

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

**Form 10-Q**

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

For the quarterly period ended June 30, 2008

OR

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

for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-7845

**LEGGETT & PLATT, INCORPORATED**

(Exact name of registrant as specified in its charter)

**Missouri**  
(State or other jurisdiction of  
incorporation or organization)

**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**

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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 31, 2008: 160,740,585**

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

(Amounts in millions)	June 30, 2008	December 31, 2007
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 203.1	\$ 205.4
Accounts and other receivables	706.7	658.4
Allowance for doubtful accounts	(23.1)	(18.2)
Inventories, net	669.2	599.2
Other current assets	100.9	104.6
Current assets held for sale	309.1	285.0
Total current assets	<u>1,965.9</u>	<u>1,834.4</u>
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	739.6	726.9
<b>OTHER ASSETS</b>		
Goodwill	938.7	931.3
Other intangibles, less accumulated amortization of \$75.7 at June 30, 2008 and \$65.9 at December 31, 2007	223.7	232.2
Sundry	94.5	78.2
Non-current assets held for sale	256.2	269.5
Total other assets	<u>1,513.1</u>	<u>1,511.2</u>
<b>TOTAL ASSETS</b>	<u>\$4,218.6</u>	<u>\$ 4,072.5</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 11.4	\$ 88.7
Accounts payable	278.8	227.6
Accrued expenses	258.3	258.7
Other current liabilities	130.7	152.2
Current liabilities held for sale	66.2	72.4
Total current liabilities	<u>745.4</u>	<u>799.6</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	1,227.9	1,000.6
Other long-term liabilities	109.0	96.3
Deferred income taxes	55.4	42.3
Non-current liabilities held for sale	.3	1.0
Total long-term liabilities	<u>1,392.6</u>	<u>1,140.2</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock	2.0	2.0
Additional contributed capital	496.0	500.0
Retained earnings	2,127.8	2,122.3
Accumulated other comprehensive income	211.0	193.5
Treasury stock	(756.2)	(685.1)
Total shareholders' equity	<u>2,080.6</u>	<u>2,132.7</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$4,218.6</u>	<u>\$ 4,072.5</u>

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 by generally accepted accounting principles in the United States of America.

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

(Amounts in millions, except per share data)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2008	2007	2008	2007
Net sales	\$2,061.4	\$2,118.1	\$1,063.1	\$1,070.5
Cost of goods sold	1,687.9	1,714.6	866.7	863.5
Gross profit	373.5	403.5	196.4	207.0
Selling and administrative expenses	211.5	213.8	107.6	113.4
Amortization of intangibles	12.3	11.3	6.3	6.4
Other expense, net	(.1)	(.2)	1.8	.4
Earnings from continuing operations before interest and income taxes	149.8	178.6	80.7	86.8
Interest expense	26.4	27.9	13.1	14.2
Interest income	4.4	3.6	2.1	1.7
Earnings from continuing operations before income taxes	127.8	154.3	69.7	74.3
Income taxes	45.1	41.6	26.2	18.0
Earnings from continuing operations	82.7	112.7	43.5	56.3
Earnings from discontinued operations, net of tax	7.0	23.0	2.8	3.7
Net earnings	<u>\$ 89.7</u>	<u>\$ 135.7</u>	<u>\$ 46.3</u>	<u>\$ 60.0</u>
Earnings per share from continuing operations				
Basic	\$ .48	\$ .62	\$ .25	\$ .31
Diluted	\$ .48	\$ .62	\$ .25	\$ .31
Earnings per share from discontinued operations				
Basic	\$ .04	\$ .12	\$ .02	\$ .02
Diluted	\$ .04	\$ .12	\$ .02	\$ .02
Earnings per share - net				
Basic	\$ .52	\$ .74	\$ .27	\$ .33
Diluted	\$ .52	\$ .74	\$ .27	\$ .33
Cash dividends declared per share	\$ .50	\$ .35	\$ .25	\$ .18
Average shares outstanding				
Basic	172.2	182.5	171.3	181.9
Diluted	172.3	183.2	171.5	182.6

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,	
	2008	2007
<b>OPERATING ACTIVITIES</b>		
Net earnings	\$ 89.7	\$ 135.7
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation	58.9	77.4
Amortization	12.3	12.8
Asset impairment charges	5.8	2.3
Net gain from sales of assets	(2.0)	(30.8)
Deferred income taxes (benefit)	17.6	(8.8)
Stock-based compensation	24.3	25.1
Other	6.8	1.3
Other changes, excluding effects from acquisitions and divestitures:		
Increase in accounts and other receivables	(56.7)	(2.1)
(Increase) decrease in inventories	(81.3)	11.4
Decrease (increase) in other current assets	4.2	(9.0)
Increase in accounts payable	42.8	16.5
Increase in accrued expenses and other current liabilities	4.1	9.5
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>126.5</b>	<b>241.3</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(64.8)	(71.1)
Purchases of companies, net of cash acquired	(1.1)	(83.7)
Proceeds from sales of assets	16.2	101.6
Other	(8.4)	(7.2)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(58.1)</b>	<b>(60.4)</b>
<b>FINANCING ACTIVITIES</b>		
Additions to debt	228.4	93.9
Payments on debt	(106.3)	(97.1)
Dividends paid	(85.7)	(61.5)
Issuances of common stock	.9	6.2
Purchases of common stock	(111.8)	(90.7)
Other	.7	1.2
<b>NET CASH USED FOR FINANCING ACTIVITIES</b>	<b>(73.8)</b>	<b>(148.0)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>3.1</b>	<b>3.4</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2.3)</b>	<b>36.3</b>
CASH AND CASH EQUIVALENTS - January 1,	205.4	131.9
CASH AND CASH EQUIVALENTS - June 30,	<u>\$ 203.1</u>	<u>\$ 168.2</u>

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. STATEMENT

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

Certain reclassifications have been made to the prior year's consolidated condensed financial statements to conform to the 2008 presentation:

- In the Consolidated Condensed Balance Sheets — certain current liabilities have been reclassified between “Accrued expenses” and “Other current liabilities.”
- In the Consolidated Condensed Statements of Operations and all related notes — the 2007 amounts have been retrospectively adjusted to reflect the effect of discontinued operations (see Note 3).

For further information, refer to the financial statements of the Company and footnotes thereto included in the annual report on Form 10-K of the Company for the year ended December 31, 2007.

2. NEW ACCOUNTING STANDARDS

On January 1, 2008, the Company adopted the Financial Accounting Standards Board (FASB) Statement of Accounting Standards (SFAS) No. 158 (SFAS 158), “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans” provision which requires it to measure the funded status of its plans as of year end beginning with its December 31, 2008 balance sheet. The Company previously used September 30 as the measurement date for its most significant plans. The Company has chosen to perform a measurement that covers the 15-month period of October 1, 2007 through December 31, 2008. Upon implementation, a proportionate allocation was made to cover the net benefit income for the transition period and the Company recorded a \$.5 (net of tax) increase to beginning retained earnings on January 1, 2008.

As discussed in Note 13, the Company also adopted the provisions of SFAS No. 157 (SFAS 157), “Fair Value Measurements” on January 1, 2008. SFAS 157 provides guidance for using fair value to measure assets and liabilities and requires additional disclosure.

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

2. NEW ACCOUNTING STANDARDS (continued)

In February 2007, the FASB issued SFAS No. 159 (SFAS 159), “The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115”. SFAS 159 permits entities to choose to measure many financial instruments and certain other instruments at fair value, with the objective of improving financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. As the Company did not elect to fair value any of its financial instruments under the provisions of SFAS 159, the adoption of this statement effective January 1, 2008 did not have an impact on the financial statements.

In December 2007, the FASB issued SFAS No. 141 (R) (SFAS 141R), “Business Combinations,” which replaces SFAS 141. The new standard requires the acquiring entity in a business combination to recognize all the assets acquired and liabilities assumed in the transaction and establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed. SFAS 141R is effective on a prospective basis for all business combinations for which the acquisition date is on or after January 1, 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. SFAS 141R amends SFAS 109 such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to the effective date of SFAS 141R would also apply the provisions of SFAS 141R. Because the adoption of SFAS 141R will be applied prospectively, it is not expected to have a material impact on the Company’s financial statements.

In December 2007, the FASB also issued SFAS No. 160 (SFAS 160), “Noncontrolling Interests in Consolidated Financial Statements,” which seeks to improve the relevance, comparability, and transparency of financial information provided to investors by requiring all entities to report noncontrolling (minority) interests in subsidiaries in the same way, as equity in their consolidated financial statements. SFAS 160 is also effective for the Company beginning January 1, 2009, and its adoption is not expected to have a material impact on the Company’s financial statements.

In March 2008, the FASB issued SFAS No. 161 (SFAS 161), “Disclosures about Derivative Instruments and Hedging Activities.” The new standard requires enhanced disclosures about derivative instruments and hedging activities and their effects on an entity’s financial position, financial performance, and cash flows. The Statement requires disclosure of objectives and strategies for derivative instruments, disclosure of the fair values of derivative instruments and their gains and losses in a tabular format, disclosure of contingent derivative features that are credit-risk related, and requires cross-referencing within footnotes if the required disclosures are presented in more than one footnote. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Its adoption is not expected to have a material impact on the Company’s financial statements.

In May 2008, the FASB issued SFAS No. 162 (SFAS 162), “The Hierarchy of Generally Accepted Accounting Principles.” This statement identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. It is effective 60 days following the Security and Exchange Commission’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, “The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles.” The Company does not expect that this statement will result in a change in its current practice.

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

2. NEW ACCOUNTING STANDARDS (continued)

In April 2008, FASB Staff Position (FSP) FAS No. 142-3, “Determination of the Useful Life of Intangible Assets” was issued. This FSP amends the factors that must be considered in developing renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible asset under SFAS No. 142, “Goodwill and Other Intangible Assets.” The FSP requires an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset, and is an attempt to improve consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under FAS No. 141, “Business Combinations.” The FSP is effective for the Company beginning January 1, 2009, and the guidance for determining the useful life of a recognized intangible asset must be applied prospectively to intangible assets acquired after the effective date. The Company does not expect the adoption of FSP FAS No. 142-3 to have a material effect on its consolidated financial statements.

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The Company sold no operations in the second quarter of 2008 or the second quarter of 2007.

The Company sold the following operations in the first quarter of 2008:

- One automotive seating components operation—The sale of this business resulted in a pre-tax loss of \$2.4 (\$1.5 net of tax) that is reported within earnings from discontinued operations. This business was previously part of the Specialized Products segment and produced wire forms, tubular forms, and welded assemblies for automotive seating.
- One metal store fixture operation—This operation was classified as held for sale at December 31, 2007, but did not meet the requirements for discontinued operations in either 2007 or 2008. The results for this operation (including a pre-tax gain of \$1.5) are included in the Commercial Fixturing & Components segment.

The Company sold the following operation in the first quarter of 2007:

- The Prime Foam Products unit—The sale of this unit resulted in a pre-tax gain of \$23.7 (\$12.1 net of tax) that is reported within earnings from discontinued operations. This business was previously part of the Residential Furnishings segment and produced foam primarily used for cushioning by upholstered furniture and bedding manufacturers.

During 2007 the Company completed an extensive review of its business portfolio and determined that it will exit certain of its business activities. This includes the divestiture of some operations, the pruning of some business and the closure of certain underperforming plants, referred to as the 2007 Strategic Plan.

The largest portion of the exit activities is the divestiture of the Company’s Aluminum Products segment and all or a portion of six additional business units (detailed in the table on page 9.). The Aluminum Products segment was sold on July 16, 2008 for \$300 in cash, a subordinated note with a face value of \$25, and shares of preferred stock (with value not to exceed \$25, dependent upon future performance of the divested business). The Company is still finalizing the calculation of gain or loss on the transaction (including income tax effects), but does not anticipate a significant financial statement impact, which will be reflected in third quarter 2008 results.

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

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

The pre-tax proceeds generated from the remaining divestitures are expected to recover the carrying value of the assets held for sale as presented on the following tables. The net assets held for sale may fluctuate due to changes in working capital until these businesses are divested.

In addition to these divestitures, the Company has eliminated some of its least profitable revenue, and anticipates the elimination of additional revenue and the closure or disposition of unprofitable facilities. None of these facilities have met the requirements to be classified as held for sale or discontinued operations other than discussed above. The Company anticipates that the exit activities will be completed by the end of 2008.



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

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

Results from discontinued operations were as follows:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2008	2007	2008	2007
<b>External sales:</b>				
Residential Furnishings:				
Prime Foam Products Unit	\$ —	\$ 44.4	\$ —	\$ —
Wood Products Unit	27.7	25.8	13.0	12.9
Fibers Unit	40.5	40.6	19.5	19.9
Coated Fabrics Unit (1)	20.3	28.5	9.3	12.6
Commercial Fixturing & Components:				
Plastics Unit	22.8	22.5	11.1	11.3
Storage Products Unit	40.5	47.5	21.8	23.8
Aluminum Products Segment	252.5	259.5	123.8	131.1
Specialized Products:				
Dealer portion of the Commercial Vehicle Products Unit	35.1	48.0	17.2	23.8
An automotive seating components operation	3.9	19.9	—	10.2
External sales	<u>\$ 443.3</u>	<u>\$ 536.7</u>	<u>\$ 215.7</u>	<u>\$ 245.6</u>
<b>Earnings (loss):</b>				
Residential Furnishings:				
Prime Foam Products Unit	\$ (2.4)	\$ 25.4	\$ (.4)	\$ —
Wood Products Unit	.8	2.6	.3	1.3
Fibers Unit	1.4	1.9	.3	.8
Coated Fabrics Unit (1)	(.1)	(1.3)	.2	(1.6)
Commercial Fixturing & Components:				
Plastics Unit	3.5	2.6	1.7	1.4
Storage Products Unit	1.7	2.9	1.4	1.5
Aluminum Products Segment	21.3	11.1	11.0	4.5
Specialized Products:				
Dealer portion of the Commercial Vehicle Products Unit (2)	(9.2)	(2.4)	(7.7)	(1.0)
An automotive seating components operation	(3.1)	(2.2)	(.4)	(1.1)
Earnings before interest and income taxes	13.9	40.6	6.4	5.8
Interest expense	(.9)	(1.1)	(.3)	(.5)
Income tax expense	(6.0)	(16.5)	(3.3)	(1.6)
Earnings from discontinued operations, net of tax	<u>\$ 7.0</u>	<u>\$ 23.0</u>	<u>\$ 2.8</u>	<u>\$ 3.7</u>

- (1) In the first quarter 2008, the Coated Fabrics unit, previously in the Residential Furnishings segment, met the criteria for held for sale and discontinued operations. All others met the criteria in the fourth quarter 2007.
- (2) During the second quarter 2008, a \$5.6 asset impairment charge was recorded for the dealer portion of Commercial Vehicle Products to reflect an updated estimate of fair value less cost to sell.

The above amounts include the impact of restructuring and other special charges discussed in Note 4.

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

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

The tables below include \$14.7 and \$15.1 of property, plant and equipment held for sale at June 30, 2008 and December 31, 2007, respectively, from the closings of various operations and prior year restructurings not associated with the exit activities described earlier.

Net assets held for sale by segment were as follows:

	<b>June 30, 2008</b>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>
Residential Furnishings	\$ 94.7	\$ 11.0	\$ 83.7
Commercial Fixturing & Components	80.5	9.0	71.5
Aluminum Products	355.4	40.8	314.6
Industrial Materials	3.8	—	3.8
Specialized Products	30.9	5.7	25.2
Net assets held for sale	<u>\$565.3</u>	<u>\$ 66.5</u>	<u>\$498.8</u>
	<b>December 31, 2007</b>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>
Residential Furnishings	\$ 69.3	\$ 6.8	\$ 62.5
Commercial Fixturing & Components	91.9	9.3	82.6
Aluminum Products	332.7	49.2	283.5
Industrial Materials	3.8	—	3.8
Specialized Products	56.8	8.1	48.7
Net assets held for sale	<u>\$554.5</u>	<u>\$ 73.4</u>	<u>\$481.1</u>

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

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

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

	June 30, 2008	December 31, 2007
Receivables, net	\$ 141.3	\$ 121.2
Inventories, net	151.8	147.9
Prepaid expenses and other current assets	16.0	15.9
Total current assets held for sale	<u>309.1</u>	<u>285.0</u>
Property, plant and equipment, net	217.2	226.8
Goodwill	36.8	33.6
Patents and other intangible assets, net	1.9	7.9
Other assets	.3	1.2
Total non-current assets held for sale	<u>256.2</u>	<u>269.5</u>
Total assets held for sale	<u>\$ 565.3</u>	<u>\$ 554.5</u>
Current maturities of long-term debt	\$ .1	\$ .1
Accounts payable	46.3	59.3
Accrued expenses	18.8	11.8
Other current liabilities	1.0	1.2
Total current liabilities held for sale	<u>66.2</u>	<u>72.4</u>
Long-term debt	—	.4
Other long-term liabilities	.3	.6
Total non-current liabilities held for sale	<u>.3</u>	<u>1.0</u>
Total liabilities held for sale	<u>\$ 66.5</u>	<u>\$ 73.4</u>
Net assets held for sale	<u>\$ 498.8</u>	<u>\$ 481.1</u>

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

4. RESTRUCTURING AND SPECIAL CHARGES

Total restructuring and other special charges for the six and three months ended June 30 were comprised of:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2008	2007	2008	2007
Continuing operations:				
Charged to other expense, net:				
Severance and other restructuring costs	\$ 3.1	\$ 4.9	\$ 2.2	\$ 4.2
Asset impairments	.2	2.3	—	2.2
Gain from sale of assets	(2.5)	(7.8)	(0.3)	(7.6)
	<u>.8</u>	<u>(.6)</u>	<u>1.9</u>	<u>(1.2)</u>
Charged to cost of goods sold:				
Inventory obsolescence and other	.8	1.0	—	1.0
Total continuing operations	<u>1.6</u>	<u>.4</u>	<u>1.9</u>	<u>(.2)</u>
Discontinued operations:				
Severance and other restructuring costs	1.9	.5	1.1	.4
Asset impairments	5.6	—	5.6	—
Loss from sale of assets	2.5	—	.1	—
Inventory obsolescence and other	—	.4	—	.4
Total discontinued operations	<u>10.0</u>	<u>.9</u>	<u>6.8</u>	<u>.8</u>
Total restructuring and other special charges	<u>\$ 11.6</u>	<u>\$ 1.3</u>	<u>\$ 8.7</u>	<u>\$ .6</u>
Cash charges included in totals	<u>\$ 5.0</u>	<u>\$ 5.4</u>	<u>\$ 3.3</u>	<u>\$ 4.6</u>

The table above includes charges for the 2007 Strategic Plan discussed in Note 3, as well as other unrelated small initiatives. In the first six months of 2008, \$1.8 of restructuring-related charges (primarily all in continuing operations) and \$5.6 of asset impairment charges (all in discontinued operations) were related to the strategic plan. In the fourth quarter 2007, the Company recognized \$287 of impairment and restructuring-related charges associated with the strategic plan. Restructuring-related charges represented \$10.7 of the fourth quarter 2007 total (\$4.5 in continuing operations and \$6.2 in discontinued operations.)

The Company anticipates that these exit activities will be completed by the end of 2008. Total restructuring-related charges (excluding gains from the sale of assets) for continuing operations for the full year 2008 are expected to be approximately \$25.

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

4. RESTRUCTURING AND SPECIAL CHARGES (continued)

The accrued liability associated with restructuring activities consisted of the following:

	Balance at December 31, 2007	2008 Charges and Adjustments to Previous Accruals	Payments	Balance at June 30, 2008
Termination benefits	\$ 1.9	\$ 2.0	\$ 3.0	\$ .9
Contract termination costs	6.0	(.3)	3.8	1.9
Other restructuring costs	.1	3.3	3.1	.3
	<u>\$ 8.0</u>	<u>\$ 5.0</u>	<u>\$ 9.9</u>	<u>\$ 3.1</u>

5. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2008	2007	2008	2007
Earnings from continuing operations	\$ 82.7	\$ 112.7	\$ 43.5	\$ 56.3
Earnings from discontinued operations, net of tax	7.0	23.0	2.8	3.7
Net earnings	<u>\$ 89.7</u>	<u>\$ 135.7</u>	<u>\$ 46.3</u>	<u>\$ 60.0</u>
Weighted average number of common shares used in basic EPS	172.2	182.5	171.3	181.9
Additional dilutive shares principally from the assumed exercise of outstanding stock options	.1	.7	.2	.7
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	<u>172.3</u>	<u>183.2</u>	<u>171.5</u>	<u>182.6</u>
<b>Basic EPS</b>				
Continuing operations	\$ .48	\$ .62	\$ .25	\$ .31
Discontinued operations	.04	.12	.02	.02
Basic earnings per common share	<u>\$ .52</u>	<u>\$ .74</u>	<u>\$ .27</u>	<u>\$ .33</u>
<b>Diluted EPS</b>				
Continuing operations	\$ .48	\$ .62	\$ .25	\$ .31
Discontinued operations	.04	.12	.02	.02
Diluted earnings per common share	<u>\$ .52</u>	<u>\$ .74</u>	<u>\$ .27</u>	<u>\$ .33</u>
Shares issuable under employee and non-employee stock options	14.7	13.9	14.7	13.9
Anti-dilutive shares excluded from diluted EPS computation	11.3	4.2	11.0	4.2

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

6. INVENTORIES

Inventories, about 60% of which are valued using the Last-In, First-Out (LIFO) cost method and the remainder using the First-In, First-Out (FIFO) cost method, are comprised of the following:

	June 30, 2008	December 31, 2007
At FIFO cost		
Finished goods	\$362.4	\$ 348.3
Work in process	83.1	54.2
Raw materials and supplies	304.9	260.4
LIFO reserve	(81.2)	(63.7)
	<u>\$669.2</u>	<u>\$ 599.2</u>

The Company calculates its LIFO reserve (the excess of FIFO cost over LIFO cost) on an annual basis. During interim periods, the Company estimates the current year annual change in the LIFO reserve (i.e., the annual LIFO expense or income) and allocates that change proportionally to the four quarters. Because accurately predicting inventory prices for the year is difficult, LIFO expense for the full year could be significantly different from that currently estimated. In addition, a variation in expected ending inventory levels could also impact total LIFO expense for the year. Any change in the annual estimate of LIFO expense will be reflected in the remaining interim periods.

7. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment is comprised of the following:

	June 30, 2008	December 31, 2007
Property, plant and equipment, at cost	\$1,848.5	\$ 1,811.0
Less accumulated depreciation	1,108.9	1,084.1
	<u>\$ 739.6</u>	<u>\$ 726.9</u>

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

8. STOCK-BASED COMPENSATION

There were no material options granted during the second quarters of 2008 and 2007.

During the six months ended June 30, 2008 and 2007, 1.8 million and 1.5 million options were granted and the Company recorded stock compensation expense of \$4.9 and \$5.1, respectively related to current year grants and vesting of options previously granted to employees. The weighted-average per-share fair value of the options granted was \$2.44 and \$5.21, respectively.

The following table summarizes the weighted-average assumptions used to calculate the grant date fair value of options granted during the periods presented. Fair values were calculated using the Black-Scholes option pricing model.

Key Assumptions	Six Months Ended	
	June 30, 2008	June 30, 2007
Risk-free interest rate	3.4%	4.7%
Expected life in years	6.6	6.6
Expected volatility (over expected life)	26.9%	23.9%
Expected dividend yield (over expected life)	5.9%	3.3%

Beginning January 1, 2007, the Company amended its standard stock option terms to increase the post-employment vesting and exercise period for employees who terminate due to retirement. A “retirement” termination occurs if the employee is either age 65 or age 55 with 20 years of Company service at termination. For retirement terminations, options continue to vest and remain exercisable for 3 years and 6 months after termination of employment. Therefore, the expense for these options is recognized as soon as the employee is retirement-eligible.

Beginning in 2008, the Company granted Performance Stock Unit (PSU) awards to selected officers and other key managers. These awards contain the following conditions:

- A service requirement – Awards generally vest three years following the grant date; and
- A market condition – Awards are based on the Company’s total shareholder return as compared to that of a group of peer companies. The peer group consists of all the companies in the Industrial, Materials and Consumer Products sectors of the S&P 900 (approximately 330 companies). Participants will earn from 0% to 175% of the base award (the base award is 516,525 total shares) depending upon how the Company’s total shareholder return ranks within the peer group.

During the six months and three months ending June 30, 2008, expenses incurred for this plan were \$1.3 and \$.6, respectively.

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

9. EMPLOYEE BENEFIT PLANS

The following table provides interim information as to the Company's domestic and foreign defined benefit pension plans. Expected 2008 employer contributions are not significantly different than the \$1.8 previously reported at year-end 2007.

	Six Months Ended June 30,		Three Months Ended June 30,	
	2008	2007	2008	2007
Components of net pension (income) expense				
Service cost	\$ 1.5	\$ 2.2	\$ .8	\$ 1.1
Interest cost	6.6	6.6	3.3	3.4
Expected return on plan assets	(9.6)	(8.7)	(4.8)	(4.5)
Recognized net actuarial loss	.2	.8	.1	.4
Net pension (income) expense	<u>\$ (1.3)</u>	<u>\$ .9</u>	<u>\$ (.6)</u>	<u>\$ .4</u>

10. SEGMENT INFORMATION

Reportable segments are based upon the Company's management organizational structure. This structure is generally focused on broad end-user markets for the Company's diversified products. Residential Furnishings derives its revenues from components for bedding, furniture and other furnishings, as well as related consumer products. Commercial Fixturing & Components derives its revenues from retail store fixtures, displays 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 other Leggett segments. Specialized Products derives its revenues from automotive seating components, specialized machinery and equipment, and van interiors.

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 general and administrative costs and miscellaneous corporate income and expense are allocated to the segments based on sales and EBIT (earnings before interest and income taxes). 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.

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. Segment assets are reflected in the segment information at their estimated average for the year.



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

10. SEGMENT INFORMATION (continued)

A summary of segment results from continuing operations are shown in the following tables. Amounts for 2007 have been retrospectively adjusted to reflect discontinued operations as discussed in Note 3.

	External Sales	Inter- Segment Sales	Total Sales	EBIT
<b>Six Months ended June 30, 2008:</b>				
Residential Furnishings	\$1,070.2	\$ 10.1	\$1,080.3	\$ 85.9
Commercial Fixturing & Components	366.5	9.5	376.0	16.3
Industrial Materials	309.6	150.2	459.8	41.7
Specialized Products	315.1	33.3	348.4	28.3
Intersegment eliminations				(7.3)
Change in LIFO reserve				(15.1)
	<u>\$2,061.4</u>	<u>\$203.1</u>	<u>\$2,264.5</u>	<u>\$149.8</u>
<b>Six Months ended June 30, 2007:</b>				
Residential Furnishings	\$1,145.0	\$ 8.4	\$1,153.4	\$ 98.7
Commercial Fixturing & Components	402.4	10.1	412.5	22.6
Industrial Materials	252.4	134.8	387.2	26.5
Specialized Products	318.3	22.6	340.9	31.7
Intersegment eliminations				(2.5)
Change in LIFO reserve				1.6
	<u>\$2,118.1</u>	<u>\$175.9</u>	<u>\$2,294.0</u>	<u>\$178.6</u>
<b>Three Months ended June 30, 2008:</b>				
Residential Furnishings	\$ 551.9	\$ 5.9	\$ 557.8	\$ 48.6
Commercial Fixturing & Components	179.2	4.8	184.0	8.6
Industrial Materials	169.7	77.6	247.3	23.2
Specialized Products	162.3	17.2	179.5	14.4
Intersegment eliminations				(2.6)
Change in LIFO reserve				(11.5)
	<u>\$1,063.1</u>	<u>\$105.5</u>	<u>\$1,168.6</u>	<u>\$ 80.7</u>

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

10. SEGMENT INFORMATION (continued)

	External Sales	Inter- Segment Sales	Total Sales	EBIT
Three Months ended June 30, 2007:				
Residential Furnishings	\$ 561.5	\$ 3.9	\$ 565.4	\$42.3
Commercial Fixturing & Components	211.4	6.3	217.7	14.7
Industrial Materials	131.4	64.7	196.1	13.4
Specialized Products	166.2	11.9	178.1	17.4
Intersegment eliminations				(1.8)
Change in LIFO reserve				.8
	<u>\$1,070.5</u>	<u>\$ 86.8</u>	<u>\$1,157.3</u>	<u>\$86.8</u>

Average assets for the Company's segments at June 30, 2008 and December 31, 2007 is shown in the first table below. Beginning in 2008, management changed the measure of segment assets used in evaluating segment performance. Segment assets for December 31, 2007 have been retrospectively adjusted and the second table below summarizes the impact of this change. Return measures now include working capital (all current assets and current liabilities) plus net property, plant and equipment. The previous measure included inventory, trade receivables, net property, plant and equipment and unamortized purchased intangibles.

	June 30, 2008	December 31, 2007
Residential Furnishings	\$ 790.2	\$ 801.9
Commercial Fixturing & Components	313.2	340.3
Industrial Materials	280.7	276.8
Specialized Products	274.7	275.5
Segment subtotal	<u>1,658.8</u>	<u>1,694.5</u>
Reconciliation to consolidated assets:		
Average current liabilities included in segment numbers above	346.2	318.3
Assets held for sale	565.3	554.5
Unallocated assets	1,546.2	1,577.4
Adjustment to period-end vs. average assets	102.1	(72.2)
	<u>\$4,218.6</u>	<u>\$ 4,072.5</u>

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

10. SEGMENT INFORMATION (continued)

	December 31, 2007 segment assets as previously reported	Less average gross goodwill and other intangibles	Net average other assets and liabilities included in return measures	December 31, 2007 segment assets
Residential Furnishings	\$ 1,493.6	\$ (573.4)	\$ (118.3)	\$ 801.9
Commercial Fixturing & Components	703.8	(318.1)	(45.4)	340.3
Industrial Materials	376.4	(75.2)	(24.4)	276.8
Specialized Products	676.7	(339.2)	(62.0)	275.5
Average current liabilities included in segment numbers above			318.3	318.3
Assets held for sale	554.5	—	—	554.5
Unallocated assets	410.5	1,318.2	(151.3)	1,577.4
Adjustment to year-end vs average assets	(143.0)	(12.3)	83.1	(72.2)
	<u>\$ 4,072.5</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,072.5</u>

11. CONTINGENCIES

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

The Company has been named as one of numerous defendants in several cases consolidated as Gray v. Derderian, Case No. 1:04-CV-312-L, U.S.D.C. R.I. This litigation resulted from a nightclub fire in West Warwick, Rhode Island involving multiple deaths and injuries. Along with other foam manufacturing defendants, the Company is alleged to have manufactured and sold bulk polyurethane foam to a foam fabricator in Rhode Island, who in turn, is alleged to have fabricated and sold foam sheets to the nightclub. The foam was among other materials alleged to have caught fire when pyrotechnics were ignited inside the nightclub.

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

11. CONTINGENCIES (continued)

The Company believes it did not manufacture the foam subject to the lawsuit and that it has valid defenses to the claims. Nevertheless, with the Company's consent, the Company's primary insurance carrier reached a tentative settlement with counsel for all plaintiffs on April 29, 2008. If the settlement is approved by the court, the Company will pay a \$2 self-insured retention and the remainder of the \$18.2 settlement is the responsibility of the insurance carrier. The settlement is subject to contingencies, including approval by the court. Management does not believe the settlement or the outcome will have a material effect on the Company's financial condition, cash flows or results of operations.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) consists of foreign currency translation adjustments, net unrealized gains (losses) on net investment hedges, cash flow hedges and defined benefit pension plans. The following table sets forth the changes in each component of accumulated other comprehensive income (loss):

	Foreign Currency Translation Adjustments (1)	Net Investment Hedges (2)	Cash Flow Hedges (3)	Defined Benefit Pension Plans (4)	Accumulated Other Comprehensive Income (Loss)
Balance Jan. 1, 2008	\$ 198.5	\$ (2.3)	\$ 1.6	\$ (4.3)	\$ 193.5
Period change	19.1	(2.2)	.4	.2	17.5
Balance June 30, 2008	<u>\$ 217.6</u>	<u>\$ (4.5)</u>	<u>\$ 2.0</u>	<u>\$ (4.1)</u>	<u>\$ 211.0</u>

- (1) There was no income tax effect on foreign currency translation activity affecting accumulated other comprehensive income in the six months ending June 30, 2008.
- (2) Net investment hedge activity is shown net of income tax benefit of \$1.4 for the six months ending June 30, 2008.
- (3) Cash flow hedge activity is shown net of income tax expense of \$.4 for the six months ending June 30, 2008.
- (4) There was no material defined benefit pension plan activity affecting accumulated other comprehensive income in the six months ending June 30, 2008.

	Six Months Ended June 30,		Three Months Ended June 30,	
	2008	2007	2008	2007
Comprehensive income (loss):				
Net earnings	\$ 89.7	\$ 135.7	\$ 46.3	\$ 60.0
Foreign currency translation adjustments	19.1	37.7	28.5	36.4
Net investment hedges	(2.2)	.3	.6	.3
Cash flow hedges	.4	2.0	(.8)	.2
Other	—	.2	—	—
Defined benefit pension plans	.2	(.3)	—	—
Total comprehensive income	<u>\$107.2</u>	<u>\$175.6</u>	<u>\$ 74.6</u>	<u>\$ 96.9</u>

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

13. FAIR VALUE

Effective January 1, 2008, the Company adopted the provisions of SFAS No. 157, “Fair Value Measurements,” except as it applies to those nonfinancial assets and nonfinancial liabilities affected by the one year delay identified in FASB Staff Position 157-2. The primary areas in which the Company utilizes fair value measures applicable to the one year delay are allocating purchase price to the assets and liabilities of acquired companies and evaluating long-term assets for potential impairment.

The areas in which the Company utilizes fair value measures that were included in the January 1, 2008 adoption are cash equivalents and derivatives hedging financial risks primarily related to interest rates, foreign currency, and commodities.

SFAS 157 does not require any new fair value measurements, but requires expanded disclosure about fair value measurements and establishes 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. Financial instruments 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.

The following table presents assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2008:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
Cash equivalents	\$94.7	\$ —	\$ —	\$94.7
Derivative assets	2.0	1.2	—	3.2
<b>Total assets</b>	<b>\$96.7</b>	<b>\$ 1.2</b>	<b>\$ —</b>	<b>\$97.9</b>
<b>Liabilities:</b>				
Derivative liabilities	\$ —	\$10.7	\$ —	\$10.7
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$10.7</b>	<b>\$ —</b>	<b>\$10.7</b>

## INTRODUCTION

**What We Do**

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

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

**Our Segments**

Our continuing operations are composed of 21 business units, with approximately 24,000 employee-partners, and more than 250 facilities located in 20 countries around the world. Our segments are Residential Furnishings, Commercial Fixturing & Components, Industrial Materials, and Specialized Products.

*Residential Furnishings:* This segment supplies a variety of components mainly used by bedding and upholstered furniture manufacturers in the assembly of their finished products. We also sell adjustable beds, bed frames, ornamental beds, carpet cushion, geo components, and other finished products. This segment has generated approximately 50% of the Company’s total sales during the past two years.

*Commercial Fixturing & Components:* Operations in this segment, which have contributed approximately 18% of total sales in the past two years, manufacture and sell store fixtures and point-of-purchase displays used by retailers. We also produce chair controls, bases, and other components for office furniture manufacturers.

*Industrial Materials:* These operations primarily supply steel rod, drawn steel wire, steel billets, and welded steel tubing to other Leggett operations and to external customers. Our wire and tubing is used to make bedding, furniture, automotive seats, retail store fixtures and displays, mechanical springs, and many other end products. This segment has generated approximately 17% of our total sales in the past two years.

*Specialized Products:* From this segment we supply lumbar systems and wire components used by automotive seating manufacturers. We manufacture and install the racks, shelving and cabinets used to outfit fleets of service vans. We also produce machinery, both for ourselves and for others, including bedding manufacturers. This segment has contributed about 15% of total sales during the past two years.

**Discontinued Operations and Other Divestitures**

We divested our Prime Foam operations in early 2007 and our Aluminum Products segment in July 2008; we expect to divest six additional businesses during the remainder of 2008. As a result of these activities, several businesses are disclosed in our financial statements as discontinued operations. Those businesses, listed according to the segment in which they previously resided include:

- Aluminum Products: entire segment (sold July 16, 2008)
- Residential Furnishings: Prime Foam (sold in March 2007), Fibers, Wood Products, and Coated Fabrics
- Commercial Fixturing & Components: Storage Products and Plastics
- Specialized Products: Commercial Vehicle Products – Dealer Unit

On July 16, 2008, we divested our Aluminum Products segment for \$300 million in cash, a subordinated note with a face value of \$25 million, and shares of preferred stock (with value not to exceed \$25 million, dependent upon future performance of the divested business). The Company is still finalizing the calculation of gain or loss on the transaction (including income tax effects) but does not anticipate a significant financial statement impact, which will be reflected in third quarter 2008.

The remaining divestitures are progressing as planned. Investment bankers are assisting with the sale of four of the businesses, and we are in discussions with numerous potential buyers, both financial and strategic. We continue to believe that all of the divestitures will occur during 2008, and expect to recover the carrying value of the assets held for sale. Net assets classified as held for sale totaled \$499 million at June 30, 2008 and \$481 million at December 31, 2007. With the divestiture of Aluminum Products, \$314 million of these net assets at June 30 have been sold.

### **Strategic Changes**

During 2007, we completed an extensive review of our business portfolio in an effort to enhance shareholder return. For each business unit, we considered factors such as competitive advantages, market position, financial performance, and potential growth opportunities. We have made, and continue to implement, significant changes to our financial targets, portfolio mix, and planning processes as a result of the review.

Total Shareholder Return (TSR) is now the key success measure that we will use to monitor performance. TSR is driven by the change in our share price and the dividends we pay [ $TSR = (\text{Change in Stock Price} + \text{Dividends}) / \text{Beginning Stock Price}$ ]. Historically, our primary objective was profitable growth. Going forward, we intend to generate higher TSR through a greater emphasis on improving returns and maximizing cash flow, with growth representing just one of several means to achieve that result. We are modifying our incentive plans to emphasize the importance of, and reward, TSR. Beginning in 2008, we introduced TSR-based incentives for senior executives and modified business unit bonuses to include a link to return on assets.

We have adopted role-based portfolio management and will concentrate future investments in businesses with competitive advantages and financial health. Certain of our businesses (growth businesses) are positioned to generate value through further growth, while others (core businesses) are positioned to drive value by improving returns and optimizing operating and investing cash flows. Both are critical drivers of TSR. We will allocate capital to each business unit (BU) based upon its role in the portfolio. We plan to invest aggressively in growth businesses that hold strong competitive positions and consistently achieve compelling returns on those investments. We plan to maintain or improve our competitive position in core businesses (those that typically hold stable positions in solid markets where returns are somewhat lower) and focus on improving returns, but limit further investment in these operations. In total, we anticipate lower capital expenditures and fewer acquisitions in the near term. In addition, we have implemented a more rigorous strategic planning process to continually assess our business units and help guide future decisions regarding the role of each BU, capital allocation priorities, and new areas in which to grow.

After significant study, we narrowed our focus and are eliminating over 20% of the portfolio based upon each BU's strategic value and financial returns. Most of this activity is expected to occur in 2008. The largest portion of the revenue reduction will come from the divestiture of the Aluminum Products segment (sold July 16, 2008) and six additional business units. Additionally, the Store Fixtures business unit has a year-end 2008 deadline by which to significantly improve performance; we continue to prune the unit's least profitable revenue. Finally, several business units, though otherwise healthy, contain individual plants that are operating at unacceptable profit levels. We expect to continue closing or divesting a number of these facilities.

We believe these changes will increase available cash, and we intend to return more of this cash to shareholders. In support of this objective, the Board of Directors

authorized a 39% dividend increase, moving the annual rate to \$1.00 per share (from the previous \$.72). This increase was effective with the quarterly dividend paid in January 2008. We also expect to continue repurchasing our shares, and have a standing 10 million share annual authorization from the Board. In addition to the standing authorization, the Board has approved the repurchase of up to an additional 20 million shares during 2008 at management's discretion, limited to the amount of divestiture proceeds. We have already begun stock purchases with the proceeds from the Aluminum Products divestiture discussed above.

## **Customers**

We serve a broad suite of customers, with no single one representing even 5% of our sales from continuing operations. Many are companies whose names are widely recognized; they include most manufacturers of furniture and bedding, a variety of other manufacturers, and many major retailers.

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

## **Major Factors That Impact Our Business**

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

### *Market Demand*

Market demand (including product mix) is impacted by several economic factors, with consumer confidence being most significant. Other important factors include disposable income levels, employment levels, housing turnover, and interest rates. All 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.

Throughout 2007 and early 2008, demand weakness in the U.S. home-related, retail, and other markets led to lower volume in certain of our businesses. Several factors, including a weak U.S. economy, higher energy costs, a slump in the housing market, and low consumer confidence have contributed to conservative spending habits by U.S. consumers. During the first half of 2008, our U.S. bedding components business began gaining market share as a result of: i) bedding manufacturers shifting innerspring purchases from international to domestic sources; ii) the deverticalization of a strong regional bedding manufacturer; and, iii) increased demand for innerspring mattresses, rather than premium-priced, non-innerspring products.

### *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.

Purchasing arrangements vary across the company. We typically have short-term commitments from our suppliers; accordingly our raw material costs generally move with the market. In certain of our businesses, we have longer-term purchase contracts with pricing terms that provide stability under reasonable market conditions. However, when commodities experience extreme inflation, vendors do not always honor those contracts.

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.

Steel is our principal raw material and at various times in past years we have experienced cost fluctuations in this commodity. In most cases, the major changes (both increases and decreases) were passed through to customers via selling price adjustments. In late 2007 we began seeing higher steel costs, and significant increases have continued to occur in 2008. Since early December, the cost of steel scrap has more than doubled and costs of other types of steel have also increased significantly. We have initiated and continue to implement price increases to recover these higher costs.



We also experienced significant inflation in foam scrap and chemicals in recent years, but recovered most of the higher costs through selling price increases. The cost of foam scrap declined from peak levels during 2007, resulting in lower selling prices that continue into 2008 in our carpet underlay business.

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 as a result of this de-contenting. We are responding by developing new products (including new types of innersprings) that enable our customers to reduce their total costs, and provide higher margin and profit contribution for our operations. Some of these new products were introduced during 2007, with production of those products ramping up in 2008.

#### *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.

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

We continue to face pressure from foreign competitors as some of our customers source a portion of their components and finished products from Asia. In instances where our customers move production of their finished products overseas, our operations must be located nearby to supply them efficiently. At June 30, 2008, Leggett operated 11 facilities in China.

In recent years we experienced increased competition in the U.S. from foreign bedding component manufacturers. We reacted to this competition by selectively adjusting prices, and by developing new proprietary products that help our customers reduce total costs. The increased price competition for bedding components is partially due to lower wire costs in China. Asian manufacturers currently benefit from cost advantages for commodities such as steel and chemicals. Foreign manufacturers also benefit from lenient regulatory climates related to safety and environmental matters.

During 2008, we have seen a distinct decline in the imports of low-priced innersprings since the Department of Commerce (in January) initiated the anti-dumping investigations on innerspring imports from China, South Africa, and Vietnam. In February, the International Trade Commission issued an affirmative preliminary injury determination, and on July 31, the Department of Commerce (DOC) announced preliminary duty rates on innersprings imported from these three countries ranging from 116% - 234%. As a result, DOC will instruct the U.S. Customs and Border Protection to collect a cash deposit or bond based on these preliminary rates. As a result of those declining imports, we have regained some market share and have been able to pass through a portion of our higher raw material costs.

#### *Store Fixtures Business Unit Improvement*

As part of the 2007 Strategic Plan, the Store Fixtures business unit was placed in the "fix" category and given a 12 month deadline to improve its after-tax returns to at least equal cost of capital levels. We are not pleased with second quarter results in the business unit and are taking aggressive actions to meet our targets. Since late 2007, we have reduced manufacturing capacity by 27%, cut administrative costs by approximately \$2 million, reduced the unit's total workforce by approximately 20%, pruned \$90 million of unprofitable sales, implemented a much more disciplined unit-wide pricing policy, and installed standardized operating systems across the business unit. Despite all these activities, we are not showing the progress we expect. Third quarter performance of the business unit will be critical in our ongoing strategic planning process.

## Asset Impairments and Restructuring-related Charges

In the fourth quarter 2007, we recognized \$287 million (primarily all non-cash) of impairment and restructuring-related charges associated with the strategic plan. In 2008, we incurred an additional \$1.8 million of restructuring-related costs and \$5.6 million of asset impairments related to the plan. We anticipate that we will be able to complete the plan with total charges of approximately \$300 million. For further information about restructuring and asset impairments, see Note 4 of the Notes to Consolidated Condensed Financial Statements.

## RESULTS OF OPERATIONS

### *Discussion of Consolidated Results*

Second quarter sales of \$1.06 billion (from continuing operations) were .7% lower than in the second quarter of 2007. Same location sales (sales for locations owned and operated in both the current and prior year periods) declined .5%. Soft market demand and the Company's decision to exit specific sales volume with unacceptable profit margins was largely offset by market share gains and price inflation. Increased sales from acquisitions were more than offset by sales reductions from divestitures.

Earnings for the quarter were \$.27 per diluted share, including \$.02 per share of earnings from discontinued operations, \$.01 per share of restructuring-related costs, and a \$.02 per share charge for a foreign tax adjustment. In the second quarter of 2007, earnings per share were \$.33, including \$.03 per share from discontinued operations and other items. The year-over-year reduction in continuing operations' earnings is primarily due to soft demand in several markets.

Earnings from discontinued operations in the second quarter of 2008 were \$.02 per share, and included approximately \$.03 per share of non-operating charges. In the second quarter of 2007, earnings per share from discontinued operations were \$.02.

### *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, we use the last-in, first-out (LIFO) method for determining cost of about 60% of our inventories. An adjustment is made at the corporate level (i.e. outside the segments) to convert the appropriate operations to the LIFO method. Steel price increases in 2008 have been significant; these increases have led to higher LIFO expense. For the full year, we are projecting LIFO expense of \$32.0 million. LIFO expense for the six months ended June 30, 2008 was \$16.0 million (\$15.1 million in continuing operations and \$.9 million in discontinued operations). Within continuing operations, \$3.6 million was recognized in the first quarter and \$11.5 million was recognized in the second quarter. Accurately predicting steel prices for the remainder of 2008 is extremely difficult. Therefore, LIFO expense for the 2008 full year could be significantly different from that currently estimated. In addition, a variation in expected ending inventory levels could also impact total LIFO expense for the year. Any change in the annual estimate of LIFO expense will be reflected in the remaining 2008 interim periods. See Note 6 of the Notes to Consolidated Condensed Financial Statements for further discussion of inventories.

## Interest and Taxes

Second quarter 2008 interest expense decreased \$1.1 million compared to the second quarter of 2007, due primarily to a lower level of term notes as a result of maturities paid in 2007. Interest expense for the full year 2008 is expected to be slightly lower than in 2007. Interest income for the full year 2008 is expected to be approximately the same as 2007 amounts.

The reported second quarter consolidated worldwide effective tax rate on continuing operations is 37.6%, significantly higher than the 24.2% rate for the same quarter last year. A portion of this increase was caused by certain non-recurring tax benefits which occurred in the second quarter of 2007 including the realization of foreign tax credits, as well as a non-recurring tax expense in the second quarter of 2008 related to the establishment of a tax reserve associated with a foreign withholding tax exposure. The remaining increase is caused by a migration of income from lower-tax jurisdictions to higher-tax jurisdictions, and uncertainties surrounding the recovery of tax operating losses in certain foreign jurisdictions. The effective rate for the remainder of 2008 may be different from the second quarter tax rate depending on such factors as overall profitability of the Company, the mix of earnings among taxing jurisdictions, the type of income earned and the effect of 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 10 of the Notes to Consolidated Condensed Financial Statements.

A summary of the segment results from continuing operations for the quarters ended June 30, 2008 and June 30, 2007 are shown in the following tables. Reported amounts for 2007 have been retrospectively adjusted to reflect only continuing operations.

	Three Months ended June 30, 2008 Sales	Three Months ended June 30, 2007 Sales	Change in Sales		% Change in Same Location Sales
			\$	%	
Residential Furnishings	\$ 557.8	\$ 565.4	\$ (7.6)	(1.3)%	(1.2)%
Commercial Fixturing & Components	184.0	217.7	(33.7)	(15.5)	(15.7)
Industrial Materials	247.3	196.1	51.2	26.1	26.6
Specialized Products	179.5	178.1	1.4	0.8	0.8
Total	1,168.6	1,157.3	11.3	1.0	
Intersegment sales	(105.5)	(86.8)	(18.7)		
External sales	\$ 1,063.1	\$ 1,070.5	\$ (7.4)	(0.7)%	(0.5)%

	Three Months ended	Three Months ended	Change in EBIT		EBIT Margins*	
	June 30, 2008	June 30, 2007			Three Months ended	Three Months ended
	EBIT	EBIT	\$	%	June 30, 2008	June 30, 2007
Residential Furnishings	\$ 48.6	\$ 42.3	\$ 6.3	14.9%	8.7%	7.5%
Commercial Fixturing & Components	8.6	14.7	(6.1)	(41.5)	4.7	6.8
Industrial Materials	23.2	13.4	9.8	73.1	9.4	6.8
Specialized Products	14.4	17.4	(3.0)	(17.2)	8.0	9.8
Intersegment eliminations	(2.6)	(1.8)	(0.8)			
Change in LIFO reserve	(11.5)	0.8	(12.3)			
<b>Total</b>	<b>\$ 80.7</b>	<b>\$ 86.8</b>	<b>\$ (6.1)</b>	<b>(7.0)%</b>	<b>7.6%</b>	<b>8.1%</b>

\* Segment margins calculated on total sales. Overall company margin calculated on external sales.

#### *Residential Furnishings*

Total sales from continuing operations decreased \$7.6 million. No acquisitions were completed during the past 12 months. Same location sales declined 1.2%. Market share gains and inflation-related price increases largely offset the weak end markets experienced in many parts of the segment.

EBIT (earnings before interest and income taxes) from continuing operations increased \$6.3 million despite lower sales. This increase primarily reflects benefits from the market share gains, pricing discipline, and operating improvements resulting from past restructuring activities.

#### *Commercial Fixturing & Components*

Total sales from continuing operations decreased \$33.7 million, or 15.5%. Same location sales declined 15.7%, primarily from reduced capital spending by retailers and our decision in the Store Fixtures business to walk away from sales with unacceptable margins. Sales from acquisitions were more than offset by a divestiture that took place late in the first quarter.

EBIT from continuing operations decreased \$6.1 million, primarily reflecting the lower sales and a weak retail environment. Last year's results benefited from gains from asset sales, which were partially offset by restructuring-related charges.

#### *Industrial Materials*

Total sales increased \$51.2 million, or 26.1%. Same location sales increased 26.6%, primarily from the pass-through of higher steel costs, but also from increased sales of steel billets and greater demand for wire by our U.S. bedding operations. These improvements were partially offset by continued softness in automotive and other end markets.

EBIT increased \$9.8 million due to higher sales, including billet sales, and operating improvements at several locations.

#### *Specialized Products*

Total sales from continuing operations increased \$1.4 million. Growth in European and Asian automotive, as well as machinery, was offset by lower volume in North American automotive and the fleet portion of Commercial Vehicle Products. EBIT from continuing operations decreased \$3.0 million, primarily due to sales reductions in certain markets and higher steel costs with limited recovery.

## Discontinued Operations

Earnings from discontinued operations are presented net of tax on the Consolidated Condensed Statements of Operations.

Net earnings from discontinued operations in the second quarter of 2008 were \$2.8 million and included \$5.6 million of other non-operating charges, primarily asset impairment charges. In the second quarter of 2007, earnings from discontinued operations were \$3.7 million.

## Six-Month Discussion

A description of the products included in each segment, along with segment financial data, appear in Note 10 of the Notes to Consolidated Condensed Financial Statements.

A summary of the segment results from continuing operations for the six months ended June 30, 2008 and June 30, 2007 are shown in the following tables. Reported amounts for 2007 have been retrospectively adjusted to reflect only continuing operations.

	Six Months ended June 30, 2008 Sales	Six Months ended June 30, 2007 Sales	Change in Sales		% Change in Same Location Sales
			\$	%	
Residential Furnishings	\$ 1,080.3	\$ 1,153.4	\$(73.1)	(6.3)%	(6.2)%
Commercial Fixturing & Components	376.0	412.5	(36.5)	(8.8)	(10.0)
Industrial Materials	459.8	387.2	72.6	18.8	17.3
Specialized Products	348.4	340.9	7.5	2.2	.7
Total	2,264.5	2,294.0	(29.5)	(1.3)	
Intersegment sales	(203.1)	(175.9)	(27.2)		
External sales	\$ 2,061.4	\$ 2,118.1	\$(56.7)	(2.7)%	(3.3)%

	Six Months ended June 30, 2008 EBIT	Six Months ended June 30, 2007 EBIT	Change in EBIT		EBIT Margins*	
			\$	%	Six Months ended June 30, 2008	Six Months ended June 30, 2007
Residential Furnishings	\$ 85.9	\$ 98.7	\$(12.8)	(13.0)%	8.0%	8.6%
Commercial Fixturing & Components	16.3	22.6	(6.3)	(27.9)	4.3	5.5
Industrial Materials	41.7	26.5	15.2	57.4	9.1	6.8
Specialized Products	28.3	31.7	(3.4)	(10.7)	8.1	9.3
Intersegment eliminations	(7.3)	(2.5)	(4.8)			
Change in LIFO reserve	(15.1)	1.6	(16.7)			
Total	\$ 149.8	\$ 178.6	\$(28.8)	(16.1)%	7.3%	8.4%

\* Segment margins calculated on total sales. Overall company margin calculated on external sales.

#### *Residential Furnishings*

Total sales from continuing operations decreased \$73.1 million. No acquisitions were completed during the past 12 months. The 6.2% same location sales decline primarily reflects soft demand in U.S. residential-related markets.

EBIT from continuing operations decreased \$12.8 million. The EBIT impact from lower sales was partially offset by operating improvements resulting from past restructuring activities.

#### *Commercial Fixturing & Components*

Total sales from continuing operations decreased \$36.5 million, or 8.8%. Same location sales declined 10.0%, primarily due to reduced capital spending by retailers and our decision to walk away from sales with unacceptable profit margins. Sales from acquisitions of \$9.3 million partially offset the lower same location sales.

EBIT from continuing operations decreased \$6.3 million, primarily due to reduced sales and a difficult retail and inflation environment.

#### *Industrial Materials*

Total sales increased \$72.6 million, or 18.8%. Same location sales increased 17.3%, primarily from the pass-through of higher steel costs, but also from increased sales of steel billets and greater demand for wire by our U.S. bedding operations. These improvements were partially offset by continued softness in automotive and other end markets. Acquisitions also contributed \$9.6 million to sales but were partially offset by a \$3.4 million decrease from a small divestiture.

EBIT increased \$15.2 million due to higher sales, including billet sales, and operating improvements at several locations.

### *Specialized Products*

Total sales from continuing operations increased \$7.5 million, reflecting acquisition growth of \$5.0 million and a modest increase in same location sales. Growth in the European and Asian automotive markets, as well as machinery, was offset by lower volume in North American automotive and in the fleet portion of Commercial Vehicle Products.

EBIT from continuing operations decreased \$3.4 million, primarily due to sales reductions in certain markets and higher steel costs with limited recovery.

### *Discontinued Operations*

Earnings from discontinued operations are presented net of tax on the Consolidated Condensed Statements of Operations.

Net earnings from discontinued operations were \$7.0 million and included a \$1.5 million loss from the sale of an automotive seating components operation and \$7.3 million of other non-operating charges, primarily related to asset impairment charges and expenses associated with the divestiture of the business units. In 2007, earnings from discontinued operations were \$23.0 million and included a \$12.1 million gain from the sale of the Prime Foam business.

## LIQUIDITY AND CAPITALIZATION

In this section, we provide details, reflecting both continuing and discontinued operations, about our:

- Uses of cash
- Cash from operations
- 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 much of the cash we require. Debt is also used to fund a portion of our requirements. In keeping with our stated financial goals, net debt to net capital increased from 28.0% at year-end 2007 to 31.6% as of June 30, 2008. Our long-term target is to have net debt as a percent of net capital in the 30%-40% range, while maintaining our longstanding "single A" debt rating. The table on page 33 shows the calculation of net debt as a percent of net capital at June 30, 2008 and December 31, 2007.

### Uses of Cash

#### *Finance Capital Requirements*

For the next two years, we plan to focus primarily on improving returns of the existing asset base. That pursuit will require much of senior management's time and attention, and revenue growth during this period is expected to be minimal. However, cash is readily available to fund selective growth, both internally (through capital expenditures) and externally (through acquisitions).

Capital expenditures are investments we make to modernize, maintain, and expand manufacturing capacity. With our move to role-based portfolio management, we expect to be

more restrictive in funding capital projects. Accordingly, we expect future capital spending to be less than in recent years. Capital spending in 2008 is expected to be about \$135 million. Growth capital, which has historically been available to all our businesses, will now be predominantly earmarked for our “grow” business units. Operations that are a part of our “core” business units will receive capital primarily for productivity enhancements, but expansion capital will be limited.

We have also set a higher bar for acquisitions, and do not anticipate many coming to fruition over the next one to two years. Longer term, we plan to pursue disciplined growth through fewer, but more strategic, opportunities. We will seek acquisitions within our growth businesses, and will also look for longer-term opportunities to enter new, higher growth markets that meet strict criteria.

#### *Pay Dividends*

With improvements in returns, the expected decrease in capital spending and acquisitions, and the planned divestitures, we should have more available cash to return to shareholders. Higher annual dividends are one means by which that will occur. We declared a second quarter dividend of \$.25 per share (paid on July 15), representing a 39% increase over last year’s second quarter dividend of \$.18 per share. This year marks the Company’s 37<sup>th</sup> consecutive annual dividend increase at an average compound growth rate of over 14%.

#### *Repurchase Stock*

Share repurchases are the other means by which we return cash to shareholders. During the second quarter of 2008, we repurchased 2.7 million shares of our stock at an average price of just under \$18 per share. By the end of July 2008, we had purchased all of the shares remaining under our 2008 annual repurchase authorization (purchases of approximately 1 million shares under this authorization were accelerated into late 2007). In addition, in February the Board approved the repurchase of up to an additional 20 million shares in 2008 at management’s discretion, limited to the amount of divestiture proceeds. Subject to general economic and market conditions, the price of Leggett stock, working capital needs and other factors, we expect to repurchase a substantial portion of the additional 20 million shares authorized by the end of 2008.

#### *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 first six months of 2008 was \$126.5 million. This is \$115 million lower than the first six months of 2007 primarily due to an increase in working capital and lower earnings. Inventory represents the largest increase in working capital, led by higher steel prices.

Working capital levels fluctuate from quarter to quarter with the seasonality of our business and vary by segment, with the requirements of Commercial Fixturing & Components generally higher than overall company averages. Accounts receivable balances in this segment are typically higher due to the longer credit terms required to service certain customers of the Fixture & Display businesses. This business also requires higher inventory investments due to the custom nature of its products, longer manufacturing lead times (in certain cases), and the needs of many customers to receive large volumes of product within short periods of time.

We have classified certain assets and liabilities of the planned divestitures as amounts “held for sale.” Depreciation and amortization are no longer recognized on these assets; accordingly, we anticipate that the 2008 depreciation and amortization expense will be approximately \$35-\$40 million lower than in 2007.



## Capitalization

The following table presents Leggett's total capitalization and unused committed credit at June 30, 2008 and December 31, 2007.

(Dollar amounts in millions)	June 30, 2008	December 31, 2007
Long-term debt outstanding:		
Scheduled maturities	\$ 795	\$ 796
Average interest rates*	4.7%	4.9%
Average maturities in years*	6.9	6.8
Revolving credit/commercial paper	433	205
Total long-term debt	1,228	1,001
Deferred income taxes and other liabilities	164	139
Shareholders' equity	2,081	2,133
Total capitalization	<u>\$3,473</u>	<u>\$ 3,273</u>
Unused committed credit:		
Long-term	\$ 167	\$ 395
Short-term		—
Total unused committed credit	<u>\$ 167</u>	<u>\$ 395</u>
Current maturities of long-term debt	<u>\$ 11</u>	<u>\$ 89</u>
Cash and cash equivalents	<u>\$ 203</u>	<u>\$ 205</u>
Ratio of earnings to fixed charges**	<u>4.1x</u>	<u>2.6x</u>

\* These calculations include current 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.

The next table shows the percent of long-term debt to total capitalization at June 30, 2008 and December 31, 2007, 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 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, 2008	December 31, 2007
Debt to total capitalization:		
Long-term debt	\$1,228	\$ 1,001
Current debt maturities	11	89
Cash and cash equivalents	(203)	(205)
Net debt	<u>\$1,036</u>	<u>\$ 885</u>
Total Capitalization	\$3,473	\$ 3,273
Current debt maturities	11	89
Cash and cash equivalents	(203)	(205)
Net capitalization	<u>\$3,281</u>	<u>\$ 3,157</u>
Long-term debt to total capitalization	<u>35.4%</u>	<u>30.6%</u>
Net debt to net capitalization	<u>31.6%</u>	<u>28.0%</u>

Total debt (which includes long-term debt and current debt maturities) increased \$150 million from year-end 2007 levels. During the quarter, we added \$133 million of commercial paper borrowings and paid off \$63 million of medium-term notes that came due. To further facilitate the issuance of debt and other securities, \$300 million remains available under a shelf registration.

In addition to issuing long-term notes, we can also raise cash by issuing up to \$600 million in commercial paper through a program that is backed by a \$600 million revolving credit commitment that terminates in 2012. At June 30, 2008, \$433 million of commercial paper was outstanding under this program and is classified as long-term debt. Cash proceeds from the sale of the Aluminum Products segment, discussed above, have been used to reduce our outstanding commercial paper balance in July 2008. However, commercial paper balances will increase as we repurchase stock.

With anticipated operating cash flows and both the shelf registration and the commercial paper program in place, we believe we have sufficient funds available to support our ongoing operations, return cash to shareholders, and fund planned growth.

#### NEW ACCOUNTING STANDARDS

On January 1, 2008, the Company adopted the Financial Accounting Standards Board (FASB) Statement of Accounting Standards (SFAS) No. 158 (SFAS 158), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" provision which requires it to measure the funded status of its plans as of year end beginning with its December 31, 2008 balance sheet. The Company previously used September 30 as the measurement date for its most significant plans. The Company has chosen to perform a measurement that covers the 15-month period of October 1, 2007 through December 31, 2008. Upon implementation, a proportionate allocation was made to cover the net benefit income for the transition period and the Company recorded a \$.5 (net of tax) increase to beginning retained earnings on January 1, 2008.

As discussed in Note 13, the Company also adopted the provisions of SFAS No. 157 (SFAS 157), "Fair Value Measurements" on January 1, 2008. SFAS 157 provides guidance for using fair value to measure assets and liabilities and requires additional disclosure.

In February 2007, the FASB issued SFAS No. 159 (SFAS 159), "The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115". SFAS 159 permits entities to choose to measure many financial instruments and certain other instruments at fair value, with the objective of improving financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. As the Company did not elect to fair value any of its financial instruments under the provisions of SFAS 159, the adoption of this statement effective January 1, 2008 did not have an impact on the financial statements.

In December 2007, the FASB issued SFAS No. 141 (R) (SFAS 141R), "Business Combinations," which replaces SFAS 141. The new standard requires the acquiring entity in a business combination to recognize all the assets acquired and liabilities assumed in the transaction and establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed. SFAS 141R is effective on a prospective basis for all business combinations for which the acquisition date is on or after January 1, 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. SFAS 141R amends SFAS 109 such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to the effective date of SFAS 141R would also apply the provisions of SFAS 141R. Because the adoption of SFAS 141R will be applied prospectively, it is not expected to have a material impact on the Company's financial statements.

In December 2007, the FASB also issued SFAS No. 160 (SFAS 160), "Noncontrolling Interests in Consolidated Financial Statements," which seeks to improve the relevance, comparability, and transparency of financial information provided to investors by requiring all entities to report noncontrolling (minority) interests in subsidiaries in the same way, as equity in their consolidated financial statements. SFAS 160 is also effective for the Company beginning January 1, 2009, and its adoption is not expected to have a material impact on the Company's financial statements.

In March 2008, the FASB issued SFAS No. 161 (SFAS 161), "Disclosures about Derivative Instruments and Hedging Activities." The new standard requires enhanced disclosures about derivative instruments and hedging activities and their effects on an entity's financial position, financial performance, and cash flows. The Statement requires disclosure of objectives and strategies for derivative instruments, disclosure of the fair values of derivative instruments and their gains and losses in a tabular format, disclosure of contingent derivative features that are credit-risk related, and requires cross-referencing within footnotes if the required disclosures are presented in more than one footnote. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Its adoption is not expected to have a material impact on the Company's financial statements.

In May 2008, the FASB issued SFAS No. 162 (SFAS 162), "The Hierarchy of Generally Accepted Accounting Principles." This statement identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. It is effective 60 days following the Security and Exchange Commission's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The Company does not expect that this statement will result in a change in its current practice.

In April 2008, FASB Staff Position (FSP) FAS No. 142-3, "Determination of the Useful Life of Intangible Assets" was issued. This FSP amends the factors that must be considered in developing renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets." The FSP requires an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset, and is an attempt to improve consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under FAS No. 141, "Business Combinations." The FSP is effective for the Company beginning January 1, 2009, and the guidance for determining the useful life of a recognized intangible asset must be applied prospectively to intangible assets acquired after the effective date. The Company does not expect the adoption of FSP FAS No. 142-3 to have a material effect on its consolidated financial statements.

## DERIVATIVE FINANCIAL INSTRUMENTS

### Risk Management Strategy & Objectives

The Company is subject to market and financial risks related to interest rates, foreign currency, and commodities. In the normal course of business, the Company utilizes derivative instruments (individually or in combinations) to reduce or eliminate these risks. The Company seeks to use derivative contracts that qualify for hedge accounting treatment; however, some instruments may not qualify for hedge accounting treatment. It is the Company's policy not to speculate in derivative instruments.

### Cash Flow Hedges

The Company has outstanding derivative financial instruments that hedge forecasted transactions and anticipated cash flows. The changes in fair value of unexpired contracts are recorded in other comprehensive income and reclassified to income or expense in the period in which earnings are impacted.

### *Commodity Cash Flow Hedges*

The commodity cash flow hedges manage natural gas commodity price risk. There were \$2.6 million in outstanding natural gas hedges at June 30, 2008, all of which had maturities less than 1 year. However, the Company routinely hedges commodity price risk up to 36 months. The Company recognized income on these commodity hedges of \$1.1 million and \$1.2 million for the quarter and six months ended June 30, 2008, respectively; and expense of \$.2 million and \$.5 million for the quarter and six months ended June 30, 2007, respectively.

### Foreign Currency Cash Flow Hedges

The foreign currency hedges manage risk associated with exchange rate volatility of various currencies. Of the \$28.2 million in foreign currency cash flow hedges at June 30, 2008, 84% hedged CAD/USD exposures, and 16% hedged AUD/USD exposures. In general, foreign currency cash flow hedges have maturities within 2 years. The Company recognized income on foreign currency cash flow hedges of \$1.5 million and \$.4 million for the quarters ended June 30, 2008 and 2007, respectively; and \$1.3 million and \$.5 million for the six months ended June 30, 2008 and 2007, respectively.

### Fair Value Hedges

The Company had fair value hedges at June 30, 2008 that were not material and were outstanding to manage foreign currency risk associated with a subsidiary's intercompany receivables. Hedges designated as fair value hedges recognize gain or loss currently in earnings.

### Net Investment Hedges

At June 30, 2008 and December 31, 2007, the Company had \$30.0 on a notional basis designated as hedging the risk associated with net investments in a Swiss subsidiary. Changes in the value of the hedge offset the changes in the value of \$30.0 of the foreign net investment on a consolidated basis. As of June 30, 2008, the net investment hedge had a maturity within 12 months.

### Hedge Effectiveness

The Company considers all hedges to be highly effective and as a result, has not recorded any material amounts for ineffectiveness.

At June 30, 2008, the Company had one derivative transaction that did not qualify for hedge accounting treatment under SFAS No. 133 (SFAS 133) "Accounting for Derivative Instruments and Hedging Activities." Gains or losses on this transaction were not material and are recorded directly to income and expense in the period impacted and economically offset gains or losses on the underlying hedged item in other income.

The transactions disclosed below include only transactions that qualified for hedge accounting treatment under SFAS 133. The fair values of the derivatives reflect the change in market value of the derivative from the date of trade execution, and do not consider the offsetting underlying hedged item.

	June 30, 2008		December 31, 2007	
	Total USD Equivalent Notional Amount	Fair Value at 6/30/08	Total USD Equivalent Notional Amount	Fair Value at 12/31/07
Commodity cash flow hedges	\$ 2.6	\$ 2.0	\$ 9.2	\$ (.1)
Foreign currency cash flow hedges	28.2	.9	47.6	2.2
Total cash flow hedges	30.8	2.9	56.8	2.1
Fair value hedges	5.4	—	7.8	.1
Net investment hedges	30.0	(7.2)	30.0	(3.7)
Total derivative instruments	\$ 66.2	(4.3)	\$ 94.6	(1.5)
Deferred income taxes		2.1		1.1
Total, net of tax		\$ (2.2)		\$ (.4)

### *Interest rate*

Substantially all of the Company's debt is denominated in United States dollars. The fair value for fixed rate debt was less than its \$754.0 million carrying value by \$59.2 million at June 30, 2008, and less than its \$816.5 carrying value by \$43.1 million at December 31, 2007. The fair value of variable rate debt is not significantly different from its recorded amount. The decrease in the fair market value of the Company's debt is due primarily to the increase in longer-term interest rates since year end. The fair value of fixed rate debt was calculated using the U.S. Treasury Bond rate as of June 30, 2008 and December 31, 2007 for similar remaining maturities, plus an estimated "spread" over such Treasury securities representing the Company's interest costs.

### *Investment in Foreign Subsidiaries*

The Company views its investment in foreign subsidiaries as a long-term commitment, and does not hedge translation exposures, except for the net investment hedge discussed above. The investment in a foreign subsidiary may take the form of either permanent capital or notes. The Company's net investment (i.e., total assets less total liabilities subject to translation exposure) in foreign subsidiaries was \$947.0 million at June 30, 2008, compared to \$914.1 million at December 31, 2007.

### FORWARD-LOOKING STATEMENTS AND RELATED MATTERS

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, the estimates of the amounts and timing of costs and charges resulting from the exit activities associated with the Company's 2007 Strategic Plan; the number and nature of business units to be divested; the amount of revenue reduced as a result of the exit activities; the timing of and amount of proceeds anticipated to be generated from the divestitures; projections of revenue, income, earnings, capital expenditures, dividends, capital structure, cash flows or other financial items; possible plans, goals, objectives, prospects, strategies or trends concerning future operations; statements concerning future economic performance; and statements of the underlying assumptions relating to the forward-looking statements. These statements are identified either by the context in which they appear or by use of words such as "anticipate," "believe," "estimate," "expect," "intends," "may," "plans," "should" or the like. All such forward-looking statements, whether written or oral, and whether made by us or on our behalf, are expressly qualified by the cautionary statements described in this provision.

Any forward-looking statement reflects only the beliefs of the Company or its management at the time the statement is made. Because all forward-looking statements deal with the future, they are subject to risks, uncertainties and developments which might cause actual events or results to differ materially from those envisioned or reflected in any forward-looking statement. Moreover, we do not have, and do not undertake, any duty to update or revise any forward-looking statement to reflect events or circumstances

after the date on which the statement was made. For all of these reasons, forward-looking statements should not be relied upon as a prediction of actual future events, objectives, strategies, trends or results.

It is not possible to anticipate and list all risks, uncertainties and developments which may affect future operations or performance of the Company, or which otherwise may cause actual events or results to differ from forward-looking statements. However, some of these risks and uncertainties include the following:

- the preliminary nature of the estimates related to the exit activities, and the possibility they may change as the Company's analysis develops, additional information is obtained, and the Company's efforts to divest the businesses progress;
- our ability to timely implement the 2007 Strategic Plan in a manner that will positively impact our financial condition, results of operations and cash flow from operations;
- the impact of the 2007 Strategic Plan on the Company's relationships with its employees, major customers and vendors;
- our ability to dispose of assets pursuant to the 2007 Strategic Plan and obtain expected proceeds;
- factors that could affect industries or markets in which we participate, such as growth rates and opportunities in those industries, changes in demand for certain products or trends in capital spending;
- our ability to improve operations and realize cost savings (including our ability to fix under-performing operations pursuant to the 2007 Strategic Plan);
- factors that could impact raw material 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;
- our ability to maintain profit margins if our customers change the quantity and mix of our components in their finished goods;
- price and product competition from foreign (particularly Asian) and domestic competitors;
- a significant decline in the long-term outlook for any given reporting unit that could result in goodwill impairment;
- future growth of acquired companies;
- our ability to bring start-up operations on line as budgeted in terms of expense and timing;
- litigation risks, including litigation regarding product liability and warranty, intellectual property and workers' compensation expense;
- our ability to achieve long-term targets for sales, earnings and margins for the Company as a whole and for each segment;
- changes in competitive, economic, legal, market conditions and related factors, such as the rate of economic growth in the United States and abroad, inflation, currency fluctuation, political risk, U.S. or foreign laws or regulations, interest rates, housing turnover, employment levels, consumer sentiment, taxation and the like.

This MD&A contains a disclosure on page 31 of the security ratings of the Company's public debt. This discussion is not a recommendation to buy, sell or hold securities. Also, the security ratings are subject to revisions and withdrawal at any time by the rating organizations. Each rating should be evaluated independently of any other rating.

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

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

**ITEM 4. CONTROLS AND PROCEDURES**

An evaluation as of the period ending June 30, 2008 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, 2008, to provide reasonable assurance that information that is required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified by the Securities & Exchange Commission rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There was no change in the Company's internal control over financial reporting that occurred during the quarter ending June 30, 2008 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

On December 31, 2007, the Company filed petitions with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (ITC) alleging that manufacturers of uncovered innersprings in China, South Africa and Vietnam are unfairly selling their products in the United States at less than fair value ("dumping"). The ITC has made a preliminary determination of material injury to the domestic innerspring industry in this case and the DOC announced preliminary duty rates on innersprings imported from these three countries ranging from 116% - 234%. As a result, DOC will instruct the U.S. Customs and Border Protection to collect a cash deposit or bond based on these preliminary rates. If the DOC makes a final determination that dumping is present and the ITC reaches a final determination that the domestic industry has been materially injured by this unfair trade practice, the U.S. government will impose antidumping orders on uncovered innersprings imported from China, South Africa and Vietnam at the final dumping rate determined by the DOC. No assurance can be given that these final determinations will be made, that duties will be imposed or as to the amount of any duties that may be imposed.

### ITEM 1A. RISK FACTORS

Our 2007 Annual Report on Form 10-K filed February 26, 2008 includes a detailed discussion of our risk factors in Item 1A "Risk Factors." The information presented below updates and should be read in conjunction with the risk factors and information disclosed in that Form 10-K.

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

#### **Costs of raw materials could adversely affect our operating results.**

Raw material cost increases (and our ability to respond to cost increases through selling price increases) can significantly impact our earnings. We typically have short-term commitments from our suppliers; therefore, our raw material costs move with the market.

When we experience significant increases in raw material costs, we often attempt to implement price increases to recover the higher costs. Inability to recover cost increases (or a delay in the recovery time) can negatively impact our earnings.

Steel is our most significant raw material. In late 2007 we began seeing higher steel costs, and significant increases have continued to occur in 2008. Since early December, the cost of steel scrap has more than doubled and costs of other types of steel have also increased significantly. We have initiated and continue to implement price increases to recover these higher costs. The global steel markets are very cyclical in nature, and can result in large swings in margins from year-to-year. Inability to recover cost increases (or a delay in the recovery time) can negatively impact our earnings.

Our operations can also be impacted by the cost of other raw materials. We experienced significant inflation in foam scrap and chemicals in recent years, but recovered most of the higher costs through selling price increases. The cost of foam scrap declined from peak levels during 2007, resulting in lower selling prices that continue into 2008 in our carpet underlay business. This cost decrease has impacted, and may continue to negatively impact, our reported amount of carpet underlay sales.

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



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

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

Throughout 2007 and the first half of 2008, demand weakness in the U.S. home-related, retail, and other markets led to lower volume in certain of our businesses. Several factors, including a weak U.S. economy, higher energy costs, a slump in the housing market, and low consumer confidence have led to more conservative spending by U.S. consumers. If this trend in market demand continues, our results of operations may be negatively impacted.

**We may not be able to improve operating results in the Store Fixtures business unit.**

The Store Fixtures business unit in our Commercial Fixturing & Components segment has been placed in the "Fix" category as a result of our 2007 Strategic Plan and given a 12 month deadline (ending in December 2008) by which its after-tax return would at least equal cost of capital levels. We are not pleased with second quarter results in the Store Fixtures business unit. Since late 2007, we have reduced manufacturing capacity by 27%, cut administrative costs by approximately \$2 million, reduced the unit's total workforce by approximately 20%, pruned \$90 million of unprofitable sales, implemented a much more disciplined unit-wide pricing policy, and installed standardized operating systems across the business unit. Despite all these activities, we are not showing the progress we expect. Third quarter performance of the business unit will be critical in our evaluation process. If we are not able to improve the operating results in the Store Fixtures business unit, we may incur further restructuring and impairment charges, and may choose to divest this unit. The Store Fixtures business unit is part of the Fixture & Display group, which incurred goodwill impairment charges of \$143 million for the year ended December 31, 2007.

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 2008.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program (2)	Maximum Number of Shares that may yet be Purchased Under the Plans or Programs (2)
April 2008	488,836	\$16.51	477,123	25,346,239 <sup>(3)</sup>
May 2008	1,100,311	\$17.69	1,100,311	24,245,928 <sup>(3)</sup>
June 2008	1,132,233	\$18.73	1,120,490	23,125,438 <sup>(3)</sup>
Total	<u>2,721,380</u>	<u>\$17.91</u>	<u>2,697,924</u>	

- (1) This number includes 23,456 shares which were not repurchased as part of a publicly announced plan or program. Of these, 11,743 were shares surrendered in transactions permitted under the Company's benefit plans and 11,713 were shares purchased pursuant to an odd lot program which had separate Board approval.
- (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. On November 13, 2007 the Board accelerated the 10 million share standing repurchase authorization for the 2008 calendar year to begin November 15, 2007. The acceleration was first reported in the Company's press release issued November 13, 2007 and filed on Form 8-K on November 14, 2007. The Company repurchased 1,095,350 shares in the fourth quarter of 2007 under the 2008 calendar year authorization. By the end of July 2008, we had purchased all of the shares under the standing 10 million share authorization.
- (3) On February 21, 2008, the Board approved the repurchase of up to an additional 20 million shares through December 31, 2008, subject to the receipt of divestiture proceeds. This special authorization was first publicly announced in the Company's press release dated February 21, 2008. To date, the Company has received approximately \$308 million from divestiture proceeds.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its annual meeting of shareholders on May 8, 2008. In connection with this meeting, proxies were solicited pursuant to Section 14(a) of the Securities Exchange Act of 1934. Matters voted upon were (1) the election of 10 directors, (2) the ratification of the Board's selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2008, (3) the amendment and restatement of the Company's Flexible Stock Plan to, among other things, increase the shares authorized and available for issuance and grant under the Plan by six million, and (4) to vote on a shareholder proposal requesting the addition of sexual orientation and gender identity to the Company's written non-discrimination policy. The number of votes cast for, against or withheld, as well as abstentions and broker non-votes, if applicable, with respect to each matter are set out below.

1. All of the nominees for directors listed in the proxy statement were elected to hold office until the next annual meeting of shareholders or until their successors are elected and qualified, with the following vote:

<u>DIRECTOR NOMINEE</u>	<u>SHARES VOTED "FOR"</u>	<u>SHARES "WITHHELD"</u>
Raymond F. Bentele	140,298,164	3,969,593
Ralph W. Clark	142,109,759	2,157,998
Robert Ted Enloe, III	140,457,693	3,810,064
Richard T. Fisher	140,506,029	3,761,728
Karl G. Glassman	141,294,367	2,973,390
David S. Haffner	141,266,029	3,001,728
Joseph W. McClanathan	142,145,809	2,121,948
Judy C. Odom	141,441,071	2,826,686
Maurice E. Purnell, Jr.	141,191,409	3,076,348
Phoebe A. Wood	141,435,833	2,831,924

2. The ratification of the Board's selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008 was approved with the following vote:

<u>SHARES VOTED "FOR"</u>	<u>SHARES VOTED "AGAINST"</u>	<u>SHARES "ABSTAINING"</u>
141,496,913	1,600,421	1,170,423

3. The amendment and restatement of the Company's Flexible Stock Plan to, among other things, increase the shares authorized and available for issuance and grant under the Plan by six million was approved with the following vote:

<u>SHARES VOTED "FOR"</u>	<u>SHARES VOTED "AGAINST"</u>	<u>SHARES "ABSTAINING"</u>	<u>BROKER "NON-VOTES"</u>
90,658,803	34,853,372	1,748,450	17,007,132

4. A shareholder proposal requesting the addition of sexual orientation and gender identity to the Company's written non-discrimination policy was defeated with the following vote:

<u>SHARES VOTED "FOR"</u>	<u>SHARES VOTED "AGAINST"</u>	<u>SHARES "ABSTAINING"</u>	<u>BROKER "NON-VOTES"</u>
36,760,711	82,949,345	7,550,569	17,007,132

**Amendment to Bylaws.**

On August 7, 2008 the Board of Directors amended our Bylaws. The amendments include:

**Business at Annual Meeting brought by Shareholders.**

(i) **Section 1.2(b) (2).** For a shareholder to properly bring business before the annual shareholder meeting, among other things, the Secretary must receive written notice of the proposed business from the shareholder not less than 90 nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. Prior to the amendment, such notice had to be received not less than 100 nor more than 150 days prior to the first anniversary of the preceding year's annual meeting.

If the date of the annual meeting is advanced or delayed by more than 30 days from the anniversary date, notice from the shareholder must be received not later than the later of the 90th day prior to such annual meeting or the tenth day following the public announcement of such meeting. Prior to amendment, the notice had to be received not later than the later of the 100th day prior to such annual meeting or the tenth day following the public announcement of such meeting. Section 1.2(b)(2) was also amended to specify that neither an adjournment nor a postponement of the annual meeting shall begin a new time period for delivery of a shareholder notice.

(ii) **Section 1.2(b) (3).** The shareholder's notice proposing business to be brought before the annual shareholder's meeting must disclose, among other things, certain interests of the shareholder (and of the beneficial owner, if any, on whose behalf the proposal is made). Section 1.2(b)(3) was amended to require the following additional disclosures as to the shareholder and beneficial owner, including:

- (A) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or settlement payment at a price related to, or the value of which is derived in whole or in part from, any class of shares of the Company, which is directly or indirectly beneficially owned; and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of the shares of the Company;
- (B) any proxy, contract, arrangement, understanding, or relationship conveying a right to vote any shares of the Company;
- (C) any short interest in any security of the Company;
- (D) any right to dividends on the shares of the Company owned beneficially that are separated or separable from the underlying shares of the Company;
- (E) any proportionate interest in shares of the Company or any derivative instruments held, directly or indirectly, by a general or limited partnership in which the shareholder and/or beneficial owner is a general partner or, directly or indirectly, beneficially owns an interest in a general partner; and
- (F) the right to any performance-related fee (other than an asset-based fee) based on any increase or decrease in the value of shares of the Company or any derivative instrument.

Sections (A) through (F) above are referred to as "Disclosable Interests" and are also applicable to the shareholder's and any beneficial owner's immediate family members sharing their respective households. Furthermore, the shareholder and any beneficial owner must supplement this information provided in the notice not later than 10 days after the record date for the annual meeting to provide the Disclosable Interests as of the record date.

Section 1.2(b)(3) was also amended to require additional disclosure, in the shareholder's notice, of any agreements between the shareholder proposing the business and third parties related to the proposed business.

**Advance Notice of Director Nominations by Shareholders.**

(iii) **Section 2.2(b) (2).** For a shareholder to properly nominate a director at the annual shareholder meeting, among other things, the Secretary must receive written notice of the nomination from the shareholder not less than 90 nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. Prior to the amendment, such notice had to be received not less than 100 nor more than 150 days prior to the first anniversary of the preceding year's annual meeting.

If the date of the annual meeting is advanced or delayed by more than 30 days from the anniversary date, notice from the shareholder must be received not later than the later of the 90th day prior to such annual meeting or the tenth day following the public announcement of such meeting. Prior to amendment, such notice had to be received not later than the later of the 100th day prior to such annual meeting or the tenth day following the public announcement of such meeting. Section 2.2(b)(2) was also amended to specify that neither an adjournment nor a postponement of the annual meeting will begin a new time period for delivery of a shareholder notice.

(iv) **Section 2.2(b)(3).** The shareholder's notice nominating a director at the annual shareholder's meeting must disclose, among other things, certain interests of the director nominee, the shareholder nominating the director (and of the beneficial owner, if any, on whose behalf the nomination is made). Section 2.2(b)(3) was amended to require the disclosure of the Disclosable Interests listed in (A) through (F) above of the director nominee, the shareholder, and of any beneficial owner. The Disclosable Interests are also applicable to the director nominee's, shareholder's and beneficial owner's immediate family members sharing their respective households. The director nominee, shareholder and any beneficial owner must supplement the information provided in the notice not later than 10 days after the record date for the annual meeting to provide the Disclosable Interests as of the record date.

Section 2.2(b)(3) was also amended to require additional disclosure of any compensation or monetary agreement or arrangement, within the prior three years, between or among the shareholder, beneficial owner, if any, and each proposed director nominee (or any of their respective affiliates). Finally, Section 2.2(b)(3) was amended to clarify that all other information that must be provided with respect to the proposed director nominee is the same as would be required to be disclosed in a proxy statement or other filings in a contested election. Prior to the amendment, the Bylaws referred to the requirements of the proxy rules but did not expressly reference a contested election.

(v) Section 2.2(b)(4) was amended to require the proposed director nominee to furnish the Company with any information relating to his or her eligibility as an independent director.

(vi) **Section 2.2(d).** For a shareholder to properly nominate a director at a special meeting of shareholders, among other things, the Secretary must receive written notice of the nomination from the shareholder not later than the later of the 90th day prior to such special meeting or the tenth day following the public announcement of such special meeting. Prior to the amendment, such notice had to be received not later than the later of the 100th day prior to such special meeting or the tenth day following the public announcement of such special meeting. The notice must contain the same information required in the annual meeting notice.

Section 2.2(d) was also amended to specify that neither an adjournment nor a postponement of a special meeting will begin a new time period for delivery of a shareholder notice. Finally, Section 2.2(d) was amended to require the proposed director nominee to furnish the Company with any information relating to his or her eligibility as an independent director.

Because this Quarterly Report on Form 10-Q is being filed within four business days from August 7, 2008, the amendments to the Bylaws are being disclosed hereunder rather than under Item 5.03 of Form 8-K. The foregoing description of the Bylaw amendments is qualified in its entirety by reference to the full text of the Bylaws, as amended. The Bylaws, as amended through August 7, 2008 and a copy marked to show changes from the prior Bylaws, dated February 21, 2008, are attached and incorporated by reference as Exhibits 3.2.1 and Exhibits 3.2.2, respectively.

ITEM 6. EXHIBITS

Exhibit 2.1 – Unit Purchase Agreement by and among Leggett & Platt, Incorporated, Pace Industries, LLC and KPI Acquisition, LLC, and certain other affiliates of Kenner & Company, Inc., dated July 16, 2008, including Exhibit A – Promissory Note; and Exhibit B – Certificate of Incorporation Containing Preferred Stock Terms, filed July 17, 2008 as Exhibit 2.1 to the Company’s Form 8-K is incorporated herein by reference (SEC File No.1-7845).

Exhibit 3.2.1 – Bylaws of the Company, as amended through August 7, 2008.

Exhibit 3.2.2 – Bylaws of the Company, as amended through August 7, 2008, marked to show changes from prior Bylaws, dated February 21, 2008.

Exhibit 10.1 – Form of Director Restricted Stock Agreement pursuant to the Company’s Flexible Stock Plan.

Exhibit 10.2 – Form of Director Restricted Stock Unit Award Agreement pursuant to the Company’s Flexible Stock Plan.

Exhibit 10.3 – Summary Sheet of Director Compensation, filed May 9, 2008 as Exhibit 10.1 to the Company’s Form 10-Q, is incorporated herein by reference (SEC File No. 1-7845).

Exhibit 10.4 – Amendment No. 1 to the Company’s 2005 Executive Stock Unit Program, as amended, effective December 31, 2007, filed May 8, 2008 as Exhibit 10.1 to the Company’s Form 8-K, is incorporated by reference (SEC File No. 1-7845).

Exhibit 10.5 – The Company’s Flexible Stock Plan, amended and restated, effective May 8, 2008, filed March 27, 2008 as Appendix C to the Company’s Definitive Proxy Statement for the Annual Meeting of Shareholders, is incorporated by reference (SEC File No. 1-7845).

Exhibit 10.6 – Assignment and Assumption between HSBC Bank USA National Association and ABN AMRO Bank, N.V., dated April 10, 2008 (regarding the lending commitment under the Company’s Credit Agreement), filed April 11, 2008 as Exhibit 10.1 to the Company’s Current Report on Form 8-K, is incorporated by reference (SEC File No. 1-7845).

Exhibit 10.7 – Assignment and Assumption between BNP Paribas and ABN AMRO Bank, N.V., dated April 10, 2008 (regarding the lending commitment under the Company’s Credit Agreement), filed April 11, 2008 as Exhibit 10.2 to the Company’s Current Report on Form 8-K, is incorporated by reference (SEC File No. 1-7845).

Exhibit 10.8 – Assignment and Assumption between BNP Paribas and Arvest Bank, dated April 10, 2008 (regarding the lending commitment under the Company’s Credit Agreement), filed April 11, 2008 as Exhibit 10.3 to the Company’s Current Report on Form 8-K, is incorporated by reference (SEC File No. 1-7845).

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 7, 2008.

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 7, 2008.

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 7, 2008.



SIGNATURES

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

LEGGETT & PLATT, INCORPORATED

DATE: August 7, 2008

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

DATE: August 7, 2008

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



## EXHIBIT INDEX

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3.2.1	Bylaws of the Company, as amended through August 7, 2008.
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10.4	Amendment No. 1 to the Company’s 2005 Executive Stock Unit Program, as amended, effective December 31, 2007, filed May 8, 2008 as Exhibit 10.1 to the Company’s Form 8-K, is incorporated by reference (SEC File No. 1-7845).
10.5	The Company’s Flexible Stock Plan, amended and restated, effective May 8, 2008, filed March 27, 2008 as Appendix C to the Company’s Definitive Proxy Statement for the Annual Meeting of Shareholders, is incorporated by reference (SEC File No. 1-7845).
10.6	Assignment and Assumption between HSBC Bank USA National Association and ABN AMRO Bank, N.V., dated April 10, 2008 (regarding the lending commitment under the Company’s Credit Agreement), filed April 11, 2008 as Exhibit 10.1 to the Company’s Current Report on Form 8-K, is incorporated by reference (SEC File No. 1-7845).
10.7	Assignment and Assumption between BNP Paribas and ABN AMRO Bank, N.V., dated April 10, 2008 (regarding the lending commitment under the Company’s Credit Agreement), filed April 11, 2008 as Exhibit 10.2 to the Company’s Current Report on Form 8-K, is incorporated by reference (SEC File No. 1-7845).
10.8	Assignment and Assumption between BNP Paribas and Arvest Bank, dated April 10, 2008 (regarding the lending commitment under the Company’s Credit Agreement), filed April 11, 2008 as Exhibit 10.3 to the Company’s Current Report on Form 8-K, is incorporated by reference (SEC File No. 1-7845).
12	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of David S. Haffner, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated August 7, 2008.
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 7, 2008.
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 7, 2008.
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 7, 2008.

**BYLAWS**  
**OF**  
**LEGGETT & PLATT, INCORPORATED**  
**as amended through August 7, 2008**

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**PROTECTED BYLAWS**

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

**ARTICLE 1**

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

**ARTICLE 2**

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

**ARTICLE 5**

All Sections

**ARTICLE 6**

- Section 6.6 - Amendments

**TABLE OF CONTENTS  
OF BYLAWS  
OF  
LEGGETT & PLATT, INCORPORATED**

ARTICLE 1	1
<u>MEETINGS OF SHAREHOLDERS</u>	1
Section 1.1 <u>Annual Meeting - Date, Place and Time</u>	1
Section 1.2 <u>Business at Annual Meetings</u>	1
Section 1.3 <u>Special Meetings</u>	3
Section 1.4 <u>Quorum</u>	3
Section 1.5 <u>Qualification of Voters</u>	3
Section 1.6 <u>No Cumulative Voting</u>	3
Section 1.7 <u>Procedure</u>	3
Section 1.8 <u>Certification of Votes</u>	4
Section 1.9 <u>Transmittal of Notices</u>	4
Section 1.10 <u>Action By Consent</u>	4
ARTICLE 2	5
<u>DIRECTORS</u>	5
Section 2.1 <u>Number, Election, Removal and Vacancies</u>	5
Section 2.2 <u>Advance Notice of Nominations</u>	5
Section 2.3 <u>Qualification</u>	7
Section 2.4 <u>Regular and Special Directors' Meetings</u>	7
Section 2.5 <u>Action by Consent</u>	8
Section 2.6 <u>Committees</u>	8
Section 2.7 <u>Compensation of Directors</u>	9
Section 2.8 <u>Honorary Directors</u>	9
ARTICLE 3	10
<u>OFFICERS</u>	10
Section 3.1 <u>Officers</u>	10
Section 3.2 <u>Removal</u>	10
ARTICLE 4	11
<u>CERTIFICATES FOR SHARES</u>	11
Section 4.1 <u>Issuance of Certificates</u>	11
Section 4.2 <u>Lost, Stolen, Destroyed or Mutilated Certificate</u>	11
Section 4.3 <u>Transfer of Stock; Certificate Cancellation</u>	11
Section 4.4 <u>Registered Owner</u>	11
Section 4.5 <u>Transfer Agents and Registrars</u>	12
Section 4.6 <u>Closing of Transfer Books and Fixing of Record Date</u>	12
ARTICLE 5	13
<u>INDEMNIFICATION</u>	13
Section 5.1 <u>Right of Directors and Officers to Indemnification</u>	13
Section 5.2 <u>Indemnification of Employees, Agents, Etc.</u>	13
Section 5.3 <u>Right of Directors and Officers to Advance of Expenses</u>	13
Section 5.4 <u>Right of Claimant to Bring Suit</u>	13
Section 5.5 <u>Definitions</u>	14
Section 5.6 <u>Rights Not Exclusive</u>	14
Section 5.7 <u>Insurance</u>	14
Section 5.8 <u>Enforceability; Amendment</u>	14
ARTICLE 6	16
<u>GENERAL PROVISIONS</u>	16
Section 6.1 <u>Dividends</u>	16
Section 6.2 <u>Reserves</u>	16

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Section 6.3 <u>Fiscal Year</u>	16
Section 6.4 <u>Corporate Seal</u>	16
Section 6.5 <u>Examination of Books</u>	16
Section 6.6 <u>Amendments</u>	16
Section 6.7 <u>Provisions Additional to Provisions of Law</u>	16
Section 6.8 <u>Provisions Contrary to Provisions of Law</u>	16

**BYLAWS**  
**OF**  
**LEGGETT & PLATT, INCORPORATED**

ARTICLE 1.

MEETINGS OF SHAREHOLDERS

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

Section 1.2 Business at Annual Meetings.

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

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

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

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

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

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

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

(iii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, (a) the name and address of such shareholder and beneficial owner, as they appear on the Corporation's books, (b) (1) the class and number

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

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

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

(c) The meeting's presiding officer shall determine whether any proposal to bring business before the meeting was made in accordance with this Section 1.2 and, if any proposed business is not in compliance with this Section 1.2, to declare that such defective proposal be disregarded. The presiding

officer shall have sole authority to decide questions of compliance with the foregoing procedures, and his ruling shall be final.

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

**Section 1.3 Special Meetings.**

(a) Special meetings of the shareholders may be called only by the Chairman of the Board, the Chief Executive Officer, the President, or a majority of the Board of Directors. In addition, shareholders holding not less than two-thirds of all issued and outstanding shares which are entitled to vote for the election of Directors may call a special meeting of shareholders by providing a notice to the Secretary signed by the requisite number of shareholders and setting forth the information required by Section 1.2(b)(3).

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

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

**Section 1.4 Quorum.**

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

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

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

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

**Section 1.7 Procedure.** The Chairman of the Board, or in his absence the Chief Executive Officer, or in his absence the President, or in his absence the Secretary, shall preside at an annual or

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

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

Section 1.9 Transmittal of Notices.

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

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

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



ARTICLE 2.

DIRECTORS

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

Section 2.2 Advance Notice of Nominations.

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

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

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

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

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

(i) as to each proposed nominee (a) the name, age, business and residential addresses, and principal occupation or employment of each proposed nominee, (b) the nominee's Disclosable Interests, if any, as of the date of such notice, including without limitation any Disclosable Interests held by members of such nominee's immediate family sharing the same household (which information shall be supplemented by such nominee, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), (c) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships between or among such shareholder and beneficial owner, if any, and their respective affiliates or others acting in concert therewith (on the one hand) and each proposed nominee and his or her affiliates or others acting in concert therewith (on the other hand), including without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the shareholder making the nomination and any beneficial owner

on whose behalf the nomination is made, if any, or any affiliate or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant, (d) all other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors in a contested election, or is otherwise required pursuant to Regulation 14A under the Exchange Act, and (e) the written consent of each proposed nominee to being named as a nominee in the proxy statement and to serve as a Director of the Corporation if so elected; and

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

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

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

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

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

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

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

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

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

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

#### Section 2.3 Qualification.

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

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

#### Section 2.4 Regular and Special Directors' Meetings.

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

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

(c) A majority of members of the Board of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but a lesser number may adjourn a meeting to another time or day if a quorum is not present. The act of the majority of the Directors present

at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Restated Articles of Incorporation, by these Bylaws or by law.

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

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

Section 2.6 Committees.

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

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

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

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

(e) Except as the Executive Committee's powers and duties may be limited or otherwise prescribed by the Directors, the Executive Committee, during the intervals between the meetings of the Directors, shall possess and may exercise all of the powers of the Board of Directors in the management and control of the business and property of the Corporation, including, but not limited to, the power and authority to authorize the issuance or sale of the stock of the Corporation.

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

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

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

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

ARTICLE 3.

OFFICERS

Section 3.1 Officers.

(a) The Board of Directors shall elect the principal executive officers of the Corporation: the Chairman of the Board, the Chief Executive Officer, the President, one or more Vice Presidents (who may also be called Executive Vice President, Senior Executive Vice President, Group Vice President, Division Vice President or the like), the Secretary and the Treasurer.

(b) The Board of Directors may elect, or the Chairman of the Board or the Chief Executive Officer may appoint, such other officers, including, without limitation, a Chief Financial Officer, a General Counsel, a Controller, a Director of Internal Audit, Vice Presidents and Assistant or Associate Officers, as may be deemed necessary or appropriate from time to time.

(c) Any two or more offices may be held by the same person. The officers of the Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices or as shall be specified from time to time by the Board of Directors or the Chairman of the Board, regardless of whether such authority and duties are customarily incident to such office.

Section 3.2 Removal. Any officer may be removed by the Board of Directors at any time, with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. In addition, any officer which the Chief Executive Officer has the authority to appoint under Section 3.1(b) may be removed by the Chief Executive Officer at any time, with or without cause. Election or appointment of an officer shall not of itself create contract rights.

CERTIFICATES FOR SHARES

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

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

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

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

Section 4.4 Registered Owner. The Corporation shall be entitled to recognize the exclusive

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

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

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



ARTICLE 5.

INDEMNIFICATION

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

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

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

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

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

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

It shall be a defense to any suit seeking indemnification under Section 5.1 of these Bylaws that the claimant has not met the standards of conduct which make it permissible (under indemnification sources, agreement, vote of shareholders or disinterested Directors or otherwise) for the Corporation to indemnify the claimant. The failure of the Corporation (through its Directors, independent legal counsel or shareholders) to make a determination before the commencement of such suit that indemnification of the claimant is proper under the circumstances (because the claimant has met the applicable standard of conduct) shall not be a defense to the claimant's action or create a presumption that the claimant has not met the applicable standard of conduct. Similarly, an actual determination by the Corporation that the claimant has not met such applicable standard of conduct, shall not be a defense to the claimant's action

nor create a presumption that the claimant has not met the applicable standard of conduct.

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

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

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

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

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

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

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

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

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

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

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

Corporation all indemnification and other rights provided or contemplated by this Article 5.

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

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

ARTICLE 6.

GENERAL PROVISIONS

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

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

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

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

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

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

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

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

**BYLAWS**  
**OF**  
**LEGGETT & PLATT, INCORPORATED**  
**as amended through ~~February 21~~August 7, 2008**

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**PROTECTED BYLAWS**

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

**ARTICLE 1**

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

**ARTICLE 2**

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

**ARTICLE 5**

All Sections

**ARTICLE 6**

- Section 6.6 - Amendments

**TABLE OF CONTENTS  
OF BYLAWS  
OF  
LEGGETT & PLATT, INCORPORATED**

ARTICLE 1	1
<u>MEETINGS OF SHAREHOLDERS</u>	1
Section 1.1 <u>Annual Meeting - Date, Place and Time</u>	1
Section 1.2 <u>Business at Annual Meetings</u>	1
Section 1.3 <u>Special Meetings</u>	3
Section 1.4 <u>Quorum</u>	3
Section 1.5 <u>Qualification of Voters</u>	3
Section 1.6 <u>No Cumulative Voting</u>	3
Section 1.7 <u>Procedure</u>	3
Section 1.8 <u>Certification of Votes</u>	4
Section 1.9 <u>Transmittal of Notices</u>	4
Section 1.10 <u>Action By Consent</u>	4
ARTICLE 2	5
<u>DIRECTORS</u>	5
Section 2.1 <u>Number, Election, Removal and Vacancies</u>	5
Section 2.2 <u>Advance Notice of Nominations</u>	5
Section 2.3 <u>Qualification</u>	7
Section 2.4 <u>Regular and Special Directors' Meetings</u>	7
Section 2.5 <u>Action by Consent</u>	8
Section 2.6 <u>Committees</u>	8
Section 2.7 <u>Compensation of Directors</u>	9
Section 2.8 <u>Honorary Directors</u>	9
ARTICLE 3	10
<u>OFFICERS</u>	10
Section 3.1 <u>Officers</u>	10
Section 3.2 <u>Removal</u>	10
ARTICLE 4	11
<u>CERTIFICATES FOR SHARES</u>	11
Section 4.1 <u>Issuance of Certificates</u>	11
Section 4.2 <u>Lost, Stolen, Destroyed or Mutilated Certificate</u>	11
Section 4.3 <u>Transfer of Stock; Certificate Cancellation</u>	11
Section 4.4 <u>Registered Owner</u>	11
Section 4.5 <u>Transfer Agents and Registrars</u>	12
Section 4.6 <u>Closing of Transfer Books and Fixing of Record Date</u>	12
ARTICLE 5	13
<u>INDEMNIFICATION</u>	13
Section 5.1 <u>Right of Directors and Officers to Indemnification</u>	13
Section 5.2 <u>Indemnification of Employees, Agents, Etc.</u>	13
Section 5.3 <u>Right of Directors and Officers to Advance of Expenses</u>	13
Section 5.4 <u>Right of Claimant to Bring Suit</u>	13
Section 5.5 <u>Definitions</u>	14
Section 5.6 <u>Rights Not Exclusive</u>	14
Section 5.7 <u>Insurance</u>	14
Section 5.8 <u>Enforceability; Amendment</u>	14
ARTICLE 6	16
<u>GENERAL PROVISIONS</u>	16
Section 6.1 <u>Dividends</u>	16
Section 6.2 <u>Reserves</u>	16

Section 6.3 <u>Fiscal Year</u>	16
Section 6.4 <u>Corporate Seal</u>	16
Section 6.5 <u>Examination of Books</u>	16
Section 6.6 <u>Amendments</u>	16
Section 6.7 <u>Provisions Additional to Provisions of Law</u>	16
Section 6.8 <u>Provisions Contrary to Provisions of Law</u>	16

**BYLAWS**  
**OF**  
**LEGGETT & PLATT, INCORPORATED**

ARTICLE 1.

MEETINGS OF SHAREHOLDERS

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

Section 1.2 Business at Annual Meetings.

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

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

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

(2) The Secretary must receive, at the principal executive offices of the Corporation, a written notice from the shareholder not less than ~~100-90~~ days nor more than ~~150-120~~ days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if (i) no annual meeting was held in the previous year or (ii) the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, notice by the shareholder must be received not later than the later of the ~~100<sup>th</sup>-90<sup>th</sup>~~ day prior to such annual meeting or the tenth day following the public announcement of such meeting. Neither an adjournment nor a postponement of an annual meeting (or an announcement thereof) shall begin a new time period for delivering a shareholder's notice.

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

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

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

(iii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, (a) the name and address of such shareholder and beneficial owner, as they appear on the Corporation's books, (b) ~~(1)~~ the class and number



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

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

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

(c) The meeting’s presiding officer shall determine whether any proposal to bring business before the meeting was made in accordance with this Section 1.2 and, if any proposed business is not in compliance with this Section 1.2, to declare that such defective proposal be disregarded. The presiding

officer shall have sole authority to decide questions of compliance with the foregoing procedures, and his ruling shall be final.

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

Section 1.3 Special Meetings.

(a) Special meetings of the shareholders may be called only by the Chairman of the Board, the Chief Executive Officer, the President, or a majority of the Board of Directors. In addition, shareholders holding not less than two-thirds of all issued and outstanding shares which are entitled to vote for the election of Directors may call a special meeting of shareholders by providing a notice to the Secretary signed by the requisite number of shareholders and setting forth the information required by Section 1.2(b)(3).

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

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

Section 1.4 Quorum.

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

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

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

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

Section 1.7 Procedure. The Chairman of the Board, or in his absence the Chief Executive Officer, or in his absence the President, or in his absence the Secretary, shall preside at an annual or

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

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

Section 1.9 Transmittal of Notices.

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

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

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

ARTICLE 2.

DIRECTORS

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

Section 2.2 Advance Notice of Nominations.

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

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

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

(2) The Secretary must receive, at the principal executive offices of the Corporation, a written notice from the shareholder not less than ~~100~~90 days nor more than ~~150~~120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if (i) no annual meeting was held in the previous year or (ii) the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, notice by the shareholder must be received not later than the later of the ~~100~~90<sup>th</sup> day prior to such annual meeting or the tenth day following the public announcement of such meeting. Neither an adjournment nor a postponement of an annual meeting (or an announcement thereof) shall begin a new time period for delivering a shareholder's notice.

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

(i) as to each proposed nominee (a) the name, age, business and residential addresses, and principal occupation or employment of each proposed nominee, (b) the nominee's Disclosable Interests, if any, as of the date of such notice, including without limitation any Disclosable Interests held by members of such nominee's immediate family sharing the same household (which information shall be supplemented by such nominee, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), class and number of shares of capital stock of the Corporation that are beneficially owned by such nominee on the date of such notice, (c) a description of all direct and indirect compensation and other material monetary agreements, arrangements or and understandings during the past three years, and any other material relationships between or among such the shareholder and beneficial owner, if any, and their respective affiliates or others acting in concert therewith (on the one hand) and each proposed nominee and his or her affiliates or others acting in concert therewith (on the other hand), including without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the shareholder making the nomination and any beneficial owner

on whose behalf the nomination is made, if any, or any affiliate or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant and the name of any other person or persons pursuant to which the nomination is to be made by the shareholder, (d) all other information relating to such person that ~~is~~ would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors in a contested election, or is otherwise required pursuant to Regulation 14A under the Exchange Act, and (e) the written consent of each proposed nominee to being named as a nominee in the proxy statement and to serve as a Director of the Corporation if so elected; and

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

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

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

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

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

(2) The Secretary must receive, at the principal executive offices of the Corporation, a written notice from the shareholder not later than the later of the ~~100<sup>th</sup>~~ 90<sup>th</sup> day prior to such special meeting or the tenth day following the public announcement of such special meeting. Such notice must contain the same information as required under Section 2.2(b)(3). Neither an adjournment nor a postponement of an annual meeting (or an announcement thereof) shall begin a new time period for delivering a shareholder’s notice.

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

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

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

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

#### Section 2.3 Qualification.

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

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

#### Section 2.4 Regular and Special Directors' Meetings.

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

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

(c) A majority of members of the Board of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but a lesser number may adjourn a meeting to another time or day if a quorum is not present. The act of the majority of the Directors present

at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Restated Articles of Incorporation, by these Bylaws or by law.

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

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

#### Section 2.6 Committees.

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

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

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

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

(e) Except as the Executive Committee's powers and duties may be limited or otherwise prescribed by the Directors, the Executive Committee, during the intervals between the meetings of the Directors, shall possess and may exercise all of the powers of the Board of Directors in the management and control of the business and property of the Corporation, including, but not limited to, the power and authority to authorize the issuance or sale of the stock of the Corporation.

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

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

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

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



ARTICLE 3.

OFFICERS

Section 3.1 Officers.

(a) The Board of Directors shall elect the principal executive officers of the Corporation: the Chairman of the Board, the Chief Executive Officer, the President, one or more Vice Presidents (who may also be called Executive Vice President, Senior Executive Vice President, Group Vice President, Division Vice President or the like), the Secretary and the Treasurer.

(b) The Board of Directors may elect, or the Chairman of the Board or the Chief Executive Officer may appoint, such other officers, including, without limitation, a Chief Financial Officer, a General Counsel, a Controller, a Director of Internal Audit, Vice Presidents and Assistant or Associate Officers, as may be deemed necessary or appropriate from time to time.

(c) Any two or more offices may be held by the same person. The officers of the Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices or as shall be specified from time to time by the Board of Directors or the Chairman of the Board, regardless of whether such authority and duties are customarily incident to such office.

Section 3.2 Removal. Any officer may be removed by the Board of Directors at any time, with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. In addition, any officer which the Chief Executive Officer has the authority to appoint under Section 3.1(b) may be removed by the Chief Executive Officer at any time, with or without cause. Election or appointment of an officer shall not of itself create contract rights.

CERTIFICATES FOR SHARES

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

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

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

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

Section 4.4 Registered Owner. The Corporation shall be entitled to recognize the exclusive

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

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

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

ARTICLE 5.

INDEMNIFICATION

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

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

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

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

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

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

It shall be a defense to any suit seeking indemnification under Section 5.1 of these Bylaws that the claimant has not met the standards of conduct which make it permissible (under indemnification sources, agreement, vote of shareholders or disinterested Directors or otherwise) for the Corporation to indemnify the claimant. The failure of the Corporation (through its Directors, independent legal counsel or shareholders) to make a determination before the commencement of such suit that indemnification of the claimant is proper under the circumstances (because the claimant has met the applicable standard of conduct) shall not be a defense to the claimant's action or create a presumption that the claimant has not met the applicable standard of conduct. Similarly, an actual determination by the Corporation that the claimant has not met such applicable standard of conduct, shall not be a defense to the claimant's action

nor create a presumption that the claimant has not met the applicable standard of conduct.

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

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

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

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

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

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

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

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

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

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

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

Corporation all indemnification and other rights provided or contemplated by this Article 5.

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

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

ARTICLE 6.

GENERAL PROVISIONS

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

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

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

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

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

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

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

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

**FORM OF  
RESTRICTED STOCK AGREEMENT**

This Restricted Stock Agreement (the "Agreement") is made as of [date] between Leggett & Platt, Incorporated, (the "Company") and [Director] ("you").

1. Award. The Company has granted you [ ] shares of the Company's \$.01 par value common stock (the "Award") subject to the terms of this Agreement.
2. Vesting. Except as provided in Section 5, this Award will vest in its entirety the day before the Company's 2009 Annual Meeting of Shareholders (the "Vesting Date").
3. Stock Certificates. A certificate for the shares represented by the Award, registered in your name, will be issued and held in escrow by the Secretary of the Company (the "Escrow Agent") until the Award has vested in accordance with Section 2 or upon the occurrence of one of the events contemplated by Section 5. The Company may instruct its transfer agent to place a restrictive legend on the certificate or otherwise note in the Company's records the restrictions on transfer set forth in this Agreement. Upon vesting, the Escrow Agent will deliver the certificate to you free of restriction.
4. Termination of Service. Except as provided in Section 5, if you cease to serve as a director of the company for any reason before the Vesting Date, your right to this Award will terminate immediately upon such termination of service. Your forfeited shares will automatically be transferred back to and reacquired by the Company at no cost to the Company.
5. Early Vesting. If your termination of service is due to one of the following events, your Award will vest as follows:
  - (a) Death. If you die before the Award is vested, your Award will vest on the date of your death. The Escrow Agent will deliver your stock certificate to the designated beneficiary of your Award. If there is no designated beneficiary, the certificate will be delivered to the administrator, executor or personal representative of your estate.
  - (b) Disability. "Disability" means the inability to substantially perform your duties and responsibilities as a director by reason of any accident or illness that can be expected to result in death or to last for a continuous period of not less than one year. If your service is terminated due to Disability, your Award will vest on the date of your Disability termination.
  - (c) Change in Control. If your service is terminated due to a Change in Control of the Company (as defined in the Flexible Stock Plan), your Award will vest upon the Change in Control.
6. Transferability. The Award may not be transferred, assigned, pledged or otherwise made subject to any encumbrance until it has vested.
7. Rights as Shareholder. You will have all rights of a shareholder prior to the vesting of the Award, including the right to vote the shares and receive any dividends that may be paid on Company common stock.
8. Plan Controls. This Agreement is subject to all terms and provisions of the Flexible Stock Plan (the "Plan"), which is incorporated by reference. In the event of any conflict, the Plan will control over this Agreement. Upon request, a copy of the Plan will be furnished to you.
9. Governing Law. This Award is entered into and accepted in Carthage, Missouri. The Award will be governed by Missouri law, excluding any conflicts or choice of law provision that might otherwise refer construction or interpretation of the Award to the substantive law of another jurisdiction.

Accepted and Agreed:

[Director]



**FORM OF  
RESTRICTED STOCK UNIT  
AWARD AGREEMENT**

This Restricted Stock Unit Award Agreement (the "Agreement") is made as of \_\_\_\_\_, 200\_\_ (the "Grant Date") between Leggett & Platt, Incorporated, (the "Company") and [Director] ("you").

1. Grant. The Company has granted you [\_\_\_\_\_] Restricted Stock Units ("RSUs" or the "Award"), subject to the terms of this Agreement.
2. Vesting. Except as provided in Section 6, the Award will vest in its entirety on the day preceding the date of the 2009 Annual Meeting of Shareholders (the "Vesting Date").
3. Distribution. The Award will be settled in shares of the Company's common stock on the date (the "Distribution Date") you specified in the attached Distribution Election form, which is incorporated into this Agreement. You will be issued one share of the Company's common stock for each vested RSU, including units credited to your account as Dividend Equivalents pursuant to Section 4. Fractional shares will be rounded to the nearest whole share.
4. Dividend Equivalents. On the date a cash dividend is paid on common stock, the Company will credit Dividend Equivalents to your account equal to:
  - (a) the per share cash dividend multiplied by the number of stock units credited to your account on the dividend record date
  - (b) divided by 80% of the closing price of the Company's stock on the dividend payment date.
5. Termination of Service. Except as provided in Section 6, if you cease to serve as a director of the Company for any reason before the Vesting Date, your right to this Award, including any Dividend Equivalents, will terminate immediately upon such termination of service.
6. Early Vesting. If your termination of service is due to one of the following events, your Award will vest as follows:
  - (a) Death. If you die before the Award is vested, your Award will vest on the date of your death. The Company will issue shares to the designated beneficiary of your Award in accordance with your Distribution Election. If there is no designated beneficiary, the shares will be issued to the administrator, executor or personal representative of your estate.
  - (b) Disability. "Disability" means the inability to substantially perform your duties and responsibilities as a director by reason of any accident or illness that can be expected to result in death or to last for a continuous period of not less than one year. If your service is terminated due to Disability, your Award will vest on the date of your Disability termination.
  - (c) Change in Control. If your service is terminated due to a Change in Control of the Company (as defined in the Flexible Stock Plan), your Award will vest upon the Change in Control.
7. Transferability. The Award may not be transferred, assigned, pledged or otherwise encumbered until the underlying shares have been issued.
8. No Rights as Shareholder. You will not have the rights of a shareholder with respect to this Award, including the right to vote the shares represented by this Award, until the underlying shares have been issued.
9. Taxable Income. Based on the Company's understanding of tax laws in effect on the Grant Date, you will recognize taxable income equal to the fair market value of the shares

on the Distribution Date. This amount is subject to ordinary income tax. The income generated by the issuance of shares to you will be reported on your Form 1099. After payment of the ordinary income tax, your shares will have a tax basis equal to the closing price of Company stock on the Distribution Date.

10. Section 409A. The Company believes this Award constitutes “deferred compensation” within the meaning of Section 409A of the Internal Revenue Code. Notwithstanding anything contained in these terms and conditions, it is intended that the Award will at all times meet the requirements of Section 409A and any regulations or other guidance issued thereunder, and that the provisions of the Award will be interpreted to meet such requirements.

To the extent permitted by Section 409A, the Committee retains the right to delay a distribution of this Award if the distribution would violate securities laws or otherwise result in material harm to the Company.

11. Plan Controls; Committee. This Award is subject to all terms, provisions and definitions of the Flexible Stock Plan (the “Plan”), which is incorporated by reference. In the event of any conflict, the Plan will control over this Award. Upon request, a copy of the Plan will be furnished to you. The Plan is administered by a committee of non-employee directors or their designees (the “Committee”). The Committee’s decisions and interpretations with regard to this Award will be binding and conclusive.

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

Accepted and Agreed:

[Director]

DISTRIBUTION ELECTION

On **[date]**, Leggett & Platt, Incorporated (the “Company”) granted you a Restricted Stock Unit Award (the “Award”) under the Company’s Flexible Stock Plan. You may elect the form and timing of the Award payout, as indicated below. If you do not elect otherwise, the Award will be paid out in a lump sum when you separate from service and are no longer a director of the Company.

Please elect the form and time of distribution for this Award by answering the questions below. You may elect to defer your distribution for up to 10 years. Installment distributions are made annually (in May) over a maximum period of 10 years.

Do you want your distribution paid in a lump sum or in installments?  Lump Sum  
 Installments

When do you want to receive your distribution? \_\_\_\_\_ (Specify a year from \_\_\_\_\_ to 201\_\_)

If you elected installments, over how many years do you want the installments paid? \_\_\_\_\_ (Specify number of years, not to exceed 10 years.)

BENEFICIARY

The Company maintains a single beneficiary designation for all of your deferral accounts. This includes accounts under the Deferred Compensation Program, RSU Awards or any future deferred benefit or award. If you do not already have a beneficiary on file with the Company, or if you wish to change your beneficiary, please complete the section below.

You may change your beneficiary at any time by contacting Aileen Gronewold at 417-358-8131 or aileen.gronewold@leggett.com to request a new Beneficiary Designation Form.

I designate the following beneficiaries for my Leggett & Platt deferral accounts. I understand that this designation covers my past and future deferral accounts and supersedes any prior beneficiary designation.

\_\_\_\_\_  
Name of Beneficiary #1

\_\_\_\_\_  
SSN of Beneficiary #1

\_\_\_\_\_  
Name of Beneficiary #2

\_\_\_\_\_  
SSN of Beneficiary #2

\_\_\_\_\_  
Name of Beneficiary #3

\_\_\_\_\_  
SSN of Beneficiary #3

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

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,				
	6/30/08	6/30/07	2007	2006	2005	2004	2003
<b>Earnings</b>							
Income from continuing operations before income taxes*	\$ 127.8	\$ 154.3	\$ 141.8	\$ 335.6	\$ 302.6	\$ 343.0	\$ 258.2
Interest expense (excluding amount capitalized)	27.3	29.0	60.9	56.2	46.7	45.9	46.9
Portion of rental expense under operating leases representative of an interest factor**	12.5	12.2	24.3	24.9	14.0	13.3	12.5
<b>Total earnings***</b>	<b>\$ 167.6</b>	<b>\$ 195.5</b>	<b>\$ 227.0</b>	<b>\$ 416.7</b>	<b>\$ 363.3</b>	<b>\$ 402.2</b>	<b>\$ 317.6</b>
<b>Fixed charges</b>							
Interest expense (including amount capitalized)	\$ 27.9	\$ 29.8	\$ 61.9	\$ 57.8	\$ 48.3	\$ 46.9	\$ 48.0
Portion of rental expense under operating leases representative of an interest factor	12.5	12.2	24.3	24.9	14.0	13.3	12.5
<b>Total fixed charges</b>	<b>\$ 40.4</b>	<b>\$ 42.0</b>	<b>\$ 86.2</b>	<b>\$ 82.7</b>	<b>\$ 62.3</b>	<b>\$ 60.2</b>	<b>\$ 60.5</b>
<b>Ratio of earnings to fixed charges</b>	<b>4.1</b>	<b>4.7</b>	<b>2.6</b>	<b>5.0</b>	<b>5.8</b>	<b>6.7</b>	<b>5.2</b>

\* 2003 through 2007 amounts have been retrospectively adjusted to reflect discontinued operations.

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

\*\*\* Earnings consist principally of income from continuing operations before income taxes, plus fixed charges. 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 7, 2008

/s/ David S. Haffner

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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 7, 2008

/s/ Matthew C. Flanigan

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, 2008 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

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David S. Haffner  
President and Chief Executive Officer

August 7, 2008

**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, 2008 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

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Matthew C. Flanigan  
Senior Vice President and Chief Financial Officer

August 7, 2008