended		Change in Net Sales		% Change in Same Location Sales(1)
	June 30, 2011	June 30, 2010	\$	%	
Residential Furnishings	\$ 927.4	\$ 891.8	\$ 35.6	4.0%	4.0%
Commercial Fixturing & Components	267.8	283.5	(15.7)	(5.5)	(5.6)
Industrial Materials	439.4	371.8	67.6	18.2	18.4
Specialized Products	361.4	292.4	69.0	23.6	23.5
Total	1,996.0	1,839.5	156.5	8.5	
Intersegment sales	(155.0)	(148.8)	(6.2)		
External sales	\$ 1,841.0	\$ 1,690.7	\$ 150.3	8.9%	8.9%

	Six Months ended		Change in EBIT		EBIT Margins(2)	
	June 30, 2011	June 30, 2010	\$	%	Six Months ended June 30, 2011	Six Months ended June 30, 2010
Residential Furnishings	\$ 83.3	\$ 94.0	\$ (10.7)	(11.4)%	9.0%	10.5%
Commercial Fixturing & Components	15.7	16.6	(.9)	(5.4)	5.9	5.9
Industrial Materials	27.6	30.2	(2.6)	(8.6)	6.3	8.1
Specialized Products	39.5	27.2	12.3	45.2	10.9	9.3
Intersegment eliminations & other	(3.8)	(1.4)	(2.4)			
Change in LIFO reserve	(9.0)	(4.3)	(4.7)			
Total	\$ 153.3	\$ 162.3	\$ (9.0)	(5.5)%	8.3%	9.6%

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- (1) The change in sales not attributable to acquisitions or divestitures; sales that come from the same plants and facilities that we owned one year earlier.
  - (2) Segment margins are calculated on total sales. Overall company margin is calculated on external sales.

### ***Residential Furnishings***

Sales in this segment grew 4% during the first six months of 2011, reflecting a combination of raw material-related price increases (including those implemented in the first quarter of 2011) and currency factors. Unit volumes declined.

EBIT decreased \$11 million versus the prior year primarily due to lower unit volume and a reduction in the amount of income from building sales.

### ***Commercial Fixturing & Components***

Total sales declined \$16 million, or 6%, as lower Fixture and Display sales were partially offset by continued growth in Office Furniture Components.

EBIT declined slightly versus the first six months of 2010. The impact from lower sales was partially offset by a gain associated with the sale of a building.

### ***Industrial Materials***

Total sales increased \$68 million, or 18%, reflecting steel-related price inflation and higher trade sales from our steel mill.

EBIT declined \$3 million, or 9%, as the earnings benefit from higher sales was more than offset by higher raw material costs, lower unit volume in wire and tubing, and the absence of a divestiture gain in the first quarter of last year.

### ***Specialized Products***

Total sales increased \$69 million, or 24%, reflecting continued strength in global automotive demand, as well as growth in Machinery and Commercial Vehicle Products. Changes in currency exchange rates also added to year-over-year sales growth.

Higher sales and a reduction in non-operating costs (including litigation reserves, asset impairments and restructuring-related charges) led to increased EBIT during the first six months of 2011. These improvements were partially offset by higher raw material costs and currency impacts.

### ***Discontinued Operations***

The sale of the last business reported as discontinued operations was completed in third quarter 2010. There was no discontinued operations activity in the first six months of 2011. Losses from discontinued operations in first six months of 2010 were less than \$1 million.

## **LIQUIDITY AND CAPITALIZATION**

In this section, we provide details about our:

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

We use cash for the following:

- Finance capital requirements (e.g. productivity, growth and acquisitions)
- Pay dividends
- Repurchase our stock

Our operations provide most of the cash we require, and debt may also be used to fund a portion of our needs. For 2011, we expect cash flow from operations to exceed \$300 million. Net debt to net capital increased from 23.3% at year-end 2010 to 28.3% as of June 30, 2011. Our long-term target is to have net debt as a percent of net capital in the 30%-40% range. The calculation of net debt as a percent of net capital at June 30, 2011 and December 31, 2010 is presented on page 29.

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## ***Uses of Cash***

### ***Finance Capital Requirements***

Cash is readily available to fund selective growth, both internally (through capital expenditures) and externally (through acquisitions). Capital expenditures include investments we make to maintain, modernize, and expand manufacturing capacity; they should approximate \$85 million in 2011. Capital expenditures have declined in recent years. In all our businesses, we continue to invest in the maintenance of facilities and equipment. However, with the sales volume contraction (versus 2008 levels) and the resulting excess productive capacity across our operations, we have significantly reduced spending on expansion projects.

Some of our long-term growth will likely occur through carefully screened acquisitions. During the past few years, acquisitions were a lower priority as we were primarily focused on completing the divestitures and improving margins and returns of our existing businesses. Beginning last fall, we stepped up our solicitation activity. Acquisition targets must meet stringent screening criteria, including high confidence in value creation and sustainable competitive advantage in attractive markets.

### ***Pay Dividends***

We expect to continue returning cash to shareholders, and higher annual dividends are one means by which that should occur. In May 2011 we declared a quarterly dividend of \$.27 per share. Our targeted dividend payout is approximately 50-60% of net earnings, but actual payout has been higher recently and will likely remain above targeted levels in the near term. Maintaining and increasing the dividend remains a high priority. We anticipate spending approximately \$155 million on dividends in 2011, roughly the same as in 2010, with an expected reduction in number of shares offsetting expected dividend increases. Cash from operations has been, and is expected to continue to be, sufficient to readily fund both capital expenditures and dividends.

### ***Repurchase Stock***

Share repurchases are the other means by which we return cash to shareholders. During the second quarter of 2011, we repurchased 2.0 million shares of our stock, bringing our year to date repurchases to 7.4 million shares (which includes .7 million shares from benefit transactions that are not counted against the 10 million share authorization). We also issued .9 million shares through employee benefit and stock purchase plans. Year to date issuances for these programs are at 2.7 million shares. As a result, shares outstanding decreased to 141.5 million. We expect to repurchase additional shares in 2011, with the amount of purchases dependent on factors such as general economic conditions, level of demand in our end markets, the price of our stock and the availability of excess cash. Although no specific repurchase schedule has been established, we have been authorized by the Board to repurchase up to 10 million shares in 2011.

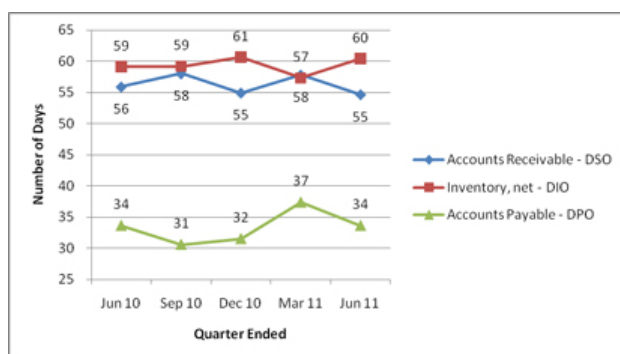
### ***Cash from Operations***

Cash from operations is our primary source of funds. Earnings and changes in working capital levels are the two broad factors that generally have the greatest impact on our cash from operations.

Cash from operations for the six months ended June 30, 2011 was \$101 million compared to \$118 million for the same period last year. Increased working capital, which resulted primarily from higher sales and raw material inflation, led to the decrease in cash flow versus the first six months of 2010. For the full year 2011, we expect cash from operations to exceed \$300 million.

## Working Capital Trends

The following chart presents key working capital trends for the last five quarters:



	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
Accounts Receivable, net	\$ 537.2	\$ 546.6	\$ 478.9	\$ 575.6	\$ 567.9
Inventory, net	\$ 451.5	\$ 448.9	\$ 435.3	\$ 462.2	\$ 507.1
Accounts Payable	\$ 256.9	\$ 232.1	\$ 226.4	\$ 301.8	\$ 282.3

- (1) The accounts receivable ratio represents the days of sales outstanding calculated as: ending net accounts receivable ÷ (quarter-to-date net sales ÷ number of days in the quarter).
- (2) The inventory ratio represents days of inventory on hand calculated as: ending net inventory ÷ (quarter-to-date cost of goods sold ÷ number of days in the quarter).
- (3) The accounts payable ratio represents the days of payables outstanding calculated as: ending accounts payable ÷ (quarter-to-date cost of goods sold ÷ number of days in the quarter).

With the exception of inventories, the dollar value of our other key working capital components decreased in the second quarter of 2011:

- Accounts Receivable and Days Sales Outstanding (DSO)—Fluctuations in our quarterly DSO are consistent with our historical range, and are not indicative of any changes in payment trends or credit worthiness of customers. We continue to focus on collection efforts to ensure customer accounts are paid on time. As part of our quarterly accounts receivable review process, we evaluate individual customers' payment histories, financial health, industry prospects, and current macroeconomic events in determining if outstanding amounts are collectible.
- Inventory and Days Inventory on Hand (DIO)—DIO typically fluctuates within a reasonably narrow range as a result of differences in the timing of sales, production levels, and inventory purchases. We do not expect any significant changes in customer or industry trends that would materially increase the exposure to inventory obsolescence.
- Accounts Payable and Days Payable Outstanding (DPO)—We actively strive to optimize payment terms with our vendors, which, over the last few years, has increased our DPO by approximately ten days. The changes in our quarterly DPO fluctuate within an acceptable range based on normal operating activity.

## Capitalization

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

(Dollar amounts in millions)	June 30, 2011	December 31, 2010
Long-term debt outstanding:		
Scheduled maturities	\$ 763	\$ 762
Average interest rates*	4.6%	4.6%
Average maturities in years*	4.3	4.7
Revolving credit/commercial paper	94	—
Total long-term debt	857	762
Deferred income taxes and other liabilities	205	192
Shareholders' equity and noncontrolling interest	1,455	1,524
Total capitalization	<u>\$ 2,517</u>	<u>\$ 2,478</u>
Unused committed credit:		
Long-term	\$ 441	\$ 522
Short-term	0	0
Total unused committed credit	<u>\$ 441</u>	<u>\$ 522</u>
Current maturities of long-term debt	<u>\$ 2</u>	<u>\$ 2</u>
Cash and cash equivalents	<u>\$ 203</u>	<u>\$ 244</u>
Ratio of earnings to fixed charges**	<u>6.0x</u>	<u>5.8 x</u>

\* These calculations include current maturities, but exclude commercial paper to reflect the averages of outstanding debt with scheduled maturities.

\*\* Fixed charges include interest expense, capitalized interest, plus implied interest included in operating leases. Earnings consist principally of income from continuing operations before income taxes, plus fixed charges less capitalized interest.

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

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

We believe that adjusting this measure for cash and current maturities allows a more meaningful comparison to periods during which cash fluctuates significantly. We use these adjusted measures to monitor our financial leverage.

(Amounts in millions)	June 30, 2011	December 31, 2010
Debt to total capitalization:		
Long-term debt	\$ 857	\$ 762
Current debt maturities	2	2
Cash and cash equivalents	(203)	(244)
Net debt	<u>\$ 656</u>	<u>\$ 520</u>
Total Capitalization	\$ 2,517	\$ 2,478
Current debt maturities	2	2
Cash and cash equivalents	(203)	(244)
Net capitalization	<u>\$ 2,316</u>	<u>\$ 2,236</u>
Long-term debt to total capitalization	<u>34.0%</u>	<u>30.8%</u>
Net debt to net capitalization	<u>28.3%</u>	<u>23.3%</u>

Total debt (which includes long-term debt and current debt maturities) increased \$95 million from year-end 2010 levels. During the six-month period, we increased our commercial paper borrowings by \$94 million.

In anticipation of long-term debt maturing in April 2013, we entered into forward starting interest rate swaps in 2010. The swap contracts manage benchmark interest rate risk associated with \$200 million of future debt issuance, and mature in August 2012. The swaps have a weighted average interest rate of 4.0% and hedge the benchmark rate of the future issuance of \$200 million of debt. The

credit spread over the benchmark bonds will continue to fluctuate until the contracts are settled (either upon an issuance of debt or upon their expiration). For more information on our interest rate swaps, see Footnote 12 "Risk Management and Derivative Financial Instruments" beginning on page 16.

#### *Short Term Borrowings*

We can raise cash by issuing up to \$600 million of commercial paper through a program that is backed by a \$600 million revolving credit agreement with a syndicate of 14 lenders that terminates on April 30, 2012. We expect to renew the credit agreement (with the same borrowing capacity and with a five-year term) during the third quarter of 2011. The credit agreement allows us to issue letters of credit up to \$250 million. When we issue these letters of credit, our capacity under the agreement and, consequently, our ability to issue commercial paper is reduced by a corresponding amount. Amounts outstanding at quarter and year-end related to our commercial paper program were:

<b>(Amounts in millions)</b>	<b>June 30, 2011</b>	<b>December 31, 2010</b>
Total program authorized	\$ 600	\$ 600
Less: commercial paper outstanding (classified as long-term debt)	(94)	—
Letters of credit issued under the credit agreement	(65)	(78)
Total program usage	(159)	(78)
Total program available	<u>\$ 441</u>	<u>\$ 522</u>

We have classified the borrowings under the commercial paper agreement at June 30, 2011 as long-term borrowings in the accompanying Consolidated Balance Sheet as we have the intent and ability to refinance these borrowings for at least one year from the balance sheet date.

The average and maximum amount of commercial paper outstanding for the quarter were \$134.0 million and \$164.0 million, respectively. Commercial paper during the quarter fluctuated due to normal changes in working capital funding requirements. The amount of letters of credit outstanding at quarter-end was not materially different than the amounts outstanding throughout the quarter.

We also maintain an active shelf registration. With anticipated operating cash flows, our commercial paper program and our expected ability to issue debt through our active shelf, we believe we have sufficient funds available to support our ongoing operations, pay dividends, repurchase stock, fund future growth, and repay maturing debt.

#### *Accessibility of Cash*

At June 30, 2011 we had cash and cash equivalents of \$203 million primarily invested in money market funds and interest-bearing bank accounts. A smaller portion was invested in bank time deposits with original maturities of three months or less.

A substantial portion of these funds are held in international accounts and represent undistributed earnings from our foreign operations. The tax rules governing this area are complex. However, subject to constantly changing facts and laws, we believe we could access most of the cash without material incremental cost.

#### **NEW ACCOUNTING STANDARDS**

The FASB has issued accounting guidance effective for future periods (that we have not yet adopted), but we do not believe this new guidance will have a material impact on our future financial statements.

#### **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

##### *Interest rate*

Substantially all of our debt is denominated in United States dollars. The fair value for fixed rate debt was greater than its \$730.0 million carrying value by \$47.0 million at June 30, 2011 and greater than its \$730.0 million carrying value by \$6.0 million at December 31, 2010. The increase in the fair market value of our debt is primarily due to the decrease in credit spreads over risk-free rates as compared to year-end. The fair value of fixed rate debt at June 30, 2011 and December 31, 2010 was based upon a Bloomberg secondary market rate. The fair value of variable rate debt is not significantly different from its recorded amount.

##### *Interest Rate Cash Flow Hedges*

In anticipation of long-term debt maturing in April 2013, we entered into forward starting interest rate swaps in 2010. The swap contracts manage benchmark interest rate risk associated with \$200 million of future debt issuance, and mature in August 2012. The swaps have a weighted average interest rate of 4.0% and hedge the benchmark rate of the future issuance of \$200 million of debt. The credit spread over the benchmark bonds will continue to fluctuate until the contracts are settled (either upon an issuance of debt or upon their expiration).

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To the extent that the swaps are effective, changes in the fair values of the swap contracts are deferred in accumulated other comprehensive income ("AOCI"). The portion of the change in fair value considered to be ineffective is recognized immediately in "Other expense" in the accompanying consolidated condensed statements of operations. Amounts deferred in AOCI will be reclassified to interest expense over the same period of time that interest expense is recognized on the future borrowings.

#### *Investment in Foreign Subsidiaries*

We view our investment in foreign subsidiaries as a long-term commitment, and do not hedge translation exposures. The investment in a foreign subsidiary may take the form of either permanent capital or notes. Our net investment (i.e., total assets less total liabilities subject to translation exposure) in foreign subsidiaries was \$887.5 million at June 30, 2011, compared to \$856.3 million at December 31, 2010.

#### **FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q and our other public disclosures, whether written or oral, may contain "forward-looking" statements including, but not limited to: projections of revenue, income, earnings, capital expenditures, dividends, capital structure, cash flows or other financial items; possible plans, goals, objectives, prospects, strategies or trends concerning future operations; statements concerning future economic performance; and the underlying assumptions relating to the forward-looking statements. These statements are identified either by the context in which they appear or by use of words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should" or the like. All such forward-looking statements, whether written or oral, and whether made by us or on our behalf, are expressly qualified by the cautionary statements described in this provision.

Any forward-looking statement reflects only the beliefs of the Company or its management at the time the statement is made. Because all forward-looking statements deal with the future, they are subject to risks, uncertainties and developments which might cause actual events or results to differ materially from those envisioned or reflected in any forward-looking statement. Moreover, we do not have, and do not undertake, any duty to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement was made. For all of these reasons, forward-looking statements should not be relied upon as a prediction of actual future events, objectives, strategies, trends or results.

Readers should review Item 1A Risk Factors in this Form 10-Q for a description of important factors that could cause actual events or results to differ materially from forward-looking statements. It is not possible to anticipate and list all risks, uncertainties and developments which may affect the future operations or performance of the Company, or which otherwise may cause actual events or results to differ materially from forward-looking statements. However, some of these risks and uncertainties include the following:

- factors that could affect the industries or markets in which we participate, such as growth rates and opportunities in those industries;
- adverse changes in inflation, currency, political risk, U.S. or foreign laws or regulations, interest rates, housing turnover, employment levels, consumer sentiment, trends in capital spending and the like;
- factors that could impact raw materials and other costs, including the availability and pricing of steel rod and scrap and other raw materials, the availability of labor, wage rates and energy costs;
- our ability to pass along raw material cost increases through increased selling prices;
- price and product competition from foreign (particularly Asian and European) and domestic competitors;
- our ability to improve operations and realize cost savings (including our ability to fix under-performing operations);
- our ability to maintain profit margins if our customers change the quantity and mix of our components in their finished goods;
- our ability to achieve expected levels of cash flow;
- a decline in the long-term outlook for any of our reporting units that could result in asset impairment; and
- litigation including product liability and warranty, product advertising, taxation, environmental, intellectual property, anti-trust and workers' compensation expense.



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**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

**ITEM 4. CONTROLS AND PROCEDURES**

An evaluation as of June 30, 2011 was carried out by the Company's management, with participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures are effective, as of June 30, 2011, to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There was no change in the Company's internal control over financial reporting that occurred during the quarter ending June 30, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

The information in Note 13 beginning on page 18 of the Notes to Consolidated Condensed Financial Statements is incorporated into this section by reference.

### ITEM 1A. RISK FACTORS

Our 2010 Annual Report on Form 10-K filed February 24, 2011 includes a detailed discussion of our risk factors in Item 1A "Risk Factors." The information presented below updates and should be read in conjunction with the risk factors and information disclosed in that Form 10-K.

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

***Our goodwill and other long-lived assets are subject to potential impairment.***

A significant portion of our assets consists of goodwill and other long-lived assets, the carrying value of which may be reduced if we determine that those assets are impaired.

	June 30, 2011 Book Value	% of Total Assets
Goodwill	\$ 946.7	
Other intangibles	143.3	
Total goodwill and other intangibles	\$ 1,090.0	35%
Net property, plant and equipment	\$ 618.0	
Other long - lived assets	68.8	
Total net property, plant and equipment and other long - lived assets	\$ 686.8	22%

We review our ten reporting units for potential goodwill impairment in June as part of our annual goodwill impairment testing, and more often if an event or circumstance occurs making it likely that impairment exists. In addition, we test for the recoverability of long-lived assets at year end, and more often if an event or circumstance indicates the carrying value may not be recoverable. We conduct impairment testing based on our current business strategy in light of present industry and economic conditions, as well as future expectations. The annual goodwill impairment review performed in June 2011 indicated no goodwill impairments.

The ten reporting units for goodwill purposes are one level below the operating segments, and are the same as the business groups disclosed in "Item 1. Business" in Form 10-K. Fair market values of the reporting units are estimated using a discounted cash flow model and comparable market values for similar entities using price to earnings ratios. Key assumptions and estimates used in the cash flow model include discount rate, internal sales growth, margins, capital expenditure requirements, and working capital requirements. Recent performance of the reporting unit is an important factor, but not the only factor, in the assessment.

Reporting units' fair values in relation to their respective carrying values and significant assumptions used in the June 2011 review are presented in the table below. If actual results differ from estimates used in these calculations, we could incur future impairment charges, which could negatively impact our results of operations.

	June 30, 2011 goodwill value	10-year compound annual growth rate range	Terminal values long- term growth rate	Discount rate ranges
15-40%	\$542.6	2.0% - 6.5%	3%	9.5% - 11.5%
40%+	404.1	2.3% - 5.2%	3%	8.5%
	\$946.7	2.0% - 6.5%	3%	8.5% - 11.5%

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**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 second quarter of 2011.

<b>Period</b>	<b>Total Number of Shares Purchased (1)</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)</b>	<b>Maximum Number of Shares that may yet be Purchased Under the Plans or Programs (2)</b>
April 2011	0	\$ —	0	5,135,864
May 2011	1,731,692	\$ 26.11	1,648,346	3,487,518
June 2011	208,787	\$ 23.75	208,787	3,278,731
<b>Total</b>	<b>1,940,479</b>	<b>\$ 25.86</b>	<b>1,857,133</b>	

- (1) This number includes 83,346 shares which were not repurchased as part of a publicly announced plan or program, all of which were outstanding shares surrendered to exercise stock options. It does not include shares withheld for taxes in option exercises and stock unit conversions during the quarter.
- (2) On August 4, 2004, the Board authorized management to repurchase up to 10 million shares each calendar year beginning January 1, 2005. This standing authorization was first reported in the quarterly report on Form 10-Q for the period ended June 30, 2004, filed August 5, 2004, and shall remain in force until repealed by the Board of Directors.

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**ITEM 6. EXHIBITS**

- Exhibit 10.1\* - Summary Sheet of Director Compensation.
- Exhibit 10.2\* - The Company's 2005 Executive Stock Unit Program, as amended and restated, effective April 1, 2011.
- 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 August 4, 2011.
- 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 August 4, 2011.
- 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 August 4, 2011.
- 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 August 4, 2011.
- Exhibit 101.INS\*\* - XBRL Instance Document.
- Exhibit 101.SCH\*\* - XBRL Taxonomy Extension Schema.
- Exhibit 101.CAL\*\* - XBRL Taxonomy Extension Calculation Linkbase.
- Exhibit 101.DEF\*\* - XBRL Taxonomy Extension Definition Linkbase Document.
- Exhibit 101.LAB\*\* - XBRL Taxonomy Extension Label Linkbase.
- Exhibit 101.PRE\*\* - XBRL Taxonomy Extension Presentation Linkbase.

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\* - Denotes filed herewith.

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

- (i) Consolidated Condensed Balance Sheets at June 30, 2011 and December 31, 2010; (ii) Consolidated Condensed Statements of Operations for the six and three months ended June 30, 2011 and March 31, 2010; (iii) Consolidated Condensed Statements of Cash Flows for the six months ended June 30, 2011 and June 30, 2010; and (iv) Notes to Consolidated Condensed Financial Statements (tagged as a block of text). In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration statement, prospectus or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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**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.

DATE: August 4, 2011

LEGGETT & PLATT, INCORPORATED

By: \_\_\_\_\_ /S/ DAVID S. HAFFNER  
David S. Haffner  
President and Chief Executive Officer

DATE: August 4, 2011

By: \_\_\_\_\_ /S/ MATTHEW C. FLANIGAN  
Matthew C. Flanigan  
Senior Vice President – Chief Financial Officer

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## EXHIBIT INDEX

<u>Exhibit</u>	
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## SUMMARY SHEET OF DIRECTOR COMPENSATION

The following summary sets forth current annual rates of cash and equity compensation for non-management directors, effective immediately following the May 12, 2011 Board meeting.

<u>Compensation Item</u>	<u>Prior Compensation</u>	<u>New Compensation</u>
<u>Cash Compensation</u>		
Board Retainer	\$ 50,000	\$ 50,000
Audit Committee		
Chair Retainer	\$ 18,000	\$ 18,000
Member Retainer	\$ 8,000	\$ 8,000
Compensation Committee		
Chair Retainer	\$ 15,000	\$ 15,000
Member Retainer	\$ 6,000	\$ 6,000
Nominating & Corporate Governance Committee		
Chair Retainer	\$ 10,000	\$ 10,000
Member Retainer	\$ 5,000	\$ 5,000
<u>Equity Compensation - Restricted Stock or Restricted Stock Units</u>		
Independent Chair Retainer (including Director Retainer)	\$ 260,000	\$ 290,000
Director Retainer	\$ 110,000	\$ 125,000

Directors may defer their cash compensation by participating in the Company's Deferred Compensation Program, Effective as of December 1, 2010 (filed February 24, 2011 as Exhibit 10.13 to the Company's Form 10-K).

Directors may receive the equity component of their compensation in restricted stock or restricted stock units (RSUs). In either case, the awards have a 12-month vesting period ending on the day preceding the next annual meeting of shareholders. Vesting accelerates in the event of death, disability or a change in control of the Company. The number of shares is calculated by dividing the dollar value by the closing price of the Company's stock on the grant date. RSUs are settled in shares of common stock and earn dividend equivalents at a 20% discount to the market price of Company stock on the dividend payment date. Directors may elect to defer settlement of the RSU award for 2 to 10 years after the grant date.

The Company pays for travel expenses the directors incur to attend Board meetings.

Our employee directors do not receive additional compensation for their Board service.

**LEGGETT & PLATT, INCORPORATED**  
**2005 EXECUTIVE STOCK UNIT PROGRAM**  
As amended and restated, effective April 1, 2011

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**LEGETT & PLATT, INCORPORATED**  
**2005 EXECUTIVE STOCK UNIT PROGRAM**  
As amended and restated, effective April 1, 2011

1. **NAME AND PURPOSE**

1.1 *Name*. The name of this Program is the "Leggett & Platt, Incorporated 2005 Executive Stock Unit Program."

1.2 *Purpose*. This Program is intended to attract, motivate, retain and reward Key Employees by giving them the opportunity to build retirement savings while sharing in the appreciation in value of the Company's Common Stock and Diversified Investments. The Program is an unfunded deferred compensation plan for a select group of management and/or highly compensated employees as described in ERISA. The Program is established pursuant to the Leggett & Platt, Incorporated Flexible Stock Plan.

2. **DEFINITIONS**

2.1 *Account*. A separate book account established by the Company or its third party agent to track Stock Units and Diversified Investments for each Participant.

2.2 *Additional Matching Contribution*. The Company's additional contribution of amounts to a Participant's Account made pursuant to Section 4.5.

2.3 *Beneficiary*. The person or persons designated as the recipient of a deceased Participant's benefits under the Program.

2.4 *Board*. The Board of Directors of the Company.

2.5 *Calendar Year*. Any calendar year beginning on or after January 1, 2005.

2.6 *Change in Control*. "Change in Control" shall be defined as any event qualifying for a distribution of deferred compensation under Section 409A(a)(2)(A)(v) of the Internal Revenue Code.

2.7 *Committee*. The Flexible Stock Plan Committee of the Board or, except as to Section 16 Officers, the Management Committee or any person to whom the administrative authority has been delegated by the Committee.

2.8 *Common Stock*. The Company's \$.01 par value common stock.

2.9 *Company*. Leggett & Platt, Incorporated.

2.10 *Company Stock Account*. That portion of a Participant's Account denominated in Stock Units.

2.11 *Compensation*. Salary, bonuses, and all other forms of cash compensation, to the extent designated by the Committee, for services performed for, and earned and vested in, a Calendar Year. In the case of a sales representative whose regular paycheck includes funds for travel and expenses, Compensation means 75% of the total. For purposes of determining the

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amount of Compensation that a Participant is eligible to defer, Compensation will also include remuneration which would have been received in cash but for the Participant's election to defer such remuneration in accordance with any deferred compensation program of the Company; provided that no such Compensation that is deferred under another plan will actually be deferred under this Program. Any amounts considered as Compensation by virtue of the preceding sentence will be counted as Compensation only once and will not be counted as Compensation in a future Calendar Year, even if the benefits derived from such compensation are includible in the Participant's taxable income in a subsequent year. Compensation will not include any bonus earned and vested in a Calendar Year, but to be paid in a subsequent Calendar Year, if the Participant is not eligible to participate in this Program during such subsequent Calendar Year.

2.12 Contributions. The amounts contributed to a Participant's Account, which include Participant Contributions, Premium Contributions, Matching Contributions, Additional Matching Contributions and Dividend Contributions.

2.13 Disability. A Participant is considered disabled if the Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's employer.

2.14 Diversified Investment Account. That portion of a Participant's Account denominated in Diversified Investments.

2.15 Diversified Investments. Various investments (including mutual funds, bonds, etc.) offered under the Program, intended to mirror the investment alternatives offered in the Company's 401(k) Plan. The Diversified Investments are subject to change, as determined by the Company's Investment Committee. If the Investment Committee replaces an underperforming fund with another similar investment, all the balances in the underperforming fund will be transferred to the new investment. If an investment category is deleted, the Investment Committee will determine to which investment option the assets should be mapped.

2.16 Dividend Contribution. The Company's contribution of dividend amounts to a Participant's Company Stock Account made pursuant to Section 4.6.

2.17 Election. A Participant's election to contribute Compensation, which sets forth the percentage of Compensation to be contributed, the method of distribution of Stock Units and such other items as the Committee may require.

2.18 Employer. The Company or any directly or indirectly majority-owned subsidiary, partnership or limited liability company of the Company.

2.19 ERISA. The Employee Retirement Income Security Act of 1974, as amended.

2.20 Fair Market Value. The closing price of Common Stock on a given date as reported on the New York Stock Exchange composite tape or, in the absence of sales on a given date, the closing price (as so reported) on the New York Stock Exchange on the last day on which a sale occurred prior to such date.

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- 2.21 FICA-HI. The Hospital Insurance tax under the Federal Income Contributions Act, as amended.
- 2.22 Investment Election. The Participant's election to direct Participant Contributions and Premium Contributions into the Diversified Investments offered under the Program.
- 2.23 Key Employee. A management and/or highly compensated employee of the Employer.
- 2.24 Management Committee. A committee selected by the Board that is authorized to act on behalf of the Committee under the Program, except with respect to Section 16 Officers.
- 2.25 Matching Contribution. The Company's contribution of amounts to a Participant's Company Stock Account equal to 50% of a Participant's Contribution made pursuant to Section 4.4.
- 2.26 Participant. A Key Employee selected to participate in the Program who has delivered a signed Election to the Company.
- 2.27 Participant's Contribution. The Participant's contribution of Compensation which is used to acquire Diversified Investments pursuant to Section 4.2.
- 2.28 Premium Contribution. The Company's contribution equal to 17.65% of the Participant Contribution used to acquire Diversified Investments pursuant to Section 4.3.
- 2.29 Section 16 Officers. All officers of the Company subject to the requirements of Section 16 of the Securities Exchange Act of 1934.
- 2.30 Section 409A. Section 409A of the Internal Revenue Code, including all regulations and other guidance of general applicability issued thereunder.
- 2.31 Separation from Service. A termination of employment or other event as defined under Section 409A. Generally, a Separation of Service is deemed to have occurred when a Participant's services have been reduced to a rate that is expected to be 20% or less of the average rate of services performed by the Participant in the 36 months preceding the reduction.
- 2.32 Specified Employee. Any Participant meeting the definition of "specified employee" under Section 409A(a)(2)(B)(i).
- 2.33 Stock Unit. A unit of account deemed to equal a single share (or fractional share) of the Company's Common Stock.
- 2.34 Unforeseeable Emergency. A severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

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2.35 *Year of Service*. Any calendar year in which the Participant completes 1,000 hours of service. An hour of service means any hour for which the Employer pays the Participant, including hours paid for vacation, illness or disability. If the Participant was employed by a company or division acquired by the Company, the Participant's service will include hours of service with the acquired company for purposes of eligibility. However, for purposes of determining Years of Vesting Service under Section 5.4, the Participant's service will begin on the acquisition date.

2.36 *Year of Vesting Service*. Any Year of Service except any year when the Participant is or was eligible to make contributions to this Program or the Stock Bonus Plan but declined to make such contributions.

### 3. **ELIGIBILITY AND PARTICIPATION**

3.1 *Selection of Participants*. The Committee will select the Key Employees eligible to become Participants. Unless waived by the Committee, a Key Employee must have at least one Year of Service to be eligible to participate in the Program.

3.2 *Continued Eligibility*. The Committee may revoke a Participant's right to participate if he no longer meets the Program's eligibility requirements or for any other reason. If a Participant's employment is terminated for any reason, his right to participate in the Program will cease. Except as provided in Section 5.4, such termination will not affect Stock Units and Diversified Investments already credited to his Account.

### 4. **CONTRIBUTIONS AND PARTICIPANT ACCOUNTS**

4.1 *Accounts*. An Account will be established for each Participant to track the Participant's Stock Units and Diversified Investments. An Account is a bookkeeping device only, established for the purpose of crediting and tracking notional investments made by the Participant in the Stock Units and Diversified Investments. Each Account will track Company Stock and Diversified Investments separately.

4.2 *Participant Contributions*. Each Participant may elect to contribute to the Program a percentage of his Compensation above a certain threshold. For 2011, the threshold is a base salary of \$26,995 which amount may be increased for years after 2011. The Committee will determine the maximum Participant Contribution percentage. Participant's Contributions will be made on a bi-weekly basis or as Compensation otherwise would have been paid, unless the Committee determines otherwise.

All Participant Contributions will be directed into the Diversified Investments elected by the Participant and held in the Participant's Diversified Account. If a Participant has not elected Diversified Investments, Participant Contributions will be directed into the default Diversified Investment established by the Company's Investment Committee until the Participant elects other Diversified Investments.

4.3 *Premium Contributions*. The Company will make a Premium Contribution equal to 17.65% of the Participant's Contribution (equivalent to the 15% discount purchase of Stock Units acquired in the Company Stock Account). Premium Contributions will be made at the same time as the Participant's Contributions and will be directed into the Diversified Investments elected by the Participant, or in the absence of an Investment Election, into the default Diversified Investment established by the Committee.

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4.4 Matching Contributions. The Company will make a Matching Contribution to the Participant's Company Stock Account equal to 50% of the Participant's Contribution. Matching Contributions will be made at the same time as the Participant's Contributions and will acquire Stock Units at a price equal to 85% of the Fair Market Value of a share of Common Stock on the date such Contributions are made.

4.5 Additional Matching Contributions. The Company will make an Additional Matching Contribution to the Participant's Company Stock Account equal to a percentage of the Participant's Contribution for the applicable Calendar Year if the Company's return on capital employed ("ROCE") for the Calendar Year meets the threshold level established for corporate payouts under the Key Officers Incentive Plan (the "*Incentive Plan*"). ROCE will be calculated in the same manner as it is calculated under the Incentive Plan for a given year. The Additional Matching Contribution will begin at 25% of the Participant's Contribution for the applicable Calendar Year for ROCE achievement at the threshold level and increase ratably to a maximum 50% of the Participant's Contribution for ROCE achievement at the target level, with such threshold and target levels to be determined by the Compensation Committee. Such Contribution will be credited to the Company Stock Account of each Participant who was employed as of the last business day of the Calendar Year, plus each Participant whose employment terminated prior to such date (a) due to Disability or death, or (b) after the Participant has attained 55 years of age and has at least 5 Years of Vesting Service. Additional Matching Contributions, if any, will be credited to the Participant's Company Stock Account by March 15<sup>th</sup> following the applicable Calendar Year.

4.6 Dividend Contributions. On the date a cash dividend is paid on Common Stock, the Company will make a Dividend Contribution to the Participant's Company Stock Account equal to the per share cash dividend on the number of Stock Units credited to the Participant's Company Stock Account on the dividend record date.

4.7 Participant's Election. A Participant's Election (including contribution percentage and form of distribution) will be made in a form approved by the Committee. The Election must be made on or before December 31 for Compensation for services performed and to be earned and vested in the following Calendar Year, except that newly eligible Participants may, within 30 days of first becoming eligible for participation, make an Election for Compensation for services performed and earned subsequent to the date of Election.

On or before December 31 of each year following the Participant's initial Election, the Participant may change his contribution percentage for the next Calendar Year or may terminate his Election for the next Calendar Year. If no change or termination is received by December 31, the Participant's Election will irrevocably carry forward for the next Calendar Year. The Participant may not change the form of distribution selected in the initial Election, except as provided in Section 5.7.

The Committee may provide for Elections at any other times with respect to all or any part of Compensation or Contributions to the extent that such Elections are consistent with the requirements of Section 409A.

4.8 Participant's Investment Election. Participants may choose the percentage of their Participant Contributions they wish to direct into each Diversified Investment. Participants

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will make their Investment Elections online via secure Account access provided by the Company's third party record keeper. Participants may change their Investment Elections as to future Participant Contributions or the portion of existing Accounts consisting of Diversified Investments at any time subject to normal administrative procedures, unless otherwise determined by the Committee. Each Participant will be solely responsible for the selection of his or her investment choices.

4.9 *Treatment of Performance Compensation for Certain Newly Eligible Participants.* A Participant may become newly eligible for the Program due to a Compensation increase, whereas he was previously eligible for a qualified Company benefit (e.g. the Stock Bonus Plan). A Participant may not defer performance compensation (e.g. an annual bonus) payable in his first year of eligibility if any portion of it was for services performed, or if it was earned and vested, prior to his becoming eligible to participate in the Program. In such a case, the Company will make the Matching Contribution and any Additional Matching Contribution as though the Participant's Contribution had been made with respect to performance compensation received in the first year of eligibility.

4.10 *Change in Capitalization.* In the event of a stock dividend, stock split, merger, consolidation or other recapitalization of the Company affecting the number of outstanding shares of Common Stock, the number of Stock Units credited to a Participant's Account will be appropriately adjusted.

4.11 *Impact of Deferred Compensation Program.* Some Participants defer 100% of their Compensation under the Company's Deferred Compensation Program. Since the Compensation remaining after such a deferral is not sufficient to allow the Participant to make the full Participant's Contribution, the Company will make the Matching Contribution and any Additional Matching Contribution as though the full Participant's Contribution had been made.

## 5. **DISTRIBUTION**

5.1 *Distribution.* Except in the case of Specified Employees, distribution of a Participant's Account will be made within 90 days after Separation from Service, Disability or death. Distribution of a Specified Employee's Account will be made six months after Separation from Service (other than by Disability or death) in order to conform to Section 409A.

Distribution of a Participant's Account will be based on the number of shares or units and market value of the investments held in the Account upon Separation of Service. A Participant's Diversified Investment Account will be settled in cash, and the Company Stock Account will be settled in shares of the Company's Common Stock. Prior to distribution, the Stock Units held in the Participant's Company Stock Account will be converted to whole shares of Common Stock, with any fractional share rounded to the nearest whole share.

If Stock Units are credited to the Participant's Company Stock Account after a distribution has been made (e.g., as a result of Dividend Contributions or Additional Matching Contributions), a subsequent distribution of those Stock Units will be made within 60 days of the date the Stock Units are credited to the Participant's Company Stock Account, which distribution in the case of the Additional Matching Contribution will occur in the Calendar Year following the Calendar Year of Separation from Service.



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Although the Company intends to settle Participants' Accounts in shares of the Company's Common Stock, notwithstanding any other provision of the Program, the Company reserves the right to pay Stock Units in cash in lieu of shares of Common Stock. If settled in cash, the amount of the distribution will be equal to the Fair Market Value of the number of shares of Common Stock that would otherwise be issued. Fair Market Value shall be determined at the date the shares would otherwise have been issued.

5.2 *Form of Distribution.* Participants may elect to receive distributions of their Accounts in (a) a lump sum amount, or (b) annual installments for up to 15 years. Annual installment distributions will be made by January 31st of each Calendar Year following the Calendar Year of the initial distribution. Each annual distribution will be equal to the balance of the Account divided by the number of payments remaining.

If a Participant does not elect a form of distribution in his initial Election or if a Participant's Account value does not exceed \$50,000 upon Separation from Service, the distribution will be made in a lump sum.

5.3 *Withholding from Distributions.* The Company will withhold from distributions any amount required to pay applicable taxes (at the Company's required withholding rate). The tax withholding for distributions from the Participant's Company Stock Account will be made in shares of Common Stock. Alternatively, the Participant may pay such taxes in cash if he makes suitable arrangements with the Company before the distribution date. The Company may, at any time, require a Participant to settle the tax liability in cash.

5.4 *Forfeiture of Stock Units.* Notwithstanding the above, if a Participant who has less than 5 Years of Vesting Service has a Separation from Service, the Participant will forfeit any Stock Units acquired by Company Matching and Additional Matching Contributions (unless the Committee determines otherwise). However, such Stock Units will not be forfeited if the Participant has a Separation from Service due to death or Disability.

5.5 *Beneficiary.* If a Participant dies before he has received all distributions due under the Program, the remaining distributions will be made to his Beneficiary. Each Participant may designate a Beneficiary and change his Beneficiary from time to time. No such designation will become effective until received in writing by the Company. If a Participant has no living designated Beneficiary, then his Beneficiary will be his personal representative.

5.6 *Distribution Upon Unforeseeable Emergency or Change in Control.* In the event of an Unforeseeable Emergency, the Committee may authorize an immediate distribution to the Participant as permitted under Section 409A. In addition, the Committee may terminate and liquidate the Program within 30 days preceding or 12 months after a Change in Control and direct all payments to be made within 12 months of its action to the extent permitted under Section 409A.

5.7 *Change in Form of Distribution.* A Participant may extend the payout period of an installment election or change the form of distribution, not to exceed the maximum payout period of 15 years or such other period determined by the Committee. For purposes of the foregoing, each payment in an installment distribution will be deemed a separate payment and each payout date in an installment distribution election will be treated as a separate election. The

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election change must be made not less than 12 months prior to Separation from Service and must extend the first distribution payment by at least 5 years, consistent with the requirements of Section 409A.

## **6. ADMINISTRATION**

6.1 *Administration*. Except to the extent the Committee otherwise designates pursuant to Section 6.2(f), the Committee will control and manage the operation and administration of the Program.

6.2 *Committee's Authority*. The Committee will have such authority and discretion as may be necessary to discharge its responsibilities under the Program, including the authority and discretion to: (a) interpret the provisions of the Program; (b) adopt rules of procedure consistent with the Program; (c) determine questions relating to benefits and rights under the Program; (d) maintain records concerning the Program; (e) determine the content and form of the Participant's Election and all other documents required to carry out the Program; and (f) designate any Company employee or committee, including the Management Committee, to carry out any of the Committee's duties, including authority to manage the operation and administration of the Program.

6.3 *Section 16 Officers*. Notwithstanding the foregoing, the Committee may not delegate its authority with respect to Section 16 Officers.

6.4 *Compliance with Applicable Law*. Notwithstanding anything contained in the Program or in any document issued under the Program, it is intended that the Program will at all times meet the requirements of Section 409A and any regulations or other guidance issued thereunder, and that the provisions of the Program will be interpreted to meet such requirements.

## **7. CLAIMS**

7.1 *Adjudication of Claims*. The Committee and the Company's Secretary will make all determinations regarding benefits under the Program in accordance with ERISA.

7.2 *Notice of Denial*. If a Participant (or other person entitled to file a claim for benefits under ERISA) (a "claimant") is denied a claim for benefits under the Program, the Committee shall provide to the claimant written notice of the denial within ninety (90) days (forty-five (45) days with respect to a denial of any claim for benefits due to the Participant's Disability) after the Committee receives the claim, unless special circumstances require an extension of time for processing the claim. If such an extension of time is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day or 45-day period, as applicable. In no event shall the extension exceed a period of ninety (90) days (thirty (30) days with respect to a claim for benefits due to the Participant's Disability) from the end of such initial period. With respect to a claim for benefits due to the Participant's Disability, an additional extension of up to thirty (30) days beyond the initial 30-day extension period may be required for processing the claim. In such event, written notice of the extension shall be furnished to the claimant within the initial 30-day extension period. Any extension notice shall indicate the special circumstances requiring the extension of time, the date by which the Committee expects to render the final decision, the standards on which entitlement to benefits are based, the unresolved issues that prevent a decision on the claim and the additional information needed to resolve those issues.

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*7.3 Contents of Notice of Denial.* If a claimant is denied a claim for benefits under the Program, the Committee shall provide to such claimant written notice of the denial which shall set forth: (a) the specific reasons for the denial; (b) specific references to the pertinent provisions of the Program on which the denial is based; (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; (d) an explanation of the Program's claim review procedures, and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review; (e) in the case of a claim for benefits due to a Participant's Disability, if an internal rule, guideline, protocol or other similar criterion is relied upon in making the adverse determination, either the specific rule, guideline, protocol or other similar criterion; or a statement that such rule, guideline, protocol or other similar criterion was relied upon in making the decision and that a copy of such rule, guideline, protocol or other similar criterion will be provided free of charge upon request; and (f) in the case of a claim for benefits due to a Participant's Disability, if a denial of the claim is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the denial, an explanation applying the terms of the Program to the claimant's medical circumstances or a statement that such explanation will be provided free of charge upon request.

*7.4 Right to Review.* After receiving written notice of the denial of a claim, a claimant or his representative shall be entitled to: (a) request a full and fair review of the denial of the claim by written application to the Committee (or Appeals Fiduciary in the case of a claim for benefits payable due to a Participant's Disability); (b) request, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim; (c) submit written comments, documents, records, and other information relating to the denied claim to the Committee or Appeals Fiduciary, as applicable; and (d) a review that takes into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

*7.5 Application for Review.*

(a) If a claimant wishes a review of the decision denying his claim to benefits under the Program, other than a claim described in Subsection (b) of this Section, he must submit the written application to the Committee within sixty (60) days after receiving written notice of the denial.

(b) If the claimant wishes a review of the decision denying his claim to benefits under the Program due to a Participant's Disability, he must submit the written application to the Appeals Fiduciary within one hundred eighty (180) days after receiving written notice of the denial. With respect to any such claim, in deciding an appeal of any denial based in whole or in part on a medical judgment, the Appeals Fiduciary shall: (i) consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment; and (ii) identify the medical and vocational experts whose advice was

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obtained on behalf of the Program in connection with the denial without regard to whether the advice was relied upon in making the determination to deny the claim. Notwithstanding the foregoing, the health care professional consulted pursuant to this Subsection (b) shall be an individual who was not consulted with respect to the initial denial of the claim that is the subject of the appeal or a subordinate of such individual.

*7.6 Hearing.* Upon receiving a written application for review, the Committee or Appeals Fiduciary, as applicable, may schedule a hearing for purposes of reviewing the claimant's claim, which hearing shall take place not more than thirty (30) days from the date on which the Committee or Appeals Fiduciary received such written application for review. At least ten (10) days prior to the scheduled hearing, the claimant and his representative designated in writing by him, if any, shall receive written notice of the date, time, and place of such scheduled hearing. The claimant or his representative, if any, may request that the hearing be rescheduled, for his convenience, on another reasonable date or at another reasonable time or place. All claimants requesting a review of the decision denying their claim for benefits may employ counsel for purposes of the hearing.

*7.7 Decision on Review.* No later than sixty (60) days (forty-five (45) days with respect to a claim for benefits due to the Participant's Disability) following the receipt of the written application for review, the Committee or the Appeals Fiduciary, as applicable, shall submit its decision on the review in writing to the claimant involved and to his representative, if any, unless the Committee or Appeals Fiduciary determines that special circumstances (such as the need to hold a hearing) require an extension of time, to a day no later than one hundred twenty (120) days (ninety (90) days with respect to a claim for benefits due to the Participant's Disability) after the date of receipt of the written application for review. If the Committee or Appeals Fiduciary determines that the extension of time is required, the Committee or Appeals Fiduciary shall furnish to the claimant written notice of the extension before the expiration of the initial sixty (60) day (forty-five (45) days with respect to a claim for benefits due to the Participant's Disability) period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee or Appeals Fiduciary expects to render its decision on review. In the case of a decision adverse to the claimant, the Committee or Appeals Fiduciary shall provide to the claimant written notice of the denial which shall include: (a) the specific reasons for the decision; (b) specific references to the pertinent provisions of the Program on which the decision is based; (c) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; (d) a statement describing any available voluntary appeal procedures (if any) and of the claimant's right to obtain information about such procedures as required by ERISA and a statement of the claimant's right to bring an action under Section 502(a) of ERISA following the denial of the claim upon review; (e) in the case of a claim for benefits due to the Participant's Disability, if an internal rule, guideline, protocol or other similar criterion is relied upon in making the adverse determination, either the specific rule, guideline, protocol or other similar criterion; or a statement that such rule, guideline, protocol or other similar criterion was relied upon in making the decision and that a copy of such rule, guideline, protocol or other similar criterion will be provided free of charge upon request; (f) in the case of a claim for benefits due to a Participant's Disability, if a denial of the claim is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the denial, an explanation applying the terms of the Program to the claimant's medical circumstances or a

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statement that such explanation will be provided free of charge upon request; and (g) in the case of a claim for benefits due to a Participant's Disability, a statement regarding the availability of other voluntary alternative dispute resolution options.

8. **GENERAL PROVISIONS**

8.1 *No Contract.* Nothing contained in the Program will restrict the right of the Employer to discharge a Participant or the right of a Participant to resign from employment. The Program should not be construed as an employment contract.

8.2 *No Assignment.* No Participant or Beneficiary may transfer, assign or otherwise encumber any benefits payable by the Company under the Program. Such benefits may not be seized by any creditor of Participant or Beneficiary or transferred by operation of law in the event of bankruptcy, insolvency or death. Any attempted assignment or transfer will be void.

8.3 *Unfunded Program.* No person will have any interest in the Company's assets by virtue of the Program. No Participant or Beneficiary will have any of the rights of a shareholder with respect to Stock Units.

8.4 *No Trust Created.* The Program and any action taken pursuant to the Program should not be construed as creating a trust or other fiduciary relationship between the Company, the Participant, his Beneficiary or any other person.

8.5 *Binding Effect.* The Program will be binding upon and inure to the benefit of the Company, its successors and assigns, and each Participant, his heirs, personal representatives, and Beneficiaries.

8.6 *Amendments and Termination.* The Company will have the right to amend or terminate the Program at any time. However, no such amendment or termination will deprive any Participant of the right to distribution of Stock Units previously credited to his Account. The Committee may require that distributions commence following termination and all distributions following termination be made in a lump sum to the extent permitted under Section 409A. Timing of distributions following termination will be made consistent with the requirements of Section 409A.

8.7 *Governing Law.* To the extent not preempted by ERISA, this Program will be governed by Missouri law.

8.8 *Notices.* Any notice or claim given under the Program will be in writing and signed by the party giving the same. If such notice or claim is mailed, it will be sent by United States first class mail, postage prepaid, addressed to the recipient's last known address as shown on the Company's records. The date of such mailing will be deemed the date of notice.

8.9 *Committee's Right.* To the extent permitted by Section 409A, the Committee retains the right to delay a Participant distribution if the payment of such distribution would violate securities laws, eliminate or reduce the Company's tax deduction by application of Section 162(m) of the Internal Revenue Code, violate loan covenants or other contractual terms to which the Company is a party, or otherwise result in material harm to the Company.

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

	Six Months Ended		Twelve Months Ended December 31,				
	6/30/11	6/30/10	2010	2009	2008	2007	2006
<b>Earnings</b>							
Income from continuing operations before income taxes*	\$ 138.2	\$ 146.1	\$ 255.5	\$ 198.4	\$ 192.6	\$ 147.3	\$ 339.1
Interest expense (excluding amount capitalized)	18.9	18.7	37.7	37.4	49.5	60.9	56.2
Portion of rental expense under operating leases representative of an interest factor**	8.5	9.3	15.4	16.9	21.5	24.3	24.9
<b>Total earnings***</b>	<u>\$ 165.6</u>	<u>\$ 174.1</u>	<u>\$ 308.6</u>	<u>\$ 252.7</u>	<u>\$ 263.6</u>	<u>\$ 232.5</u>	<u>\$ 420.2</u>
<b>Fixed charges</b>							
Interest expense (including amount capitalized)	\$ 19.1	\$ 19.2	\$ 38.1	\$ 38.3	\$ 50.5	\$ 61.9	\$ 57.8
Portion of rental expense under operating leases representative of an interest factor**	8.5	9.3	15.4	16.9	21.5	24.3	24.9
<b>Total fixed charges</b>	<u>\$ 27.6</u>	<u>\$ 28.5</u>	<u>\$ 53.5</u>	<u>\$ 55.2</u>	<u>\$ 72.0</u>	<u>\$ 86.2</u>	<u>\$ 82.7</u>
<b>Ratio of earnings to fixed charges</b>	<u>6.0</u>	<u>6.1</u>	<u>5.8</u>	<u>4.6</u>	<u>3.7</u>	<u>2.7</u>	<u>5.1</u>

\* 2006 through 2008 amounts have been retrospectively adjusted to include noncontrolling interest.

\*\* Estimated portion of rent expense representing interest.

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

**CERTIFICATION**

I, David S. Haffner, certify that:

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

Date: August 4, 2011

/s/ David S. Haffner

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

**CERTIFICATION**

I, Matthew C. Flanigan, certify that:

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

Date: August 4, 2011

/s/ Matthew C. Flanigan

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



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

In connection with the Quarterly Report of Leggett & Platt, Incorporated (the "Company") on Form 10-Q for the period ending June 30, 2011 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

August 4, 2011

**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 June 30, 2011 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 and Chief Financial Officer

August 4, 2011