

LEGGETT & PLATT INC (LEG)

10-K

Annual report pursuant to section 13 and 15(d)

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2007

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

LEGETT & 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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$.01 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Sec. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the Registrant (based on the closing price of its common stock on the New York Stock Exchange) on June 30, 2007 was approximately \$3,612,000,000.

There were 167,604,020 shares of the Registrant's common stock outstanding as of February 15, 2008.

DOCUMENTS INCORPORATED BY REFERENCE

Part of Item 10, and all of Items 11, 12, 13 and 14 of Part III are incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 8, 2008.

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Forward-Looking Statements

This Annual Report on Form 10-K and our other public disclosures, whether written or oral, may contain "forward-looking" statements including, but not limited to, 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 the underlying assumptions relating to the forward-looking statements. These statements are identified either by the context in which they appear or by use of words such as "anticipate," "believe," "estimate," "expect," "intends," "may," "plans," "should" or the like. All such forward-looking statements, whether written or oral, and whether made by us or on our behalf, are expressly qualified by the cautionary statements described in this provision.

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

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

- 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 the 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 materials and other costs, including the availability and pricing of steel rod and scrap and other raw materials, the availability of labor, wage rates and energy costs;
- our ability to pass along raw material cost increases through increased selling prices;
- 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;

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- 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 and market conditions and related factors, such as the rate of economic growth in the United States and abroad, inflation, currency fluctuation, political risk, U.S. or foreign laws or regulations, interest rates, housing turnover, employment levels, consumer sentiment, taxation and the like.

PART I

Item 1. *Business.*

Leggett & Platt, Incorporated was founded as a partnership in Carthage, Missouri in 1883 and was incorporated in 1901. The Company, a pioneer of the steel coil bedspring, has become an international diversified manufacturer that conceives, designs and produces a wide range of engineered components and products found in many homes, offices, retail stores and automobiles. As discussed below, our **continuing operations** are organized into 22 business units, which are divided into 10 groups under our four segments: Residential Furnishings; Commercial Fixturing & Components; Industrial Materials; and Specialized Products. As part of our 2007 Strategic Plan, we also have classified certain businesses as **discontinued operations**.

The 2007 Strategic Plan

In November 2007, the Company's Board of Directors approved the 2007 Strategic Plan. As part of this plan, the Company adopted Total Shareholder Return ("TSR" defined as the change in stock price plus dividends received divided by beginning stock price) as its primary strategic objective. The Company also modified its compensation incentive plans for senior executives to emphasize the importance of, and to reward, TSR.

The Company anticipates generating more cash by improving returns, completing planned divestitures, reducing capital expenditures and making fewer acquisitions. The Company anticipates returning much of this cash to shareholders. In support of this objective, in November 2007 the Company increased its annual dividend to the current rate of \$1.00 per share from the previous rate of 72 cents per share. The Company also expects to continue repurchasing its common stock. In addition to the standing 10 million share per year repurchase authorization, the Board authorized the repurchase of an additional 20 million shares in 2008 at management's discretion, limited to the amount of divestiture proceeds.

As part of the 2007 Strategic Plan, the Company will manage its business units as a portfolio with different roles (Grow, Core, Fix or Divest) for each business unit based upon competitive advantages, strategic position and financial health. The Company is implementing a much more rigorous strategic planning process, in part to continually assess each business unit's role in the portfolio. Those in the Grow category will provide avenues for profitable growth and investment in competitively advantaged positions. Those in the Core category are charged with enhancing productivity, maintaining or improving market share, and generating cash flow while using minimal amounts of capital. Business units in the Fix category will be given limited time in which to rapidly and significantly improve performance, while those in the Divest category will be actively marketed for sale or closed.

After significant study, the Company announced that it intends to eliminate approximately \$1.2 billion of its revenue base. This includes the anticipated divestiture of some operations, the pruning of some business and the closure of certain underperforming plants. The largest portion (approximately \$900 million in revenue) of the exit activities is the anticipated divestiture of the Company's Aluminum Products segment and all or a portion of six additional business units. Of the six business units, three are in the Residential Furnishings segment (Fibers—\$80 million revenue, Wood Products—\$60 million revenue, and Coated Fabrics—\$50 million revenue); two are in Commercial Fixturing & Components (Storage Products—\$100 million revenue and Plastics—\$50 million revenue); and one is in the Specialized Products segment (the dealer portion of Commercial Vehicle Products—\$80 million revenue). In addition to these divestitures, the Company anticipates eliminating approximately \$100 million (or approximately 20%) of the Store Fixture business unit's least profitable revenue. This unit was placed in the Fix category and given a 12-month deadline by which to improve performance. Finally, several Grow and Core business units, though otherwise healthy, contain individual plants operating at unacceptable profit levels. The Company anticipates the closure or disposition of a number of these unprofitable facilities, and an ensuing reduction in revenue of approximately \$200 million. The Company anticipates that the exit activities will be completed by the end of 2008.

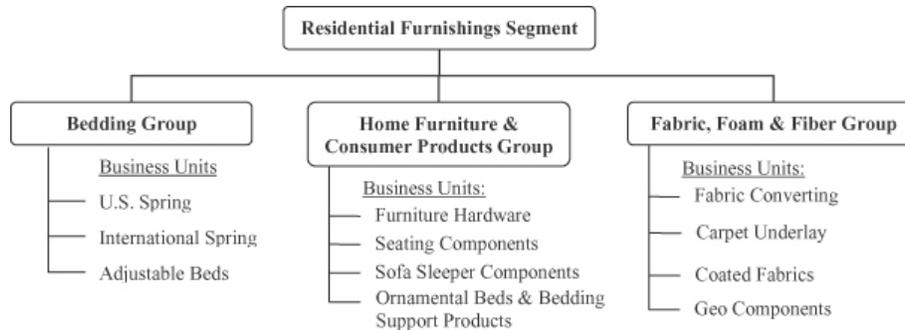
The pre-tax proceeds generated from the divestitures are expected to recover the carrying value of the assets held for sale. At December 31, 2007, \$481 million of net assets were classified as held for sale, of which \$15 million represented assets not associated with the 2007 Strategic Plan. The net assets held for sale can fluctuate due to changes in working capital until these businesses are divested.

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In conjunction with these activities, the Company has incurred costs and impairment charges associated with the exit activities, including employee termination costs, contract termination costs, asset impairment charges (including property, plant and equipment, goodwill and other intangibles), inventory obsolescence and other associated costs (primarily plant closure and asset relocation). The Company expects that the total costs and asset impairment charges associated with the exit activities will be between \$302 million and \$312 million, of which \$287 million were incurred in the fourth quarter of 2007, and that virtually all of the charges will be non-cash. For more information on asset impairments and restructuring costs associated with the exit activities see the discussion of "Asset Impairment and Restructuring" in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operation, on page 28, and Note C on page 68 and Note D on page 69 in the Notes to Consolidated Financial Statements.

Overview of Our Four Segments in Continuing Operations

Residential Furnishings Segment



Our Residential Furnishings segment began with an 1885 patent of the steel coil bedspring. Today, we supply a variety of components used by bedding and upholstered furniture manufacturers in the assembly of their finished products. Our wide range of products offers our customers a single source for many of their component needs.

Long production runs, internal production of key raw materials, and numerous manufacturing and assembly locations allow us to supply many customers with components at a lower cost than our customers can produce the same parts for their own use. In addition to cost savings, sourcing components from Leggett allows our customers to focus on designing, merchandising and marketing their products.

Products

Products manufactured or distributed by our Residential Furnishings groups include:

Bedding Group

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

Home Furniture & Consumer Products Group

- Steel mechanisms and hardware (enabling furniture to recline, tilt, swivel, rock and elevate) for reclining chairs and sleeper sofas
- Springs and seat suspensions for chairs, sofas and loveseats
- Steel tubular seat frames
- Bed frames, ornamental beds, comforters, decorative pillows and other "top-of-bed" accessories

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Fabric, Foam & Fiber Group

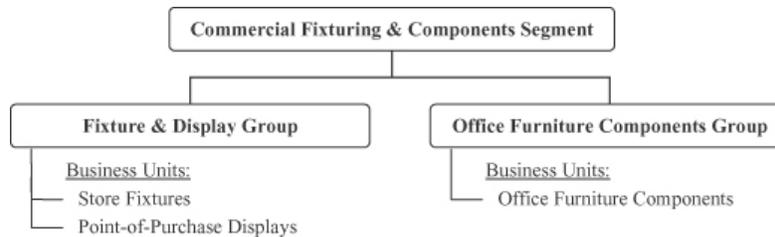
- Structural fabrics for mattresses, residential furniture and industrial uses
- Carpet underlay materials (bonded scrap foam, felt, rubber and prime foam)
- Coated fabrics (non-slip rug underlay and shelf liners)
- Geo components (synthetic fabrics and various other products used in ground stabilization, drainage protection, erosion and weed control, as well as silt fencing, chemicals, seed and fertilizer)

As part of our 2007 Strategic Plan, we expect to exit the Coated Fabrics business unit by the end of 2008. However, this business unit did not meet the criteria to be classified as held for sale or a discontinued operation, as of December 31, 2007.

Customers

Most of our Residential Furnishings customers are manufacturers of finished bedding products (mattresses and foundations) or upholstered furniture for residential use. We also sell many products, including ornamental beds, bed frames, adjustable beds, carpet underlay, and top-of-bed accessories, directly to retailers and distributors. We sell geo components products primarily to dealers, contractors, landscapers, road construction companies, golf courses and government agencies.

Commercial Fixturing & Components Segment



Our Fixture & Display group designs, produces, installs and manages our customers' store fixtures and point-of-purchase projects. Our Office Furniture Components group designs, manufactures, and distributes a wide range of engineered components targeted for the office seating market.

Products

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

Fixture & Display Group

- Custom-designed, full store fixture packages for retailers, including shelving, counters, point-of-purchase displays, showcases, garment racks and decorative woodwork
- Standardized shelving used by large retailers, grocery stores and discount chains

Office Furniture Components Group

- Bases, columns, back rests, casters and frames for office chairs, and control devices that allow office chairs to tilt, swivel and elevate

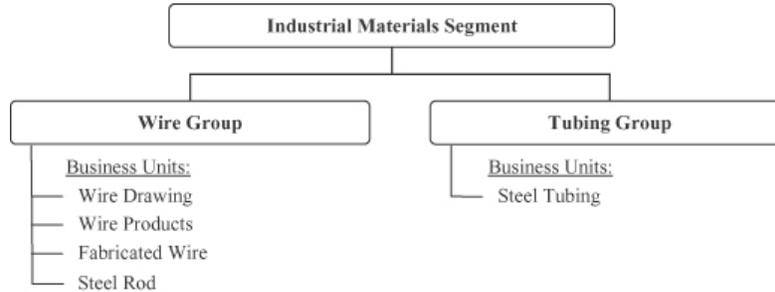
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Customers

Customers of the Commercial Fixturing & Components segment include:

- Retail chains and specialty shops
- Brand name marketers and distributors of consumer products
- Office, institutional and commercial furniture manufacturers

Industrial Materials Segment



The high quality of the Industrial Materials segment's products and service, together with low cost, have made us North America's leading supplier of drawn steel wire and a major producer of welded steel tubing. Our Wire group operates a steel rod mill with an annual output of approximately 500,000 tons, nearly all of which is used by our own wire mills. We have six wire mills that supply virtually all the wire consumed by Leggett's other domestic businesses. Our Tubing group operates two major plants that also supply nearly all of our internal needs for welded steel tubing. In addition to supporting our internal requirements, the Industrial Materials segment supplies many external customers with wire and tubing products.

Products

Products manufactured or distributed by our Industrial Materials groups include:

Wire Group

- Steel rod
- Drawn wire
- Fabricated wire products, such as wire ties to bale cotton; shaped wire for automotive and medical supply applications; tying heads, boxed wire, and parts for automatic baling equipment; coated wire products, including dishwasher racks; and wire retail fixtures and point-of-purchase displays.

Tubing Group

- Welded steel tubing
- Fabricated tube components

Customers

Leggett uses about half of our wire output and about one-quarter of our welded steel tubing output to manufacture our own products. For example, we use our wire and steel tubing to make:

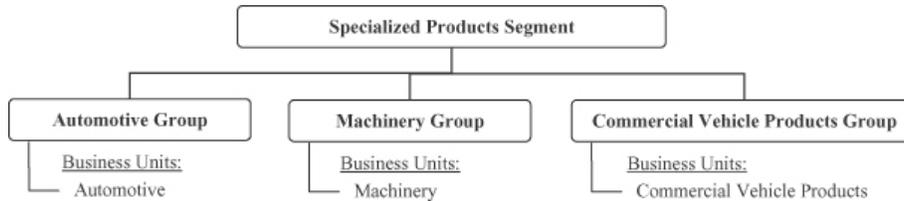
- Bedding and furniture components
- Motion furniture mechanisms
- Commercial fixtures, point-of-purchase displays and shelving
- Automotive seat components and frames

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The Industrial Materials segment also has a diverse group of external customers, including:

- Bedding and furniture makers
- Automotive seating manufacturers
- Lawn and garden equipment manufacturers
- Mechanical spring makers
- Waste recyclers, waste removal businesses and cotton balers
- Medical supply businesses

Specialized Products Segment



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

Products

Products manufactured or distributed by our Specialized Products groups include:

Automotive Group

- Manual and power lumbar support and massage systems for automotive seating
- Seat suspension systems
- Automotive control cables, such as shift cables, cruise-control cables, seat belt cables, accelerator cables, seat control cables and latch release cables
- Low voltage motors and actuation assemblies
- Formed metal and wire components for seat frames

Machinery Group

- Full range of quilting machines for mattress covers
- Machines used to shape wire into various types of springs
- Industrial sewing machines
- Other equipment for bedding factory automation

Commercial Vehicle Products Group

- Van interiors (the racks, shelving and cabinets installed in service vans)
- Docking stations that mount computers and other electronic equipment inside vehicles
- Specialty trailers used by telephone, cable and utility companies

Customers

Our primary customers for the Specialized Products segment include:

- Automobile seating manufacturers
- Bedding manufacturers
- Telecom, cable, home service and delivery companies

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Acquisitions and Divestitures

Historically, our typical acquisition targets have been small, private, profitable, entrepreneurial companies that manufacture goods either within our existing product lines or "one step away" from those product lines and complementary to our existing businesses. As part of the 2007 Strategic Plan, we expect fewer and more strategic acquisitions to be completed. All acquisitions must create value by enhancing TSR; they must have clear strategic rationale and sustainable competitive advantage in attractive markets.

2007 Acquisitions

We acquired 3 businesses during 2007 with annualized sales of approximately \$100 million broken down by segment as follows:

Commercial Fixturing & Components	\$20 million
Industrial Materials	\$50 million
Specialized Products	\$30 million

In Commercial Fixturing & Components we added one business located in China which produces office furniture components. We also added one business to the Industrial Materials segment, which produces coated wire products, including racks for dishwashers. Finally, in the Specialized Products segment, we added a business which is a designer and assembler of docking stations that secure computer and other electronic equipment inside vehicles.

2006 Acquisitions

We acquired 5 businesses in 2006 with annualized sales of about \$75 million. All of the transactions occurred in the Residential Furnishings segment. These acquisitions broadened our geographic presence and product offering in geo components, expanded our carpet underlay business, and added to our international spring operations.

2005 Acquisitions

In 2005, we acquired 12 businesses with annualized sales (in continuing operations) of approximately \$240 million (\$170 million in Residential Furnishings and \$70 million in Specialized Products). These businesses primarily expanded our presence in the conversion and distribution of geo components, broadened our offerings for carpet underlay, and added to our business that manufactures and installs products for commercial vehicles.

For further information about acquisitions, see Note G on page 75 of the Notes to Consolidated Financial Statements.

Divestitures

For a description of our planned divestitures associated with the 2007 Strategic Plan, see "The 2007 Strategic Plan" in this Item 1. Business on page 3.

In the first quarter of 2007, we divested our Prime Foam Products business unit, which primarily produced commodity foam used for cushioning by bedding and upholstered furniture manufacturers. We retained our operations that manufacture carpet underlay. This sale marked the largest divestiture in our history, generating a pre-tax gain of approximately \$24 million. For the full years 2005 and 2006, the Prime Foam Products business unit contributed, respectively, \$143 million and \$192 million of sales. Our former Prime Foam Products business unit is classified as a discontinued operation. For further information about divestitures and discontinued operations, see Note B on page 66 of the Notes to Consolidated Financial Statements.

Segment Financial Information

For information about sales to external customers, sales by product line, earnings before interest and taxes, and total assets of each of our segments, refer to Note O on page 92 of the Notes to Consolidated Financial Statements.

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Foreign Operations

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

Year	Percent
2007	26%
2006	23%
2005	23%

Our international continuing operations, measured by trade sales, are principally located in Canada, Europe, Mexico and China. We have 12 production facilities in China. The products we make in these countries associated with continuing operations primarily consist of:

Canada

- Innersprings for mattresses
- Fabricated wire for the bedding, furniture and automotive industries
- Shelving and point-of-purchase displays for retailers
- Chair frames and bases, table bases and office chair controls
- Lumbar supports for automotive seats
- Wire and steel storage systems and racks for the interior of service vans and utility vehicles

Europe

- Innersprings for mattresses
- Structural fabric for industrial and residential uses
- Wire and wire products
- Lumbar and seat suspension systems for automotive seating
- Machinery and equipment designed to manufacture innersprings for mattresses and other bedding-related components
- Design and distribution of point-of-purchase displays for retailers

Mexico

- Innersprings and fabricated wire for the bedding industry
- Structural fabric for industrial and residential uses
- Retail shelving and point-of-purchase displays
- Automotive control cable systems

China

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

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

Our international operations face the risks associated with any operation in a foreign country. These risks include:

- Nationalization of private enterprises

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- Political instability in certain countries
- Foreign legal systems that make it difficult to protect intellectual property and enforce contract rights
- Credit risks
- Increased costs due to tariffs, customs and shipping rates
- Potential problems obtaining raw materials, and disruptions related to the availability of electricity and transportation during times of crisis or war
- Foreign currency fluctuation

These and other foreign-related risks could result in cost increases, reduced profits, the inability to carry on our foreign operations and other adverse effects on our business.

Geographic Areas of Operation

We have manufacturing, warehousing and distribution facilities in countries around the world. Below is a list of countries where we have facilities associated with continuing operations:

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

For further information concerning our long-lived assets and sales outside the United States, refer to Note O on page 92 of the Notes to Consolidated Financial Statements.

Sales by Product Line

The following table shows our approximate percentage of external sales from continuing operations by product line for the last three years:

Product Line	2007	2006	2005
Bedding Components	19%	19%	21%
Home Furniture & Consumer Products	15	15	16
Fabric, Foam & Fiber	20	21	17
Fixtures & Displays	14	14	15
Office Furniture Components	5	5	5
Wire & Wire Products	10	9	10
Steel Tubing	2	3	3
Automotive Products	8	8	8
Commercial Vehicle Products	4	3	2
Specialized Machinery	3	3	3

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Distribution of Products

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

Raw Materials

The products we manufacture in continuing operations require a variety of raw materials. Among the most important are:

- Various types of steel, including scrap, rod, wire, coil, sheet and angle iron
- Foam scrap
- Woven and non-woven fabrics

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

- Innersprings and foundations for mattresses
- Springs and seat suspensions for chairs and sofas
- Displays, shelving and racks for retailers
- Automotive seating components

We currently supply roughly two-thirds of our steel rod requirements through our own rod mill. Our own wire drawing mills supply nearly all of our U.S. requirements for steel wire. We also produce welded steel tubing both for our own consumption and for sale to external customers.

We believe that worldwide supply sources are available for all the raw materials used by the Company. However, we have experienced volatility in raw material prices in the last three years, most notably in the following areas:

- *Steel*: Early in 2007 the cost of steel scrap increased, leading to higher rod costs. We have implemented price increases to pass through some of these costs. In late 2007, once again we began seeing higher steel costs which are continuing into early 2008. Since early December, market prices have increased 15% to 30% depending upon the type of steel.
- *Foam scrap*: The cost of foam scrap increased significantly throughout 2006 with the overall cost doubling from the prices at the end of 2005. Foam scrap costs declined in 2007. These decreases have led to lower selling prices in carpet underlay, and a sales decline versus 2006 in our Carpet Underlay business unit.

The future pricing of raw materials is uncertain. The degree to which we are able to mitigate or recover higher costs, should they occur, could influence our 2008 earnings.

Higher raw material costs have 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 have been replaced with lower cost components, causing us to shift production accordingly. This has primarily impacted profit margins in our Residential Furnishings segment. We are responding by developing new innersprings designed to enable our customers to reduce their total costs, and provide higher margin and profit contribution for our operations.

Customers

We serve thousands of customers worldwide, sustaining many long-term business relationships. In 2007, no customer accounted for more than 5% of the Company's consolidated revenues from continuing operations. Our top 10 customers accounted for approximately 20% of these consolidated revenues.

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Some of our segments have customers whose purchases exceeded 10% of the segment's sales from continuing operations in 2007: Commercial Fixturing & Components has one customer accounting for approximately 14% and Specialized Products has one customer accounting for approximately 12%. The loss of these customers may have a material adverse effect upon the relevant segment.

Patents and Trademarks

Leggett holds approximately 1,100 patents and has about 650 in process for its various product lines associated with continuing operations. Seventy-five issued patents and around 70 pending patents are associated with discontinued operations. We have registered almost 750 trademarks, with more than 200 in process associated with continuing operations. We have approximately 130 registered trademarks and almost 20 pending trademarks associated with discontinued operations. No single patent or group of patents, or trademark or group of trademarks, is material to our continuing operations. Most of our patents and trademarks relate to products sold in the Specialized Products and Residential Furnishings segments.

Some of our most significant trademarks include:

- **Semi-Flex**[®] and **Semi-Fold** (boxspring components and foundations)
- **Mira-Coil**[®], **Verticoil**, **Lura-Flex**[®] and **Superlastic**[®] (mattress innersprings)
- **Lifestyles**[®], **S-cape**[®] and **Adjustables by Leggett & Platt**[®] (adjustable electric beds)
- **Wall Hugger**[®] (recliner chair mechanisms)
- **Super Sagless**[®] (motion and sofa sleeper mechanisms)
- **No-Sag**[®] (wire forms used in seating)
- **Tack & Jump**[®] and **Pattern Link**[®] (quilting machines)
- **Hanes**[®] (fiber materials)
- **Schukra**[®], **Pullmaflex**[®] and **Flex-O-Lator**[®] (automotive seating products)
- **Spuhl**[®] (mattress innerspring manufacturing machines)
- **Gribetz** and **Porter**[®] (quilting and sewing machines)
- **ABC America's Body Co.**, **Quietflex**[®] and **Masterack**[®] (equipment and accessories for vans and trucks)

Research and Development

We maintain research, engineering and testing centers in Carthage, Missouri, and do additional research and development work at many of our other facilities. We are unable to precisely calculate the cost of research and development because the personnel involved in product and machinery development also spend portions of their time in other areas. However, we estimate the cost of research and development associated with continuing operations was approximately \$25 to \$30 million in each of the last three years.

Employees

As of December 31, 2007, the Company had approximately 24,000 employees associated with its continuing operations, of which 17,250 were engaged in production. Of the 24,000, approximately 9,500 are international employees. Labor unions represent roughly 3,400 of our employees associated with continuing operations. We did not experience any material work stoppage related to contract negotiations with labor unions during 2007. Management is not aware of any circumstances likely to result in a material work stoppage related to contract negotiations with labor unions during 2008.

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The table below shows the approximate number of employees associated with continuing operations by segment.

Segment	Employees
Residential Furnishings	10,600
Commercial Fixturing & Components	4,450
Industrial Materials	2,450
Specialized Products	5,400
Unallocated	1,100
TOTAL	24,000

Employees Associated with Discontinued Operations

At December 31, 2007 the Company had approximately 6,550 employees associated with its discontinued operations, of which 4,000 employees are in the Aluminum Products segment, 1,000 employees are in the Residential Furnishings segment, 850 employees are in the Commercial Fixturing & Components segment, and 700 employees are in the Specialized Products segment. For more information on our discontinued operations, see Note B on page 66 of the Notes to Consolidated Financial Statements.

Competition

Many companies offer products that compete with those we manufacture and sell. The number of competing companies varies by product line, but many of the markets for our products are highly competitive. We tend to attract and retain customers through product quality, innovation, competitive pricing and customer service, while many of our competitors try to win business primarily on price.

We believe we are the largest independent manufacturer in North America, in terms of revenue, of the following:

- Components for residential furniture and bedding
- Retail store fixtures and point-of-purchase displays
- Components for office furniture
- Drawn steel wire
- Automotive seat support and lumbar systems
- Carpet underlay
- Adjustable beds
- Bedding industry machinery for wire forming, sewing and quilting

We face increasing 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, we believe our operations should be located nearby to supply them efficiently. Accordingly, at the end of 2007, Leggett operated 12 facilities in China.

We have experienced increased price competition in the U.S. from foreign bedding component manufacturers. We reacted to this competition by selectively adjusting prices and developing new proprietary products that help our customers reduce total costs. We believe 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.

We believe innersprings are being imported into the U.S. at low prices that violate our trade laws, and also are frequently imported under improper tariff classifications, thus avoiding duties. In late 2007, we filed an anti-dumping petition with the U.S. government on behalf of the innerspring industry to attempt to remedy this situation.

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Seasonality

As a diversified manufacturer, we do not experience significant seasonality, although our quarter-to-quarter sales have generally varied in proportion to the total year by roughly 1.5%. The timing of acquisitions and economic factors in any year can distort the underlying seasonality in certain of our businesses. Nevertheless, for the Company as a whole, the second and third quarters typically have proportionately greater sales, while the first and fourth quarters are generally lower.

Our four segments associated with continuing operations tend to experience seasonality as follows:

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

Backlog

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

Working Capital Items

For information regarding working capital items, see the discussion of "Cash from Operations" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation, on page 38.

Environmental Regulation

The Company's operations are subject to federal, state, and local laws and regulations related to the protection of the environment. We have policies intended to ensure that our operations are conducted in keeping with good corporate citizenship and a commitment to protect the natural and workplace environments. While we cannot predict policy changes by various regulatory agencies, management expects that compliance with these laws and regulations will not have a material adverse effect on our competitive position, capital expenditures, consolidated financial condition or results of operations.

Internet Access to Other Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports are made available, without cost, on our website at <http://www.leggett.com> as soon as reasonably practicable after electronically filed with, or furnished to, the Securities and Exchange Commission. In addition to these reports, the Company's Financial Code of Ethics, Code of Business Conduct and Ethics and Corporate Governance Guidelines, as well as charters for its Audit, Compensation, and Nominating and Corporate Governance Committees of our Board of Directors can be found on our website. Each of these documents is available in print, without cost, to any shareholder who requests it. Information contained on our website does not constitute part of this Annual Report on Form 10-K.

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Discontinued Operations

As a result of our 2007 Strategic Plan, several of our businesses are disclosed in our annual financial statements as discontinued operations since (i) the operations and cash flows of the businesses can be clearly distinguished and have been or will be eliminated from the Company's ongoing operations; (ii) the businesses have either been disposed of or are classified as held for sale; and (iii) the Company will not have any significant continuing involvement in the operations of the businesses after the disposal transactions. The discontinued operations include:

- *Aluminum Products segment.* This segment sells non-automotive aluminum, zinc and magnesium die castings and new and refurbished dies (also known as molds or tools) for all types and sizes of die casting machines. It also provides machining, coating, finishing, sub-assembly and other value-added services for die cast components. These products and services are sold, or provided, to (i) small engine and diesel engine builders; (ii) motorcycle, off-road and recreational vehicle, truck and automobile makers; (iii) manufacturers of outdoor lighting fixtures, cable line amplifiers, wireless communications systems, and other cable and telecommunication products; (iv) consumer appliance and power tool manufacturers; (v) producers of electric motors, computers and electronics; (vi) gas barbeque grill manufacturers; and (vii) die cast manufacturers.
- *Wood Products unit and Fibers unit.* The Wood Products unit sells wood frames and cut-to-size dimension lumber to bedding manufacturers. The Fibers unit sells fiber cushioning material primarily to bedding and upholstered furniture manufacturers. These units were previously reported in the Residential Furnishings segment.
- *Storage Products unit and Plastics unit.* The Storage Products unit sells storage racks and carts used in the food service and healthcare industries. The Plastics unit sells injection molded plastic components primarily for manufacturers of lawn care equipment, power tools and office furniture products. These units were previously reported in the Commercial Fixturing & Components segment.
- *Dealer portion of the Commercial Vehicle Products unit and an automotive seating components operation.* The dealer portion of the Commercial Vehicle Products unit sells truck bodies for cargo vans, flatbed trucks, service trucks and dump trucks primarily to end-users of light-to-medium duty commercial trucks. The automotive seating components operation sells welded assemblies, and wire and tubular frames for automotive seating to automotive manufacturers. Each was previously reported in the Specialized Products segment.

Also, in the first quarter of 2007 we sold our Prime Foam Products business unit. This unit primarily produced commodity foam used for cushioning by bedding and upholstered furniture manufacturers. Our former Prime Foam Products unit was previously reported in the Residential Furnishings segment and has been classified as a discontinued operation.

For further information on discontinued operations, see Note B on page 66 of the Notes to Consolidated Financial Statements.

Item 1A. Risk Factors.

Investing in our securities involves risk. Set forth below and elsewhere in this report are 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.

Our 2007 Strategic Plan may not produce the benefits expected.

In November 2007, the Company adopted the 2007 Strategic Plan. There is no guarantee that we will be able to implement the 2007 Strategic Plan on terms and conditions that are favorable to us. The timing of the implementation may be longer than expected. We may not be able to complete the planned divestitures on terms

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favorable to us. We may also experience a negative impact from our employees, customers and vendors. As such, the 2007 Strategic Plan may not produce the benefits expected by the Company. These setbacks could adversely affect our financial condition, results of operations, cash flow from operations and the value of our common stock.

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. We encounter greater difficulty in implementing these price increases in businesses where we have a smaller market share and in products that are of a commodity nature. 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 which are continuing into early 2008. The global steel and scrap markets are very cyclical in nature, and can result in large swings in margins from year-to-year.

Our operations can also be impacted by the cost of other raw materials. In 2006, the cost of foam scrap increased steadily with the overall cost doubling from the prices at the end of 2005. In 2007, the cost of foam scrap decreased significantly. Since our carpet underlay selling prices are tied to the cost of foam scrap, 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.

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. Significant changes in these economic factors may negatively impact the demand for our products and our results of operations.

Asian competition could adversely affect our operating results.

We operate in markets that are highly competitive. We believe that most companies in our lines of business compete primarily on price, but, depending upon the particular product, we experience competition based on quality, performance and availability as well. We face increasing pressure from foreign competitors as some of our customers source a portion of their components and finished product from Asia. If we are unable to purchase key raw materials, such as steel, at prices competitive with those of foreign suppliers, our ability to maintain market share and profit margins could be harmed.

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If our customers move production of their finished products overseas, we believe that our operations must be located nearby to supply them efficiently. At December 31, 2007, we operated 12 facilities in China. If demand in China (and other foreign countries) increases at a more rapid rate than we are able to establish operations, our market share and results of operations could be negatively impacted.

Also, we have experienced increased price competition in the U.S. from foreign bedding component manufacturers. If this price competition continues we could lose further market share and our earnings could continue to 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 by which to improve performance. Factors within the Company's control could contribute to increased margins and earnings improvements in this unit. These factors include, but are not limited to addressing performance issues at underperforming facilities, and purchasing, pricing and continuous improvement initiatives. We have initiated restructuring in the Store Fixtures business unit which includes the elimination of approximately \$100 million of the unit's least profitable revenue. However, through this restructuring activity we may not achieve the margin and earnings improvements that we anticipate. 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.

Our long-lived assets are subject to potential impairment.

A significant portion of our assets consist of goodwill and other intangible assets, the carrying value of which may be reduced if we determine that those assets are impaired. At December 31, 2007, goodwill and other intangible assets not held for sale represented approximately \$1.2 billion, or 29% of our total assets. In addition, net property, plant and equipment, sundry assets and non-current assets held for sale totaled approximately \$1,075 million, or approximately 26% of total assets.

Goodwill is assessed for impairment annually, and as triggering events may occur. Other long-lived assets are tested for recoverability whenever events or circumstances indicate the carrying value may not be recoverable. We conduct impairment testing based on our current business strategy in light of present industry and economic conditions, as well as future expectations. In the fourth quarter of 2007, we conducted interim impairment testing as a result of the changes announced with the 2007 Strategic Plan and determined that some long-lived assets were impaired. For the year ended December 31, 2007, we incurred goodwill impairment of \$243 million, and long-lived asset impairment of \$44 million. If our business units do not perform as expected we may be required to recognize additional, material reductions in our net income caused by the impairment of long-lived assets.

Also, as of December 31, 2007 the Company had \$481 million of net assets classified as held for sale, of which \$15 million represented assets not associated with the 2007 Strategic Plan. If the proceeds generated from these divestitures do not recover their carrying value, the Company will be required to recognize losses on the sale of these assets to the extent of the shortfall.

We are exposed to foreign currency risk.

We expect that international sales will continue to represent a significant percentage of our total sales, which exposes us to currency exchange rate fluctuations. In 2007, 26% of our sales from continuing operations was generated by international operations. The revenues and expenses of our foreign operations are generally denominated in local currencies; however, certain of our operations experience currency-related gains and losses where sales or purchases are denominated in currencies other than their local currency. Further, our competitive position may be affected by the relative strength of the currencies in countries where our products are sold. We cannot predict whether foreign currency exchange risks inherent in doing business in foreign countries will have a material adverse effect on our future operations and financial results.

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Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company's corporate headquarters are located in Carthage, Missouri. At December 31, 2007, we had 312 production, warehouse, sales and administrative facilities associated with continuing operations, of which 230 were disbursed across the United States and 82 were located in foreign countries.

Properties by Location and Segment in Continuing Operations

Locations	Company-Wide	Subtotals by Segment			
		Residential Furnishings	Commercial Fixturing & Components	Industrial Materials	Specialized Products
United States	230	139	38	26	27
Canada	20	7	7	0	6
Mexico	10	5	1	2	2
Europe	27	14	3	0	10
Asia	17	9	0	1	7
Other	8	8	0	0	0
Total	312	182	49	29	52

Properties by Use and Segment in Continuing Operations

Use	Company-Wide	Subtotals by Segment			
		Residential Furnishings	Commercial Fixturing & Components	Industrial Materials	Specialized Products
Production*	190	107	32	17	34
Warehouse	78	50	12	6	10
Sales	16	12	0	1	3
Administration	28	13	5	5	5
Total	312	182	49	29	52

* Includes some multi-purpose facilities with additional warehouse, sales and/or administrative uses.

Our most important physical properties are our production plants. The Company owns about 75% of the production facilities accounting for the majority of our consolidated sales. We lease many of our production, warehouse and other facilities on terms that vary by lease (including purchase options, renewals and maintenance costs). For additional information regarding lease obligations, see Note K on page 79 of the Notes to Consolidated Financial Statements.

In the opinion of management the Company's owned and leased facilities are suitable and adequate for the manufacture, assembly and distribution of our products. Our properties are located to allow quick and efficient delivery of products and services to our diverse customer base. Our productive capacity associated with continuing operations, in general, continues to exceed current operating levels. Capacity levels are somewhat flexible based on the number of shifts operated and on the number of overtime hours worked.

At December 31, 2007 we had 87 production, warehouse, sales and administrative facilities classified as discontinued operations, of which 78 were in the United States and 9 were located in foreign countries.

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Current Properties by Location and Segment Classified as Discontinued Operations

Locations	Subtotals by Segment				
	Company-Wide	Residential Furnishings	Commercial Fixturing & Components	Aluminum Products	Specialized Products
United States	78	21	11	32	14
Canada	6	5	1	0	0
Mexico	3	0	1	2	0
Total	87	26	13	34	14

Current Properties by Use and Segment Classified as Discontinued Operations

Use	Subtotals by Segment				
	Company-Wide	Residential Furnishings	Commercial Fixturing & Components	Aluminum Products	Specialized Products
Production*	55	12	10	21	12
Warehouse	29	13	2	12	2
Sales	1	0	1	0	0
Administration	2	1	0	1	0
Total	87	26	13	34	14

* Includes some multi-purpose facilities with additional warehouse, sales and/or administrative uses.

Item 3. 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 has begun its investigation into our dumping allegations. If the DOC determines 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 duties on uncovered innersprings imported from China, South Africa and Vietnam at the dumping rate determined by the DOC. No assurance can be given that these determinations will be made, that duties will be imposed or as to the amount of any duties that may be imposed.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Supplemental Item. Executive Officers of the Registrant.

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

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

Name	Age	Position
David S. Haffner	55	President and Chief Executive Officer
Karl G. Glassman	49	Executive Vice President and Chief Operating Officer
Jack D. Crusa	53	Senior Vice President and President—Specialized Products
Joseph D. Downes, Jr.	63	Senior Vice President and President—Industrial Materials
Matthew C. Flanigan	46	Senior Vice President and Chief Financial Officer
Paul R. Hauser	56	Senior Vice President and President—Residential Furnishings
Daniel R. Hebert	64	Senior Vice President and President—Aluminum Products
Ernest C. Jett	62	Senior Vice President, General Counsel and Secretary
Dennis S. Park	53	Senior Vice President and President—Commercial Fixturing & Components
William S. Weil	49	Vice President, Corporate Controller and Chief Accounting Officer

Subject to the employment and severance benefit agreements with Messrs. Haffner and Glassman, listed as exhibits to this report, the executive officers generally serve at the pleasure of the Board of Directors.

David S. Haffner was appointed Chief Executive Officer in 2006 and has served as President of the Company since 2002. He served as Chief Operating Officer from 1999 to 2006 and as the Company's Executive Vice President from 1995 to 2002. He has served the Company in other capacities since 1983.

Karl G. Glassman was appointed Chief Operating Officer in 2006 and has served as Executive Vice President of the Company since 2002. He served as President of the Residential Furnishings Segment from 1999 to 2006, as Senior Vice President of the Company from 1999 to 2002 and as President of Bedding Components from 1996 to 1998. He has served the Company in other capacities since 1982.

Jack D. Crusa has served the Company as Senior Vice President since 1999 and President of Specialized Products since 2003. He previously served as President of the Industrial Materials Segment from 1999 through 2004, as President of the Automotive Group from 1996 through 1999 and in various other capacities since 1986.

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

Matthew C. Flanigan has served the Company as Senior Vice President since 2005 and as Chief Financial Officer since 2003. Mr. Flanigan previously served the Company as Vice President from 2003 to 2005, as Vice President and President of the Office Furniture Components Group from 1999 to 2003 and as Staff Vice President of Operations from 1997 to 1999.

Paul R. Hauser became Senior Vice President of the Company in 2005 and President of the Residential Furnishings Segment in 2006. He previously served as Vice President of the Company and President of the Bedding Group from 1999 to 2006. He served in various capacities in the Company's Bedding Group since 1980.

Daniel R. Hebert became Senior Vice President of the Company and President of the Aluminum Products Segment in 2002. Mr. Hebert previously served as Executive Vice President of the Aluminum Products Segment from 2000 to 2002 and Vice President of Operations from 1996 to 2000.

Ernest C. Jett became Senior Vice President, General Counsel and Secretary in 2005. He was appointed General Counsel in 1997 and Vice President and Secretary in 1995. He previously served the Company as Assistant General Counsel from 1979 to 1995 and as Managing Director of the Legal Department from 1991 to 1997.

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Dennis S. Park became Senior Vice President and President of the Commercial Fixturing & Components Segment in 2006. In 2004, he was named President of the Home Furniture and Consumer Products Group and became Vice President of the Company and President of Home Furniture Components in 1996. He served the Company in various other capacities since 1977.

William S. Weil was appointed the Chief Accounting Officer by the Board of Directors in February 2004. He became Vice President in 2000 and has served the Company as Corporate Controller since 1991. He previously served the Company in various other accounting capacities since 1983.

[Table of Contents](#)**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

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

	Price Range		Volume of Shares Traded (in Millions)	Dividend Declared
	High	Low		
2007				
Fourth Quarter	\$ 20.89	\$ 17.14	116.3	\$.25
Third Quarter	22.78	18.75	94.9	.18
Second Quarter	24.73	21.40	93.4	.18
First Quarter	24.71	22.12	68.0	.17
For the Year	\$ 24.73	\$ 17.14	372.6	\$.78
2006				
Fourth Quarter	\$ 25.45	\$ 22.43	53.2	\$.17
Third Quarter	25.25	21.93	47.6	.17
Second Quarter	27.04	23.74	42.0	.17
First Quarter	25.14	23.05	46.1	.16
For the Year	\$ 27.04	\$ 21.93	188.9	\$.67

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

Shareholders

As of February 15, 2008, the Company estimates it had approximately 37,000 shareholders, which included approximately 12,000 shareholders of record (i.e. stock certificates are issued in the name of the owner) and approximately 25,000 beneficial shareholders (i.e. stock is held for the owner by their stockbroker in the name of the brokerage firm). At year end, institutional investors (e.g. mutual funds, pension funds) as a group held an estimated 75% of the Company's shares; the ten largest positions held an estimated 35%.

As part of our 2007 Strategic Plan, the Company increased the annual dividend payout from 72 cents to \$1 per share. The Company paid a 25 cent dividend in January 2008 to shareholders of record on December 14, 2007. We are targeting a dividend payout ratio (annual dividends paid divided by net earnings) of 50-60%, though it will likely be higher for the next two years. See the discussion of the Company's targeted dividend payout under "Pay Dividends" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation on page 37.

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Issuer Repurchases of Equity Securities

The table below is a listing of our repurchases of the Company's common stock during the last quarter of 2007.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program*	Maximum Number of Shares that may yet be purchased under the Plans or Programs*
October 1-31, 2007	285	\$ 19.21	285	400,545
November 1-30, 2007	436,404	\$ 20.01	436,404	9,964,141
December 1-31, 2007	1,059,491	\$ 17.98	1,059,491	8,904,650
Total	1,496,180	\$ 18.57	1,496,180	

* 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. As of December 31, 2007 there were no shares left under the 2007 calendar year standing authorization (which expired January 1, 2008) and 8,904,650 shares left under the 2008 calendar year standing authorization. In addition to this standing authorization, on February 21, 2008, the Board approved the repurchase of an additional 20 million shares during the 2008 calendar year at management's discretion, limited to the amount of divestiture proceeds. This special authorization was first publicly announced in the Company's press release dated February 21, 2008.

Item 6. Selected Financial Data.

(Unaudited)	2007**	2006*	2005*	2004*	2003*
(Dollar amounts in millions, except per share data)					
Summary of Operations					
Net Sales from Continuing Operations	\$ 4,306	\$ 4,333	\$ 4,258	\$ 4,122	\$ 3,532
Net Earnings from Continuing Operations	51	236	218	243	178
Net Earnings (Loss) from Discontinued Operations	(62)	65	33	42	28
Net Earnings (Loss)	(11)	300	251	285	206
Earnings per share from Continuing Operations					
Basic	.28	1.26	1.13	1.24	.91
Diluted	.28	1.26	1.13	1.23	.91
Earnings (Loss) per share from Discontinued Operations					
Basic	(.34)	.35	.17	.22	.14
Diluted	(.34)	.35	.17	.22	.14
Net Earnings (Loss) per share					
Basic	(.06)	1.61	1.30	1.46	1.05
Diluted	(.06)	1.61	1.30	1.45	1.05
Cash Dividends declared per share	.78	.67	.63	.58	.54
Summary of Financial Position					
Total Assets	\$ 4,072.5	\$ 4,265.3	\$ 4,072.4	\$ 4,197.2	\$ 3,889.7
Long-term Debt	1,000.6	1,060.0	921.6	779.4	1,012.2

* As discussed in Note B on page 66 of the Notes to the Consolidated Financial Statements, the amounts for 2003 through 2006 have been retrospectively adjusted to reflect certain businesses as discontinued operations.

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** As discussed in Notes C and D beginning on page 68, the Company incurred asset impairment and restructuring charges totaling \$305 million in 2007. Of these charges, approximately \$138 million were associated with discontinued operations and \$167 million related to continuing operations.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

2007 HIGHLIGHTS

We changed strategic course in 2007. During the year we completed an extensive strategic review of our business portfolio. We realigned our goals to focus on improving total shareholder return. We adopted role-based portfolio management (with different roles for each business unit based upon competitive advantages, strategic position, and financial health) and implemented a much more rigorous strategic planning process. We also began eliminating or rapidly improving the parts of our business that have been weighing us down. Many of the planned divestitures and necessary operating improvements should occur during 2008.

As a result of these changes, we expect to generate significant amounts of cash, spend less cash than in recent years, and return more cash to shareholders through dividends and share repurchases. In support of this objective, the Board of Directors authorized a 39% increase to the annual dividend, beginning in January 2008. The Board also approved, in February 2008, the repurchase of up to 20 million shares during 2008 at management's discretion, limited to the amount of divestiture proceeds. This authorization is in addition to a standing approval to repurchase 10 million shares each year.

Sales and earnings of our ongoing businesses declined in 2007 as demand in many U.S. markets softened. International markets were generally stronger, and growth in our international businesses offset some of the domestic weakness. In addition, we recognized significant, non-cash goodwill and asset impairment charges in late 2007 following the implementation of the strategic plan. These charges represent virtually all of the costs we anticipate for the strategic plan.

Cash from operations increased significantly in 2007 despite generally weak market conditions. This strong cash from operations coupled with the proceeds from the divestiture of our prime foam business (early in the year) resulted in significant available funds. A portion of these funds was used for capital expenditures and acquisitions, and much of the remainder was returned to shareholders through dividends and share repurchases. The balance sheet remains very strong; we ended the year with net debt (as a percentage of net capital) slightly below our long-term, targeted range.

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

INTRODUCTION

What We Do

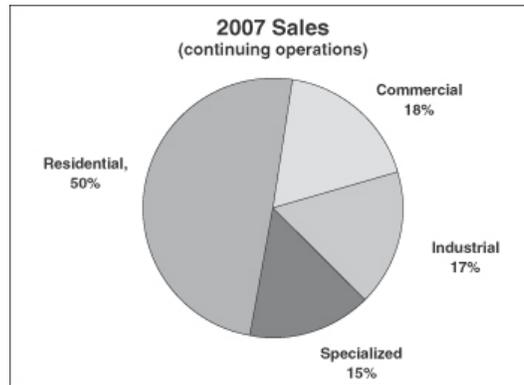
Leggett & Platt is a FORTUNE 500 diversified manufacturer that conceives, designs, and produces a wide range of engineered components and products found in many homes, retail stores, offices, and automobiles. We make components that are often hidden within, but integral to, our customers' products.

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 22 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.

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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.

Commercial Fixturing & Components

Operations in this segment 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, 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.

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.

Discontinued Operations and Other Divestitures

We divested our Prime Foam operations in early 2007 and expect to divest seven additional businesses during 2008. As a result of these activities, several businesses are disclosed in our year-end financial statements as discontinued operations. Those businesses, listed according to the segment in which they previously resided, include:

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

We also plan to divest our Coated Fabrics business (which is a part of Residential Furnishings) in 2008, but that divestiture is in an early stage and does not yet qualify the business as a discontinued operation.

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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.

Strategic Changes

During 2007, we completed an extensive review of our business portfolio, triggered in part by our underperformance versus stated growth and operating targets. For each business unit, we considered factors such as competitive advantages, market position, financial performance, and potential growth opportunities. We are making 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 monitor. TSR is driven by the change in our share price and the dividends we pay [TSR = (Change in Stock Price + Dividends Received) / 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 are adopting role-based portfolio management and plan to tilt our investments toward 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 maximizing cash flow. 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 (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 are implementing 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 are narrowing our focus and 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, approximately \$900 million, will come from the divestiture of the Aluminum Products segment and six additional business units. Additionally, the Store Fixtures business unit was given a 12-month deadline by which to significantly improve performance; we expect to prune about \$100 million of 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 close or divest a number of these unprofitable facilities, resulting in a revenue reduction of approximately \$200 million.

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.

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.

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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, demand weakness in the U.S. home-related and retail markets led to lower volume in certain of our businesses. In contrast, we saw strength in most international markets, including bedding, furniture, and automotive, as well as the non-dealer portion of our domestic Commercial Vehicle Products business. Several factors, including higher energy costs, have reduced disposable income, leading to more conservative spending by U.S. consumers on major discretionary purchases. In addition, a slump in the housing market and increased competition from other types of consumer goods (such as electronics) have led to lower demand for our 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 our competitors generally do not have. Still, our costs can change 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. We have few long-term, fixed-pricing contracts with customers. When we experience significant increases in raw material costs, we typically implement price increases to recover the higher costs. Although we are generally able to pass through most cost increases, we encounter greater difficulty (i) in businesses where we have a smaller market share, and (ii) in products that are of a commodity nature. Inability to recover cost increases (or a delay in the recovery time) negatively impacts our earnings.

Steel is our principal raw material and at various times during the past three 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, once again we began seeing higher steel costs which are continuing into early 2008. Since early December, market prices have increased from 15% to 30%, depending on the type of steel. We have announced price increases to recover some of these higher costs.

We also experienced significant inflation in foam scrap, chemicals, fibers, and resins during the past three years, but recovered most of the higher costs through selling price increases. During 2007 the cost of foam scrap declined from peak levels, resulting in lower selling prices 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.

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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 the end of 2007, Leggett operated 12 facilities in China.

In recent years, we experienced increased price 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.

We believe innersprings are being imported into the U.S. at low prices that violate our trade laws, and also are frequently imported under improper tariff classifications, thus avoiding duties. In late 2007 we filed an anti-dumping petition with the U.S. government on behalf of the innerspring industry to attempt to remedy this situation.

Divestiture

In March 2007, we completed the divestiture of our Prime Foam operations, which primarily produced commodity foam used for cushioning by upholstered furniture and bedding manufacturers. We retained our foam operations that produce carpet underlay. With 2006 revenue of approximately \$200 million, this divestiture is the largest in Leggett's history.

Asset Impairments and Restructuring

During 2007, we recognized \$305 million of net impairment and restructuring-related charges, the vast majority of which were non-cash items incurred following the implementation of the strategic plan announced in November (and discussed earlier in this MD&A). Of these charges, approximately \$138 million were associated with the planned divestitures included in discontinued operations. The remaining \$167 million relates to continuing operations and includes \$143 million of goodwill impairment in the Fixture & Display business. The table below provides more detail regarding the 2007 net charges. In 2008, we expect an additional \$15 to \$25 million of costs associated with the strategic plan.

Millions of dollars	Amount	Cash	Non-Cash
Restructuring charges	\$ 3		
Goodwill impairment charges	243		
Other asset impairment charges	34		
Inventory obsolescence and other costs	7		
2007 costs related to the Strategic Plan	\$ 287	\$ 3	\$ 284
Other restructuring-related costs in 2007	27	12	15
Gains from sales of assets in 2007	(9)	(9)	—
2007 net costs	\$ 305	\$ 6	\$ 299

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In the third quarter of 2005, we launched a significant broad-based restructuring project to reduce excess capacity and improve performance in a number of our businesses. That restructuring was essentially completed in 2006. As part of the restructuring plan, we identified 36 underutilized or underperforming facilities that were subsequently closed, consolidated, or sold. We also took a more critical look at other underperforming operations; as a result, we modified or accelerated restructuring activities that were previously underway, and identified other operations with impaired assets. Net costs recognized in 2005 and 2006 for all restructuring-related activities were \$55 million and \$12 million, respectively.

We provide additional details about asset impairment and restructuring in Notes C and D on pages 68 and 69, respectively, of the Notes to Consolidated Financial Statements.

RESULTS OF OPERATIONS—2007 vs. 2006

During 2007, sales from continuing operations decreased slightly. We reported a full year net loss of \$.06 per share due to non-cash charges following the implementation of the strategic plan announced in November. Operationally, 2007 earnings reflected ongoing soft demand in the U.S. residential markets. Further details about our consolidated and segment results from continuing operations are discussed below.

Consolidated Results (continuing operations)

The following table shows the changes in sales and earnings from continuing operations during 2007, and identifies the major factors contributing to the changes:

	<u>Amount</u>	<u>%</u>
(Dollar amounts in millions, except per share data)		
Net sales from continuing operations:		
Year ended December 31, 2006	\$ 4,333	
Acquisition sales growth	119	2.7%
Small divestitures	(27)	(0.6)%
Internal sales decline	(119)	(2.7)%
Year ended December 31, 2007	<u>\$ 4,306</u>	<u>(0.6)%</u>
Earnings from continuing operations:		
(Dollar amounts, net of tax)		
Year ended December 31, 2006	\$ 236	
Goodwill impairment in Fixture & Display	(120)	
Asset impairment	(5)	
Higher restructuring-related charges	(5)	
Tax items	(24)	
Other factors including lower internal sales and higher legal reserves, partially offset by earnings from recent acquisitions	(31)	
Year ended December 31, 2007	<u>\$ 51</u>	
Earnings Per Share (continuing operations)—2006	<u>\$ 1.26</u>	
Earnings Per Share (continuing operations)—2007	<u>\$ 0.28</u>	

During 2007, sales from continuing operations decreased slightly, with acquisition growth (net of small divestitures) more than offset by lower internal sales (i.e. excluding acquisitions and divestitures). We experienced soft demand throughout 2007 in the U.S. home-related and retail markets that we serve, but these declines were partially offset by strength in most of our international markets and the non-dealer portion of the domestic Commercial Vehicle Products business. These trends are discussed in the segment results below.

Full-year earnings from continuing operations of \$.28 per share were significantly lower than the prior year, primarily due to the non-cash charges and tax items, but also from weak demand in many of our domestic markets. The tax items include, in 2007, adjustments to valuation allowances related to potential foreign tax benefits, and in 2006, a benefit from the write-off of an acquired company's stock.

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Segment Results (continuing operations)

In the following section we discuss 2007 sales and earnings before interest and taxes (EBIT) from continuing operations for each of our segments. Reported amounts for 2006 have been retrospectively adjusted to reflect only continuing operations and also to reflect an organizational change that moved a few small formed wire operations from Commercial Fixturing & Components to Industrial Materials. We provide additional detail about segment results and a reconciliation of segment EBIT to consolidated EBIT in Note O to the financial statements on page 92.

Residential Furnishings

	Sales	EBIT	EBIT Margins
(Dollar amounts in millions)			
Year ended December 31, 2007	\$ 2,310	\$ 161	7.0%
Year ended December 31, 2006	2,425	229	9.4%
Decrease	\$ (115)	\$ (68)	
% decrease	(5)%	(30)%	
Internal sales decline	(7)%		
Acquisitions (net of small divestitures)	2%		

Residential Furnishings sales decreased in 2007, reflecting lower internal sales. Acquisitions (net of two small divestitures) partially offset the decline. The sales decrease is primarily due to soft demand in the U.S. residential markets during 2007 and very strong sales in our carpet underlay business during 2006. International demand for both bedding and upholstered furniture components was considerably stronger, and partially offset the domestic sales declines.

EBIT and EBIT margins decreased versus 2006 due to several factors:

- Lower internal sales
- Increased legal reserves (\$4 million)
- Higher asset impairment and restructuring-related charges (\$17 million in 2007 vs. \$14 million in 2006)

These factors were partially offset by earnings from recent acquisitions.

Commercial Fixturing & Components

	Sales	EBIT	EBIT Margins
(Dollar amounts in millions)			
Year ended December 31, 2007	\$ 837	\$ (104)	(12.4)%
Year ended December 31, 2006	861	60	7.0%
Decrease	\$ (24)	\$ (164)	
% decrease	(3)%	(273)%	
Internal sales decline	(3)%		
Acquisitions (net of small divestitures)	0%		

Sales decreased in 2007, primarily due to lower Store Fixtures volume and our decision to walk away from sales with unacceptable margins, but also from slightly lower demand for office furniture components.

EBIT and EBIT margins were significantly lower than 2006, primarily due to a large, non-cash goodwill impairment charge. The major factors impacting EBIT were:

- Goodwill impairment (\$143 million)
- Higher asset impairment and restructuring-related charges (\$14 million in 2007 vs. \$3 million in 2006)
- Lower internal sales

These items were partially offset by gains from the sales of assets (\$8 million).

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Industrial Materials

(Dollar amounts in millions)	Sales	EBIT	EBIT Margins
Year ended December 31, 2007	\$ 776	\$ 55	7.1%
Year ended December 31, 2006	784	55	7.0%
Increase (decrease)	\$ (8)	\$ —	
% increase (decrease)	(1)%	0%	
Internal sales decline	(3)%		
Acquisitions (net of small divestitures)	2%		

Internal sales declined during the year, but this decrease was mostly offset by acquisitions (net of small divestitures). Continued softness in the U.S. residential markets led to lower unit volume in our wire operations, but this decline was partially offset by inflation-related sales growth (from price increases we implemented to recover higher raw material costs).

EBIT and EBIT margins were flat with the prior year, as the impact of lower sales was offset by earnings from an acquired business.

Specialized Products

(Dollar amounts in millions)	Sales	EBIT	EBIT Margins
Year ended December 31, 2007	\$ 715	\$ 65	9.1%
Year ended December 31, 2006	621	43	6.9%
Increase	\$ 94	\$ 22	
% increase	15%	51%	
Internal sales growth	11%		
Acquisitions (net of small divestitures)	4%		

Strong sales increases in 2007 reflected world-wide growth in our automotive business, and continued solid performance in the non-dealer portion of Commercial Vehicle Products. Acquisitions (net of a small divestiture) also contributed to higher sales during the year.

EBIT and EBIT margins improved significantly, reflecting higher sales in the segment and earnings from a company acquired early in 2007. These gains were partially offset as the strength of the Canadian dollar negatively impacted our Automotive business (we incur costs in Canadian dollars and sell in U.S. dollars).

Results from Discontinued Operations

Full year earnings from discontinued operations, net of tax, declined \$127 million, from \$65 million in 2006 to a loss of \$62 million in 2007. The earnings decline was primarily due to:

- Higher asset impairments and restructuring-related charges (of \$116 million)
- Non-recurrence of the 2006 reimbursement of a duty on Canadian lumber imports (of \$10 million)
- Softer demand, lower capacity utilization, and manufacturing inefficiencies in certain operations

These items were partially offset by a tax benefit (of \$30 million) associated with a difference in book and tax basis of an acquired company's stock as a result of reaching held for sale status.

[Table of Contents](#)**RESULTS OF OPERATIONS—2006 vs. 2005**

During 2006, sales from continuing operations grew 2%. Earnings also increased due to several factors, including lower restructuring-related expenses and the absence of 2005's higher workers' compensation costs. We also realized benefits from the 2005 restructuring initiative, as expected, in the latter part of the year. Further details about these items and our consolidated and segment results from continuing operations are discussed below.

Consolidated Results (continuing operations)

The following table shows the changes in sales and earnings from continuing operations during 2006, and identifies the major factors contributing to the changes:

	<u>Amount</u>	<u>%</u>
(Dollar amounts in millions, except per share data)		
Net sales from continuing operations:		
Year ended December 31, 2005	\$ 4,257	
Acquisition sales growth	197	4.6%
Restructuring-related closures & divestitures	(92)	(2.2)%
Internal sales decline	(29)	(0.7)%
Year ended December 31, 2006	<u>\$ 4,333</u>	<u>1.7%</u>
Earnings from continuing operations:		
(Dollar amounts, net of tax)		
Year ended December 31, 2005	\$ 218	
Lower restructuring-related charges	22	
Lower workers' compensation expense	14	
Other factors including restructuring benefits and income from acquisitions, offset by product mix, price competition, and higher interest expense	(18)	
Year ended December 31, 2006	<u>\$ 236</u>	
Earnings Per Share (continuing operations)—2005	<u>\$ 1.13</u>	
Earnings Per Share (continuing operations)—2006	<u>\$ 1.26</u>	

During 2006, acquisitions contributed all of the full year sales growth, and were partially offset by slightly lower internal sales and declines from restructuring and divestitures. The restructuring-related sales decrease occurred as we chose to walk away from business that was marginally profitable, or in some instances, unprofitable. Internal sales declines reflect lower volume in certain businesses partially offset by inflation-related sales growth (from price increases we implemented to recover higher raw material costs).

In the North American bedding market, volume was weak for most of the year and softened further beginning in September. Automotive demand, and to a lesser extent, custom store fixture demand was also soft for most of the year. In contrast, our residential furniture components, office furniture components, machinery, and carpet underlay businesses performed very well. These trends are discussed in the segment results below.

Net earnings and earnings per share increased versus 2005 primarily due to lower restructuring-related charges and lower workers' compensation expense. In 2005, we significantly increased our reserves for workers' compensation to reflect higher costs of medical care and longer durations of claims. Workers' compensation costs returned to normal levels in 2006. Earnings also benefited in 2006 from restructuring-related operating improvements and acquisitions. A lower share count drove a portion of the increase in earnings per share. These earnings improvements were partially offset by:

- Product mix: Higher raw material costs in recent years have led some customers to modify their product design and replace higher cost components with lower cost (and lower margin) components.

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- Price competition: In 2006, we experienced price competition in certain markets, and we responded by selectively reducing prices of certain of our products.
- Higher net interest expense (\$5 million)

Segment Results (continuing operations)

In the following section we discuss 2006 sales and EBIT from continuing operations for each of our segments. Reported amounts for 2006 and 2005 have been retrospectively adjusted to reflect only continuing operations and also to reflect an organizational change that moved a few small formed wire operations from Commercial Fixturing & Components to Industrial Materials. We provide additional detail about segment results and a reconciliation of segment EBIT to consolidated EBIT in Note O to the financial statements on page 92.

Residential Furnishings

(Dollar amounts in millions)	Sales	EBIT	EBIT Margins
Year ended December 31, 2006	\$ 2,425	\$ 229	9.4%
Year ended December 31, 2005	2,298	158	6.9%
Increase	\$ 127	\$ 71	
% increase	6%	45%	
Internal sales growth	1%		
Acquisitions (net of restructuring & divestitures)	5%		

Residential Furnishings sales increased in 2006, primarily from acquisitions. Internal sales grew slightly during the year, mainly due to inflation in our carpet underlay business and unit growth in upholstered furniture components. However, weak demand and price competition in the U.S. bedding market, in addition to de-contenting by some of our customers (those who have chosen to replace higher cost components with lower cost components) has offset much of the internal sales gains.

EBIT and EBIT margins increased versus 2005 due to several factors:

- Lower restructuring-related charges, net of gains from asset sales (\$7 million)
- Lower workers' compensation expense (\$11 million)
- Operational benefits from the restructuring
- Improved market conditions in our carpet underlay businesses
- Income from acquisitions

These improvements were partially offset by lower bedding volume, increased price competition, and higher energy and transportation costs. We aggressively protected our bedding market share during 2006 as we dealt with price competition and de-contenting by our customers.

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Commercial Fixturing & Components

(Dollar amounts in millions)	Sales	EBIT	EBIT Margins
Year ended December 31, 2006	\$ 861	\$ 60	7.0%
Year ended December 31, 2005	886	34	3.9%
Increase (decrease)	\$ (25)	\$ 26	
% increase (decrease)	(3)%	76%	
Internal sales decline	(1)%		
Acquisitions (net of restructuring & divestitures)	(2)%		

Sales decreased in 2006 from a combination of lower unit volume and the impact, as expected, of restructuring activity. Demand for custom fixtures and displays softened in the latter part of the year, but this decrease was partially offset by continued growth in our businesses supplying office furniture components.

Despite lower sales, EBIT and EBIT margins increased versus 2005 primarily due to:

- Lower restructuring-related charges, net of gains from asset sales (\$13 million)
- Lower workers' compensation expense (\$5 million)
- Operational benefits from the restructuring

Industrial Materials

(Dollar amounts in millions)	Sales	EBIT	EBIT Margins
Year ended December 31, 2006	\$ 784	\$ 55	7.0%
Year ended December 31, 2005	886	103	11.8%
Decrease	\$ (102)	\$ (48)	
% decrease	(11)%	(47)%	
Internal sales decline	(10)%		
Acquisitions (net of restructuring & divestitures)	(1)%		

Internal sales were down for the year due, in roughly equal parts, to deflation and lower unit volumes. Volume declines resulted primarily from continued weakness in U.S. bedding demand (which impacts our wire operations) and lower production levels in the automotive industry (which impacts our tubing businesses).

EBIT and EBIT margins decreased versus 2005 largely from reduced sales, lower profitability at the rod mill, and higher raw material costs. Lower restructuring-related expenses (\$4 million), lower workers' compensation costs (\$3 million), and restructuring benefits offset some of this decline.

In 2005, segment margins were above our long-range, targeted levels mainly due to unusual market conditions that resulted in unsustainably high margins on our rod production. In 2006, the market began returning to more normal levels.

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Specialized Products

(Dollar amounts in millions)	Sales	EBIT	EBIT Margins
Year ended December 31, 2006	\$ 621	\$ 43	6.9%
Year ended December 31, 2005	610	31	5.1%
Increase	\$ 11	\$ 12	
% increase	2%	39%	
Internal sales decline	(2)%		
Acquisitions (net of restructuring & divestitures)	4%		

Sales grew in 2006 as a result of acquisitions completed in late 2005, but this growth was partially offset by slightly lower internal sales. In our automotive business, market weakness in North America, particularly in larger vehicles that contain more seats with higher-end features, was partially offset by growth in Asia and Europe. Machinery volume was stronger in 2006, reflecting improved demand for bedding related equipment in certain international markets. In the Commercial Vehicle Products business, demand for fleet van interiors (racks, shelving, and cabinets installed in service vans) also improved in 2006.

EBIT and EBIT margins increased versus 2005 in part due to:

- Lower restructuring-related costs (\$6 million)
- Earnings from acquired companies
- Lower workers' compensation expense (\$2 million)
- Operational benefits from the restructuring

Currency factors (\$6 million) offset some of these gains.

Results from Discontinued Operations

Full year earnings from discontinued operations, net of tax, increased \$32 million, from \$33 million in 2005 to \$65 million in 2006. The earnings improvement was primarily due to:

- Improved market conditions in the Prime Foam and Fibers businesses
- Reimbursement of a duty on Canadian lumber imports (of \$10 million)
- Lower restructuring-related costs (of \$9 million)

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, acquisitions)
- Pay dividends
- Repurchase our stock

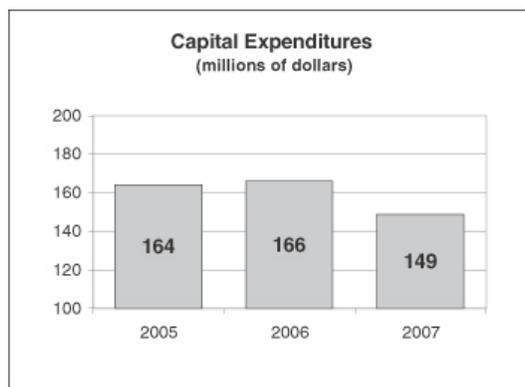
Our operations provide much of the cash we require. Over the prior three-year period, we also increased net debt to fund a portion of our requirements. In keeping with our stated financial goals, net debt to net capital has increased from 21.9% at the beginning of 2005 to 28.0% at the end of 2007. Our 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 40 shows the calculation of net debt as a percent of net capital for the past two years.

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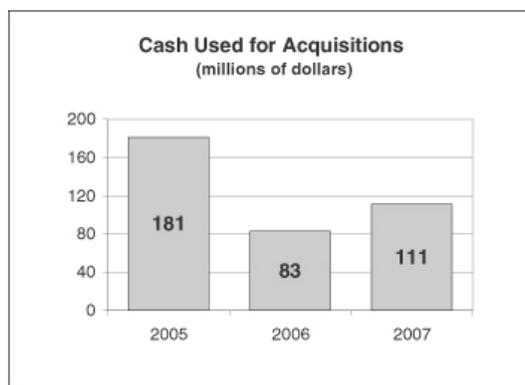
Uses of Cash

Finance Capital Requirements

We use cash to fund internal growth through capital expenditures and external growth through acquisitions. 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.



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 "growth" 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.



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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.

In 2007, we acquired three businesses that should add about \$100 million to annual revenue (\$20 million in Commercial Fixturing & Components, \$50 million in Industrial Materials, and \$30 million in Specialized Products). These businesses:

- establish a foothold in Asian production of office chair controls
- manufacture coated wire products, including racks for dishwashers, and present Leggett with expanded technologies and cross-segment selling opportunities
- broaden our suite of products for commercial vehicle interiors

We acquired five businesses in 2006 with annualized sales of about \$75 million. All these transactions occurred in the Residential Furnishings segment. These acquisitions:

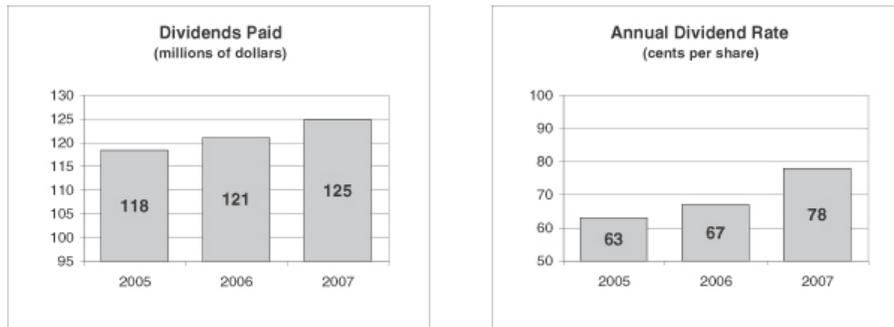
- broadened our geographic presence and product offerings in geo components
- expanded our rubber carpet underlay business
- added to our international spring operations

In 2005, we acquired 12 companies with annualized sales (in continuing operations) of approximately \$240 million (\$170 million in Residential Furnishings and \$70 million in Specialized Products). These businesses primarily:

- Expanded our presence in the conversion and distribution of geo components
- Broadened our offerings for carpet underlay
- Added to our business that manufactures and installs products for commercial vehicles

In addition to the initial cash outlays for acquisitions (shown in the accompanying chart), we also assumed debt of \$35 million, \$5 million, and \$24 million, respectively in the 2005, 2006, and 2007 transactions. We provide additional details about acquisitions in Note G to the financial statements on page 75.

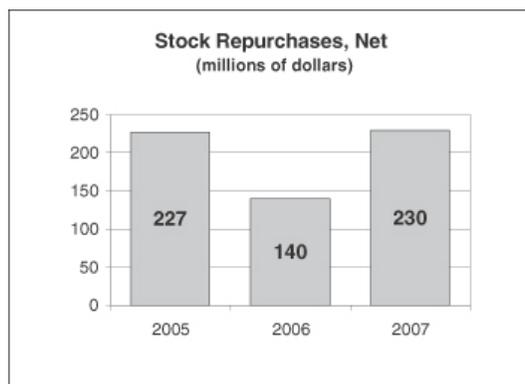
Pay Dividends



With improvement 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. With the January 2008 \$.25 dividend payment, we have now raised annual dividends for 37 consecutive years at a compound annual rate of over 14%. We expect to spend approximately \$165 million on dividends in 2008. Long-term, our targeted dividend payout is approximately 50-60% of net earnings, but will likely be higher for the next two years.

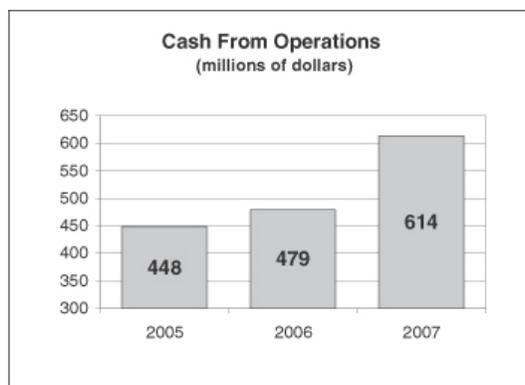
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Repurchase Stock



Share repurchases are the other means by which we return cash to shareholders. During the past three years, we purchased a total of 27 million shares of our stock and reduced outstanding shares by about 12%. The cash available to repurchase shares will fluctuate each year, primarily from changes in earnings, timing of divestitures, and the pace of spending on acquisitions. Although no specific repurchase schedule has been established, we have a standing authorization from the Board of Directors to repurchase up to 10 million shares annually. In addition to the standing authorization, the Board has approved the repurchase of up to an additional 20 million shares in 2008 at management's discretion, limited to the amount of divestiture proceeds.

Cash from Operations



Cash from operations is our primary source of funds. Changes in earnings and working capital levels are the two broad factors that generally have the greatest impact on our cash from operations. In 2007, cash from operations increased 28% from 2006, as significant working capital improvements offset lower earnings. The working capital improvements resulted primarily from better accounts receivable collections and ongoing efforts to manage inventories.

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In 2006, cash from operations increased 7% over 2005. Earnings grew in 2006, but were partially offset by increased working capital due to higher inventories. This inventory increase resulted primarily from softening demand in certain markets and opportunistic pre-buys of raw materials.

Working capital levels 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 business. 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.

In the December 31, 2007 balance sheet, 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 million lower than 2007.

Capitalization

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

(Dollar amounts in millions)	2007	2006	2005
Long-term debt outstanding:			
Scheduled maturities	\$ 796	\$ 906	\$ 922
Average interest rates *	4.9%	5.0%	5.0%
Average maturities in years *	6.8	7.4	7.8
Revolving credit/commercial paper	205	154	—
Total long-term debt	1,001	1,060	922
Deferred income taxes and other liabilities	139	163	156
Shareholders' equity	2,133	2,351	2,249
Total capitalization	\$ 3,273	\$ 3,574	\$ 3,327
Unused committed credit:			
Long-term	\$ 395	\$ 246	\$ 400
Short-term	—	—	—
Total unused committed credit	\$ 395	\$ 246	\$ 400
Current maturities of long-term debt	\$ 89	\$ 52	\$ 99
Cash and cash equivalents	\$ 205	\$ 132	\$ 65
Ratio of earnings to fixed charges **	2.5x	5.0x	5.9x

* These calculations include current maturities but exclude commercial paper.

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

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The next table shows the percent of long-term debt to total capitalization at December 31, 2007 and 2006. We show this calculation in two ways:

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

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

(Dollar amounts in millions)	2007	2006
Long-term debt	\$ 1,001	\$ 1,060
Current debt maturities	89	52
Cash and cash equivalents	(205)	(132)
Net debt	\$ 885	\$ 980
Total capitalization	\$ 3,273	\$ 3,574
Current debt maturities	89	52
Cash and cash equivalents	(205)	(132)
Net capitalization	\$ 3,157	\$ 3,494
Long-term debt to total capitalization	30.6%	29.7%
Net debt to net capitalization	28.0%	28.0%

Total debt (which includes long-term debt and current debt maturities) decreased \$22 million in 2007. During the year, we added \$64 million of debt, including \$51 million of commercial paper borrowings, and repaid \$86 million of debt that came due.

Since 2003, we've issued \$730 million of fixed rate debt with an average remaining life at the end of 2007 of 7.5 years, and a weighted average interest rate of 4.7%. To further facilitate the issuance of debt and other securities, \$300 million remains available under a shelf registration.

In addition to issuing long-term notes, we can also raise cash by issuing up to \$600 million in commercial paper through a program that is backed by a \$600 million revolving credit commitment that terminates in 2012. We expect any commercial paper issued under this agreement to be classified as long-term debt since we intend to maintain or increase the balance until it is replaced with long-term notes. At the end of 2007, \$205 million in commercial paper was outstanding under this program.

With 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.

Most of our debt has fixed repayment dates. At the end of 2007, this debt consisted primarily of term notes. We have maintained a single A rating (from both Moody's and Standard & Poor's) on our term notes and public debt for over a decade. Our commercial paper program carries a Moody's rating of P-1 and a Standard & Poor's rating of A-1. This discussion is not a recommendation to buy, sell or hold the company's public debt. Furthermore, these ratings are subject to revision and withdrawal at any time, and each should be evaluated separately.

[Table of Contents](#)**CONTRACTUAL OBLIGATIONS**

The following table summarizes our future contractual obligations and commitments:

Contractual Obligations	Total	Payments Due by Period			
		Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
(Dollar amounts in millions)					
Long-term debt*	\$ 1,074	\$ 79	\$ 25	\$ 207	\$ 763
Capitalized leases	15	10	5	—	—
Operating leases	148	42	57	32	17
Purchase obligations**	403	403	—	—	—
Interest payments ***	309	53	86	72	98
Deferred income taxes	42	—	—	—	42
Other obligations (including pensions and reserves for tax contingencies)	96	7	13	9	67
Total contractual cash obligations	\$ 2,087	\$ 594	\$ 186	\$ 320	\$ 987

* *The long-term debt payment schedule presented above could be accelerated if we were not able to make the principal and interest payments when due. Long-term debt includes \$205 million of outstanding commercial paper, which is generally due overnight. We have classified commercial paper as long-term debt (due in 3-5 years) since the commercial paper program is supported by a \$600 million revolving credit agreement which terminates in 2012.*

** *Purchase obligations primarily include open short-term (30-120 days) purchase orders that arise in the normal course of operating our facilities.*

*** *Interest payments are calculated on debt outstanding at December 31, 2007 at rates in effect at the end of the year. These totals include interest on the \$205 million of outstanding commercial paper discussed above.*

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

- Asset and goodwill impairment
- Inventory
- Workers' compensation, general liability, and employee benefit programs
- Credit losses
- Pension accounting
- Income taxes
- Contingencies

We provide additional details regarding our significant accounting policies in Note A to the financial statements on page 60.

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Asset and Goodwill Impairment

Goodwill is assessed for impairment annually, and as triggering events occur. Other long-lived assets are tested for recoverability whenever events or circumstances indicate the carrying value may not be recoverable. The assessments are performed to ensure that future cash flows (from use of the assets) exceed the assets' book value. In doing so, we make judgments and estimates about: a) the future cash flows expected from use (and eventual disposition) of the assets, and b) the assets' fair market values. If actual future cash flows are lower than our estimates, we could incur future (unanticipated) impairment charges.

Our ten reporting units for goodwill purposes (related to continuing operations) are one level below our operating segments, and are the same as the business groups disclosed in "Item 1. Business." We assess our reporting units for possible goodwill impairment on an annual basis and whenever events warrant. In doing so, we estimate the fair market values of our reporting units using a discounted cash flow model and comparable market values for similar entities using price to earnings ratios. Key assumptions and estimates used in the cash flow model include discount rate, internal sales growth, margins, capital expenditure requirements, and working capital requirements. Recent performance of the reporting unit is an important factor, but not the only factor, in our assessment.

In June 2007, we performed the annual goodwill impairment review and determined that no impairments were indicated for any reporting units. In the fourth quarter 2007, we performed an interim goodwill impairment review as a result of the November Strategic Plan which was considered a "triggering event" as defined in FAS 142. The fair value of each reporting unit was adjusted to reflect the significant decrease in the Company's overall market value since June. In addition, individual reporting units impacted by the November Strategic Plan were revised to reflect updated margin and growth assumptions. As a result of this interim review, we determined that impairments were indicated for the Aluminum and Fixtures & Display reporting units, resulting in goodwill impairments of \$83 million and \$143 million, respectively. In addition, we recorded goodwill and asset impairments of \$51 million in the fourth quarter 2007 relating to other held-for-sale locations.

Inventory

In determining the value of inventories, we make assumptions about the value of products that are obsolete or slow-moving (i.e. not selling very quickly). If we have had no sales of a given product for 12 months, those items are generally deemed to have no value. If we have more than a one-year's supply of a product, we value that inventory at net realizable value (what we think we will recover). At December 31, 2007, we had reduced inventory values by \$43 million (approximately 6% of total inventory not held for sale valued on a FIFO basis) to account for obsolete and slow moving items.

Workers' Compensation, General Liability, and Employee Benefit Programs

We are substantially self-insured for certain costs related to workers' compensation, automobile, product and general liability, property, and medical insurance. When estimating the potential amounts we might have to pay (since we are self-insured), we consider a number of factors, including historical claim experience, demographic factors, and potential recoveries from third party insurance carriers.

In 2005, we significantly increased our reserve for workers' compensation to reflect higher costs of medical care and longer durations of claims (as more treatment options are available and can continue over longer periods of time).

Over the past five years, we have incurred, on average, \$27 million annually for costs associated with these insurance programs. Average year-to-year variation over the past five years has been approximately \$3 million. At December 31, 2007, we had accrued \$72 million to cover future self-insurance liabilities.

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Credit Losses

Our customers are diverse. Many are small-to-medium sized companies, and some are highly leveraged. Bankruptcy can occur with some of these customers relatively quickly and with little warning. We regularly evaluate the ability of our customers to pay what they owe us. When we become aware of a specific customer's potential inability to pay, we record a bad debt reserve for the amount we believe may not be collectible. We consider factors such as the length of time that receivables are past due, the financial health of the customer, industry and macroeconomic considerations, and historical experience.

The total amount of credit losses over the last three years is \$19 million. At December 31, 2007, our reserves for doubtful accounts not held for sale totaled \$23 million (about 3.4% of our accounts and notes receivable of \$685 million).

Pension Accounting

For our pension plans, we must estimate the cost of benefits to be provided (well into the future) and the current value of those benefit obligations. The two most critical assumptions affecting these estimates are the discount rate and the expected return on assets. Other assumptions include rates of compensation increases, withdrawal and mortality rates, and retirement ages. These estimates impact the pension expense or income we recognize and our reported benefit obligations. We have recognized the impact of individual plans' funded amounts on the balance sheet, and continue to use a September 30 measurement date for our most significant plans.

To reflect market interest rates, in 2007 we increased the discount rate for our major pension plans from 5.75% to 6.0%. This follows an increase in 2006 from 5.5% to 5.75%. We continued to assume long-term returns of 8.0% on the assets of these plans, which was identical to our 2006 and 2005 assumptions.

Sensitivity to changes in the critical assumptions for our major plans is as follows:

- Discount rate: a 25 basis point decrease in the discount rate would increase pension expense by approximately \$.3 million and decrease the plans' funded status by approximately \$5 million.
- Expected return on assets: a 25 basis point reduction in the expected return on assets would increase pension expense by \$.5 million, but have no effect on the plans' funded status.

We expect that the combined contribution in 2008 to our defined benefit plans will total approximately \$2 million. On December 31, 2006, our defined benefit Retirement Plan covering non-union employees was frozen, thereby eliminating the future accrual of benefits to participants and closing the plan to future enrollment. This plan change reduced the projected benefit obligation by \$12 million, and reduced 2007 pension expense by \$4 million. Participants were moved to a defined contribution plan with a company contribution based upon the age of the participant.

Income Taxes

In the ordinary course of business, we must make estimates of the tax treatment of many transactions, even though the ultimate tax outcome may remain uncertain for some time. These estimates become part of the annual income tax expense reported in our financial statements. Subsequent to year end, we finalize our tax analysis and file income tax returns. Tax authorities periodically audit these income tax returns and examine our tax filing positions, including (among other things) the timing and amounts of deductions, and the allocation of income among tax jurisdictions. We adjust income tax expense in our financial statements in the periods in which the actual outcome becomes more certain.

At December 31, 2007, five open years were undergoing (or subject to) audit by the United States Internal Revenue Service (IRS) and Canada Revenue Agency. In 2005, audits in both countries for the years 2000 and

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2001 were settled in all material respects with no significant adjustments. In 2006, the IRS examination for the years 2002 and 2003 was concluded. A final report was issued, and the net refund of approximately \$11 million, plus interest, under review by the Joint Committee on Taxation as of December 31, 2006, was received in 2007. The largest issue pertained to a refund claim we made for a worthless stock deduction. The resolution of this item was reflected in 2006 as a reduction in the Company's overall tax rate.

At December 31, 2007 and 2006, we had \$25 million and \$38 million, respectively, of net deferred tax assets on our balance sheet related to operating loss and tax credit carryforwards. The ultimate realization of these deferred tax assets is dependent upon the amount and source of future taxable income. Valuation reserves are established against future potential tax benefits to reflect the amounts that we believe have no more than a 50% probability of being realized. In addition, assumptions have been made regarding the non-repatriation of earnings from certain subsidiaries. Those assumptions may change in the future, thereby affecting future period results for the tax impact of such earnings.

Contingencies

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

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. The plaintiffs are seeking monetary damages in an unspecified amount.

The litigation is in its early stages. We believe the Company has raised valid defenses to the claims. We intend to continue vigorously defending these claims. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this litigation. However, the Company's insurance coverages (including a \$2 million self-retention amount) are sufficient to satisfy the latest settlement demand. Management does not believe the outcome will have a material effect on the Company's financial condition or results of operation.

In 2005, we recorded a receivable of \$5 million related to an ongoing international dispute over duties imposed by the United States on softwood lumber imported from Canada. In 2006 the U.S. and Canada finalized an agreement to settle this dispute and as a result, we were refunded \$21 million in duties and interest for our claim. The refund was recorded as income (\$16 million in 2006 and \$5 million in 2005) and is reflected in earnings from discontinued operations. Since this claim is now settled, we do not anticipate any further payments.

NEW ACCOUNTING STANDARDS

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No.158 (SFAS 158), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS 158 requires the Company to recognize the funded status of each of its defined benefit postretirement plans as an asset or liability on the balance sheet. This requirement was effective as of December 31, 2006, and is reflected in the accompanying financial statements. SFAS 158 will also require the Company to measure the funded status of its plans as of year end beginning with the December 31, 2008 balance sheet. The Company currently uses 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. A proportionate allocation is made to cover the net benefit expense or income for the transition period and that amount will be recorded as an adjustment to beginning retained earnings on January 1,

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2008. The Company has evaluated the effect of this standard and determined that it will not have a material impact on the Company's financial statements.

In September 2006, the FASB also issued SFAS No. 157, "Fair Value Measurements." SFAS 157 provides guidance for using fair value to measure assets and liabilities and requires additional disclosure about the use of fair value measures, the information used to measure fair value, and the effect fair value measurements have on earnings. The primary areas in which the Company utilizes fair value measures are valuing pension plan assets and liabilities, valuing hedge-related derivative financial instruments, allocating purchase price to the assets and liabilities of acquired companies, and evaluating long-term assets for potential impairment. SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for financial assets and liabilities of the Company beginning January 1, 2008. SFAS 157 is effective beginning January 1, 2009 for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The Company has evaluated the effect of this standard and does not believe that it will have a material impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115" (SFAS 159). 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. SFAS 159 is effective for the Company beginning January 1, 2008. The Company has evaluated the effect of this standard and determined that it will not have a material impact on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 141 (R), "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 141 (R) 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 141 (R) 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 141 (R) would also apply the provisions of SFAS 141 (R). The adoption of SFAS 141 (R) is not expected to have a material impact on the Company's financial statements.

In December 2007, the FASB also issued SFAS No. 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.

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

(Unaudited)
(Dollar amounts in millions)

INTEREST RATES

The table below provides information about the Company's debt obligations sensitive to changes in interest rates. Substantially all of the debt shown in the table below is denominated in United States dollars. (See discussion of Net Investment Hedges provided in Note R on page 97 of the Notes to Consolidated Financial Statements). The fair value of fixed rate debt was less than its carrying value by \$19.9 at December 31, 2007, and less than its

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carrying value by \$43.5 at December 31, 2006. The fair value of fixed rate debt was calculated using the U.S. Treasury Bond rate as of December 31, 2007 and December 31, 2006 for similar remaining maturities, plus an estimated "spread" over such Treasury securities representing the Company's interest costs under its medium-term note program. A 50 basis point increase in the interest rate would result in an additional \$20.8 reduction in the fair value of fixed rate debt. The fair value of variable rate debt is not significantly different from its recorded amount.

Long-term debt as of December 31,	Scheduled Maturity Date						2007	2006
	2008	2009	2010	2011	2012	Thereafter		
Principal fixed rate debt	\$ 71.5	\$ 15.0	—	—	—	\$ 730.0	\$ 816.5	\$ 846.7
Average interest rate	6.31%	7.26%	—	—	—	4.72%	4.91%	4.99%
Principal variable rate debt	\$.5	\$.5	\$ 8.5	\$.5	\$.5	\$ 21.5	\$ 32.0	\$ 73.1
Average interest rate	3.72%	3.72%	3.51%	3.72%	3.72%	3.60%	3.58%	3.91%
Miscellaneous debt*							\$ 240.8	\$ 192.2
Total debt							\$ 1,089.3	\$ 1,112.0
Less: current maturities							\$ (88.7)	\$ (52.0)
Total long-term debt							\$ 1,000.6	\$ 1,060.0

* Includes \$205 and \$154 of commercial paper in 2007 and 2006, respectively, supported by a \$600 million revolving credit agreement which terminates in 2012.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company is subject to market and financial risks related to interest rates, foreign currency, and commodities. In the normal course of business, the Company utilizes derivative instruments (individually or in combinations) to reduce or eliminate these risks. The Company seeks to use derivative contracts that qualify for hedge accounting treatment; however, some instruments may not qualify for hedge accounting treatment. It is the Company's policy not to speculate in derivative instruments. Information regarding cash flow hedges, fair value hedges and net investment hedges is provided in Note R on page 97 to the Notes to the Consolidated Financial Statements and is incorporated by reference into this section.

INVESTMENT IN FOREIGN SUBSIDIARIES

The Company views its investment in foreign subsidiaries as a long-term commitment and does not hedge translation exposures, except for the net investment hedge discussed in Note R on page 97 to the Notes to the Consolidated Financial Statements. The investment in a foreign subsidiary may take the form of either permanent capital or notes. The Company's net investment in foreign subsidiaries, including those held for sale, subject to translation exposure at December 31 is as follows:

Functional Currency	2007	2006
Canadian Dollar	\$ 301.4	\$ 316.9
European Currencies	328.5	299.5
Mexican Peso	87.7	79.8
Chinese Renminbi	125.8	115.7
Other	70.7	65.9
Total	\$ 914.1	\$ 877.8

Item 8. Financial Statements and Supplementary Data.

The Consolidated Financial Statements and supplementary data included in this Report are listed in Item 15 and begin immediately after Item 15, and are incorporated herein by reference.

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

Not applicable.

Item 9A. Controls and Procedures.

Effectiveness of the Company's Disclosure Controls and Procedures

An evaluation as of December 31, 2007 was carried out by the Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures were effective, as of December 31, 2007, to provide 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 and Exchange Commission's rules and forms. Disclosure controls and procedures, include without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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

Management's Report on Internal Control over Financial Reporting can be found on page 53, and the Report of Independent Registered Public Accounting Firm regarding the effectiveness of the Company's internal control over financial reporting can be found on page 54 of this Form 10-K. Each is incorporated by reference into this Item 9A.

Changes in the Company's Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ending December 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

Amendment to Bylaws. On February 21, 2008 the Board of Directors amended our Bylaws. The amendments include, but are not limited to, the following:

- (i) Section 1.5 was amended to provide that no proxy given for vote at a shareholder meeting shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy;
- (ii) Section 2.1 was amended to delete the provision that the number of directors would be eleven in the absence of the Board setting a number of directors;
- (iii) Section 2.3 was amended to add the Chief Executive Officer to the list of persons who can request a waiver of the director retirement age provision;
- (iv) Section 2.6 was amended to require mandatory, standing Audit, Compensation and Nominating and Corporate Governance Committees, and to provide that the Chief Executive Officer will be a member of the Executive Committee; and
- (v) Section 3.2 was amended to provide that the Board (but not the Chairman acting alone) can terminate officers with or without cause, and the Chief Executive Officer can terminate those officers that he has the authority to appoint.

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Because this Annual Report on Form 10-K is being filed within four business days from February 21, 2008, the amendments to the Bylaws are being disclosed hereunder rather than under Item 5.03 of Form 8-K. The Bylaws, as amended, are attached hereto and incorporated by reference as Exhibit 3.2

Amendment to 2004 Key Officers Incentive Plan Award Formula. On February 21, 2008 the Compensation Committee of the Board amended the Award Formula under the 2004 Key Officers Incentive Plan ("Plan"). Reference is made to the Plan which was filed March 1, 2006 as Exhibit 10.13 to the Company's Form 10-K. The Award Formula was amended to change the definition of "Return" by adjusting earnings before interest and taxes (EBIT) to add back, or exclude, all restructuring related costs and asset impairment charges incurred by the Company in the fourth quarter of 2007, as the formula relates to the 2007 calendar year cash awards. This Award Formula is applicable to ten executives including David S. Haffner, President and Chief Executive Officer; Karl G. Glassman, Executive Vice President and Chief Operating Officer; Matthew C. Flanigan, Chief Financial Officer; and Paul R. Hauser, Senior Vice President, President—Residential Furnishings Segment.

Because this Annual Report on Form 10-K is being filed within four business days from February 21, 2008, the amendments to the Award Formula are being disclosed hereunder rather than under Item 5.02(e) of Form 8-K. The Award Formula is attached hereto and incorporated by reference as Exhibit 10.9.

Assignment and Assumption of Credit Agreement. On February 22, 2008 the Company consented to the assignment and assumption by certain banking institutions that are parties to the Company's \$600 million multi-currency revolving credit agreement, dated August 5, 2005, as amended ("Credit Agreement"). Bank of America, N.A. assigned \$10 million of its \$75 million lending commitment to Bank of Tokyo-Mitsubishi UFJ, Ltd., retaining a \$65 million commitment. The Bank of New York assigned its \$30 million lending commitment to Comerica Bank. Bank of Tokyo-Mitsubishi UFJ, Ltd. and Comerica Bank agreed to assume the respective obligations assigned to them under the Credit Agreement. Below is a listing of the current participating banks along with their respective commitments under the Credit Agreement.

Lender	Commitment
JPMorgan Chase Bank, N.A.	\$ 70,000,000
Wachovia Bank, N.A.	70,000,000
Bank of America, N.A.	65,000,000
U.S. Bank National Association	50,000,000
Wells Fargo Bank, National Association	50,000,000
BNP Paribas	40,000,000
SunTrust Bank	40,000,000
HSBC Bank USA National Association	40,000,000
Toronto Dominion (Texas) LLC	40,000,000
Bank of Tokyo-Mitsubishi UFJ, Ltd.	40,000,000
Comerica Bank	30,000,000
UMB Bank	30,000,000
Arvest Bank	20,000,000
Bank of China, New York Branch	15,000,000
Total	\$600,000,000

Reference is made to (i) the Credit Agreement, dated August 5, 2005 among the Company, Wachovia Bank, National Association as syndication agent, JPMorgan Chase Bank, N.A. as administrative agent, and the participating banking institutions, filed August 9, 2005 as Exhibit 10.1 to the Company's Current Report on Form 8-K; (ii) the First Amendment to Credit Agreement, dated July 31, 2006, among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the participating banking institutions, filed August 3, 2006 as Exhibit 10.1 to the Company's Form 10-Q; and (iii) the Second Amendment to Credit Agreement, dated May 1, 2007, among the Company, JPMorgan Chase Bank, N.A. as administrative agent, and the participating banking institutions, filed May 4, 2007 as Exhibit 10.3 to the Company's Form 8-K.

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The listed banks and/or their affiliates have provided, from time to time, and may continue to provide commercial banking and related services, as well as investment banking, financial advisory and other services to us and/or our affiliates, for which we have paid, and intend to pay, customary fees, and in some cases, out of pocket expenses.

Because this Annual Report on Form 10-K is being filed within four business days from February 22, 2008, the assignments and assumptions of the Credit Agreement are being disclosed hereunder rather than under Item 1.01 of Form 8-K. The Assignment and Assumption agreement between Bank of America, N.A. and Bank of Tokyo-Mitsubishi UFJ, Ltd., and the Assignment and Assumption agreement between The Bank of New York and Comerica Bank are attached hereto and incorporated herein as Exhibit 10.20.1 and Exhibit 10.20.2, respectively.

Change in Director Nominees. On February 21, 2008 the Board of Directors nominated all of the Company's current directors to stand for re-election, except Harry M. Cornell, Jr. and Felix E. Wright. Section 2.3 of our By-laws states that no director upon reaching age 72 shall stand for election to the Board unless a waiver is given. Neither Mr. Cornell nor Mr. Wright requested a waiver and the Board did not waive this provision. Both Mr. Cornell and Mr. Wright will continue to serve as directors of the Company until their current term expires on May 8, 2008.

Because this Annual Report on Form 10-K is being filed within four business days from February 21, 2008, the change in director nominees is being disclosed hereunder rather than under Item 5.02(b) of Form 8-K.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The section entitled "Proposal No. 1—Election of Directors" and subsections entitled "Corporate Governance," "Board and Committee Composition and Meetings," "Consideration of Director Nominees" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 8, 2008, are incorporated by reference.

Directors of the Company

Directors are elected annually at the Annual Meeting of Shareholders and hold office until the next annual meeting of shareholders or until their successors are elected and qualified. All current directors, except Messrs. Cornell and Wright, have been nominated for re-election at the Company's Annual Meeting of Shareholders to be held May 8, 2008. If a nominated director fails to receive an affirmative majority of the votes cast in the director election, the director has agreed to submit a resignation to the Board. The Board, in its discretion, may accept the resignation.

Brief biographies of the Company's Board of Directors are provided below. Our employment agreements with Messrs. Haffner and Glassman provide that they may terminate the agreement if not elected as a director. (See the Exhibit Index on page 104 for reference to the agreements.)

Raymond F. Bentele, age 71, served as President and Chief Executive Officer of Mallinckrodt, Inc., a manufacturer of medical and specialty chemical products, from 1981 until his retirement in 1992. He serves as a director of The Mosaic Company, a producer of crop nutrient minerals, and AMCON Distributing Company, a distributor of food and beverage products. He was first elected as a director of the Company in 1995.

Ralph W. Clark, age 67, was a Vice President of International Business Machines Corporation (IBM) from 1988 until 1994. He also served as Chairman of Frontec AMT Inc., a software company, until his retirement in 1998. Mr. Clark was first elected as a director of the Company in 2000.

Harry M. Cornell, Jr., age 79, is Chairman Emeritus of the Company's Board of Directors. He has served the Company in various capacities since 1950, including President from 1960 to 1982 and Chief Executive Officer from 1960 to 1999. Mr. Cornell was Chairman of the Board from 1982 to 2002. He was first elected as a director of the Company in 1958.

Robert Ted Enloe, III, age 69, has been Managing General Partner of Balquita Partners, Ltd., a family securities and real estate investment partnership, since 1996. He also served as President and Chief Executive Officer of Optisoft, Inc., a manufacturer of intelligent traffic systems, from 2003 to 2005. He served as President and Interim CEO of Surgient Networks, Inc., a computer equipment and software company, during 2002. Mr. Enloe serves as a director of Silicon Laboratories Inc., a designer of mixed-signal integrated circuits, and Live Nation, Inc., a venue operator, promoter and producer of live entertainment events. He was first elected as a director of the Company in 1969.

Richard T. Fisher, age 69, has been Senior Managing Director, Midwest Division of Oppenheimer & Co., an investment banking firm since 2002. He served as Managing Director of CIBC World Markets Corp., an investment banking firm, from 1990 to 2002. Mr. Fisher was first elected as a director of the Company in 1972.

Karl G. Glassman, age 49, was appointed Chief Operating Officer of the Company in 2006 and Executive Vice President in 2002. He previously served the Company as President of the Residential Furnishings Segment from 1999 to 2006, Senior Vice President from 1999 to 2002 and President of Bedding Components from 1996 through 1998. Mr. Glassman has served the Company in various capacities since 1982. He was first elected as a director of the Company in 2002.

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David S. Haffner, age 55, was appointed Chief Executive Officer of the Company in 2006 and has served as President of the Company since 2002. He previously served as the Company's Chief Operating Officer from 1999 to 2006, Executive Vice President from 1995 to 2002 and has served the Company in other capacities since 1983. Mr. Haffner serves as a director of Bemis Company, Inc., a manufacturer of flexible packaging and pressure sensitive materials. Mr. Haffner was first elected as a director of the Company in 1995.

Joseph W. McClanathan, age 55, has served as President and Chief Executive Officer of the Energizer Battery Division of Energizer Holdings, Inc., a manufacturer of dry cell batteries and flashlights, since January 2004. Prior to his current position, he served Energizer as President, North America, from 2002 to 2004, and as Vice President, North America, from 2000 to 2002. He was first elected as a director of the Company in 2005.

Judy C. Odom, age 55, served as Chairman of the Board and Chief Executive Officer of Software Spectrum, Inc., a computer software company, until 2002. She is a director of Harte Hanks Inc., a direct marketing company. Ms. Odom was first elected as a director of the Company in 2002.

Maurice E. Purnell, Jr., age 68, has been Of Counsel to the law firm of Locke Lord Bissell & Liddell LLP since 2002. He was a partner of Locke Liddell from 1972 to 2002. Mr. Purnell was first elected as a director of the Company in 1988.

Phoebe A. Wood, age 54, is Vice Chairman and Chief Financial Officer of Brown-Forman Corporation, a diversified consumer products manufacturer. She was appointed Vice Chairman in 2007 and has served as Chief Financial Officer since 2001. She also served as Executive Vice President from 2001 to 2006. Ms. Wood's previous experience includes various positions at Atlantic Richfield Company, an oil and gas company, from 1976 to 2000. Ms. Wood was first elected as a director of the Company in 2005.

Felix E. Wright, age 72, has served as employee Chairman of the Company's Board of Directors since 2002. He also served as Chief Executive Officer of the Company from 1999 to 2006, as Vice Chairman of the Company's Board of Directors from 1999 to 2002 and as Chief Operating Officer from 1979 to 1999. Mr. Wright has served in various other capacities since 1959. He was first elected as a director of the Company in 1977.

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

The Company has adopted a code of ethics that applies to its chief executive officer, chief financial officer, principal accounting officer and corporate controller called the Leggett & Platt, Incorporated Financial Code of Ethics. The Company has also adopted a Code of Business Conduct and Ethics for directors, officers and employees and Corporate Governance Guidelines. The Financial Code of Ethics, the Code of Business Conduct and Ethics and the Corporate Governance Guidelines are available on the Company's Internet website at <http://www.leggett.com>. Each of these documents is available in print to any shareholder, without charge, upon request. Such requests may be made to the Company's Secretary at Leggett & Platt, Incorporated, No. 1 Leggett Road, Carthage Missouri 64836. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K by posting any amendment or waiver to its Financial Code of Ethics, within four business days, on its website at the above address for at least a 12 month period. The Company's website does not constitute part of this Annual Report on Form 10-K.

Item 11. *Executive Compensation.*

The subsections entitled "Board and Committee Composition and Meetings" and "Director Compensation" together with the section entitled "Executive Compensation and Related Matters" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 8, 2008, are incorporated by reference.

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

The sections entitled "Security Ownership" and "Equity Compensation Plan Information" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 8, 2008, are incorporated by reference.

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

The section entitled "Transactions with Related Persons" and the subsections entitled "Director Independence and Presiding Director," "Board and Committee Composition and Meetings" and "Review of Related Person Transactions" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 8, 2008, are incorporated by reference.

Item 14. *Principal Accounting Fees and Services.*

The section entitled "Independent Auditor Fees and Services" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 8, 2008, is incorporated by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial Statements and Financial Statement Schedules.

The Reports, Financial Statements and Financial Statement Schedules listed below are included in this Form 10-K:

- Management's Report on Internal Control Over Financial Reporting
- Report of Independent Registered Public Accounting Firm
- Consolidated Statements of Operations for each of the years in the three-year period ended December 31, 2007
- Consolidated Balance Sheets at December 31, 2007 and 2006
- Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2007
- Consolidated Statements of Changes in Shareholders' Equity for each of the years in the three-year period ended December 31, 2007
- Notes to Consolidated Financial Statements
- Quarterly Summary of Earnings (Unaudited)
- Schedule II—Valuation and Qualifying Accounts and Reserves

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

(b) Exhibits—See Exhibit Index beginning on page 104.

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Under the supervision and with the participation of management (including ourselves), we conducted an evaluation of the effectiveness of Leggett & Platt's internal control over financial reporting, as of December 31,

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2007, based on the criteria in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation under this framework, we concluded that Leggett & Platt's internal control over financial reporting was effective as of December 31, 2007.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has issued an attestation report on the Company's internal control over financial reporting, as of December 31, 2007. Their report appears in this Form 10-K.

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

February 25, 2008

/s/ MATTHEW C. FLANIGAN
Matthew C. Flanigan
Senior Vice President and
Chief Financial Officer
February 25, 2008

Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a) present fairly, in all material respects, the financial position of Leggett & Platt, Incorporated and its subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

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with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ PRICEWATERHOUSECOOPERS LLP
St. Louis, MO
February 25, 2008

[Table of Contents](#)**LEGGETT & PLATT, INCORPORATED****Consolidated Statements of Operations**

	Year ended December 31		
	2007	2006	2005
(Amounts in millions, except per share data)			
Net sales	\$ 4,306.4	\$ 4,333.0	\$ 4,257.5
Cost of goods sold	3,507.8	3,523.6	3,478.3
Gross profit	798.6	809.4	779.2
Selling and administrative expenses	440.6	401.9	395.5
Amortization of intangibles	23.3	15.8	7.8
Impairment of goodwill	142.6	—	—
Other expense, net	14.6	9.5	31.1
Earnings from continuing operations before interest and income taxes	177.5	382.2	344.8
Interest expense	58.6	54.2	45.7
Interest income	9.5	6.4	6.6
Earnings from continuing operations before income taxes	128.4	334.4	305.7
Income taxes	77.4	98.8	87.6
Earnings from continuing operations	51.0	235.6	218.1
Earnings (loss) from discontinued operations, net of tax	(62.2)	64.7	33.2
Net earnings (loss)	\$ (11.2)	\$ 300.3	\$ 251.3
Earnings per share from continuing operations			
Basic	\$ 0.28	\$ 1.26	\$ 1.13
Diluted	\$ 0.28	\$ 1.26	\$ 1.13
Earnings (loss) per share from discontinued operations			
Basic	\$ (0.34)	\$.35	\$.17
Diluted	\$ (0.34)	\$.35	\$.17
Earnings (loss) per share, net			
Basic	\$ (0.06)	\$ 1.61	\$ 1.30
Diluted	\$ (0.06)	\$ 1.61	\$ 1.30

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

[Table of Contents](#)**LEGGETT & PLATT, INCORPORATED****Consolidated Balance Sheets**

	December 31	
	2007	2006
(Amounts in millions, except per share data)		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 205.4	\$ 131.9
Accounts and other receivables, net	640.2	853.8
Inventories		
Finished goods	348.3	428.6
Work in process	54.2	97.9
Raw materials and supplies	260.4	370.9
LIFO reserve	(63.7)	(71.1)
Total inventories, net	599.2	826.3
Other current assets	104.6	82.1
Current assets held for sale	285.0	—
Total current assets	1,834.4	1,894.1
Property, Plant and Equipment—at cost		
Machinery and equipment	1,157.7	1,536.8
Buildings and other	603.6	723.3
Land	49.7	70.1
Total property, plant and equipment	1,811.0	2,330.2
Less accumulated depreciation	1,084.1	1,367.4
Net property, plant and equipment	726.9	962.8
Other Assets		
Goodwill	931.3	1,149.3
Other intangibles, less accumulated amortization of \$65.9 and \$49.0 at December 31, 2007 and 2006, respectively	232.2	182.9
Sundry	78.2	57.1
Non-current assets held for sale	269.5	19.1
Total other assets	1,511.2	1,408.4
TOTAL ASSETS	\$ 4,072.5	\$ 4,265.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	\$ 88.7	\$ 52.0
Accounts payable	227.6	259.0
Accrued expenses	274.6	268.0
Other current liabilities	136.3	112.2
Current liabilities held for sale	72.4	—
Total current liabilities	799.6	691.2
Long-term Liabilities		
Long-term debt	1,000.6	1,060.0
Other long-term liabilities	96.3	95.9
Deferred income taxes	42.3	67.1
Non-current liabilities held for sale	1.0	—
Total long-term liabilities	1,140.2	1,223.0
Commitments and Contingencies		
Shareholders' Equity		
Capital stock		
Preferred stock—authorized, 100.0 shares; none issued; Common stock—authorized, 600.0 shares of \$.01 par value; 198.8 shares issued	2.0	2.0
Additional contributed capital	500.0	493.4
Retained earnings	2,122.3	2,270.7
Accumulated other comprehensive income	193.5	75.6
Less treasury stock—at cost (30.1 and 20.8 shares at December 31, 2007 and 2006, respectively)	(685.1)	(490.6)

Total shareholders' equity	2,132.7	2,351.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,072.5	\$ 4,265.3

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

LEGGETT & PLATT, INCORPORATED

Consolidated Statements of Cash Flows

	Year ended December 31		
	2007	2006	2005
(Amounts in millions)			
Operating Activities			
Net earnings (loss)	\$ (11.2)	\$ 300.3	\$ 251.3
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation	156.9	156.6	160.8
Amortization	26.5	18.8	10.3
Impairment charges:			
Goodwill	243.0	—	—
Other long-lived assets	44.1	4.3	24.3
Writedown of inventories	22.5	10.7	24.9
Net gain from sales of assets	(35.8)	(10.3)	(4.9)
Deferred income tax (benefit) expense	(56.1)	5.3	(35.6)
Stock-based compensation	49.0	48.6	44.8
Other	(6.9)	8.6	2.6
Other changes, excluding effects from acquisitions and divestitures:			
Decrease (increase) in accounts and other receivables	98.9	11.1	(18.0)
Decrease (increase) in inventories	65.5	(61.2)	(50.4)
Decrease (increase) in other current assets	10.5	(2.9)	9.9
Increase (decrease) in accounts payable	13.0	(5.3)	—
(Decrease) increase in accrued expenses and other current liabilities	(6.2)	(5.7)	28.3
Net Cash Provided by Operating Activities	613.7	478.9	448.3
Investing Activities			
Additions to property, plant and equipment	(148.8)	(166.3)	(164.2)
Purchases of companies, net of cash acquired	(111.3)	(83.2)	(181.0)
Proceeds from sales of assets	111.9	31.8	21.5
Other	(9.8)	(13.8)	(14.8)
Net Cash Used for Investing Activities	(158.0)	(231.5)	(338.5)
Financing Activities			
Additions to debt	154.5	187.0	246.0
Payments on debt	(188.5)	(114.0)	(433.0)
Dividends paid	(124.8)	(121.1)	(118.4)
Issuances of common stock	7.2	10.6	9.5
Purchases of common stock	(237.1)	(150.3)	(236.4)
Other	(2.8)	1.7	—
Net Cash Used for Financing Activities	(391.5)	(186.1)	(532.3)
Effect of Exchange Rate Changes on Cash	9.3	5.7	(3.9)
Increase (decrease) in Cash and Cash Equivalents	73.5	67.0	(426.4)
Cash and Cash Equivalents—Beginning of Year	131.9	64.9	491.3
Cash and Cash Equivalents—End of Year	\$ 205.4	\$ 131.9	\$ 64.9
Supplemental Information			
Interest paid	\$ 59.9	\$ 57.9	\$ 56.5
Income taxes paid	118.7	136.9	138.9
Property, plant and equipment acquired through capital leases	3.5	3.5	5.0
Liabilities assumed of acquired companies	47.9	22.5	99.7

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

LEGGETT & PLATT, INCORPORATED

Consolidated Statements of Changes in Shareholders' Equity

	Year ended December 31		
	2007	2006	2005
(Amounts in millions, except per share data)			
Common Stock			
Balance, beginning and end of period	\$ 2.0	\$ 2.0	\$ 2.0
Additional Contributed Capital			
Balance, beginning of period	\$ 493.4	\$ 464.4	\$ 452.5
Stock options and benefit plans transactions	21.4	38.3	18.8
Treasury stock issued	(16.2)	(11.3)	(9.0)
Tax benefit related to stock options	1.4	2.0	2.1
Balance, end of period	\$ 500.0	\$ 493.4	\$ 464.4
Retained Earnings			
Balance, beginning of period	\$2,270.7	\$2,093.1	\$1,961.5
Net earnings (loss)	(11.2)	300.3	251.3
Cash dividends declared (per share: 2007—\$.78; 2006—\$.67; 2005—\$.63)	(137.2)	(122.7)	(119.7)
Balance, end of period	\$2,122.3	\$2,270.7	\$2,093.1
Treasury Stock			
Balance, beginning of period	\$ (490.6)	\$ (376.8)	\$ (185.2)
Treasury stock purchased	(245.0)	(151.8)	(238.9)
Treasury stock issued	50.5	38.0	47.3
Balance, end of period	\$ (685.1)	\$ (490.6)	\$ (376.8)
Accumulated Other Comprehensive Income			
Balance, beginning of period	\$ 75.6	\$ 66.3	\$ 82.3
Changes in foreign currency translation adjustments, net investment and cash flow hedges, and defined benefit plans, net of tax	117.9	29.1	(16.0)
Adjustment to initially apply SFAS 158	—	(19.8)	—
Balance, end of period	\$ 193.5	\$ 75.6	\$ 66.3
Total Shareholders' Equity	\$2,132.7	\$2,351.1	\$2,249.0
Comprehensive Income			
Net earnings (loss)	\$ (11.2)	\$ 300.3	\$ 251.3
Foreign currency translation adjustments	94.0	33.9	(21.9)
Net investment hedges	(1.1)	(1.1)	2.8
Cash flow hedges	2.9	(5.6)	4.3
Other	.2	(.2)	—
Defined benefit plans	21.9	2.1	(1.2)
Total Comprehensive Income	\$ 106.7	\$ 329.4	\$ 235.3

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

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements

(Dollar amounts in millions, except per share data)

December 31, 2007, 2006 and 2005

A—Summary of Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of Leggett & Platt, Incorporated and its majority-owned subsidiaries (the Company). To facilitate timely financial reporting, many of the Company's subsidiaries outside of the United States are consolidated as of and for a fiscal year ended November 30. Management does not expect foreign exchange restrictions to significantly impact the ultimate realization of amounts consolidated in the accompanying financial statements for subsidiaries located outside the United States. All intercompany transactions and accounts have been eliminated in consolidation.

ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingencies. Actual results could differ from those estimates.

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

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS: Trade accounts receivable are recorded at the invoiced amount and generally do not bear interest. The allowance for doubtful accounts is an estimate of the amount of probable credit losses determined from individual account reviews by management. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

INVENTORIES: All inventories are stated at the lower of cost or market. The Company generally uses standard costs which include materials, labor and production overhead. The cost for approximately 49% of the Company's inventories is determined by the last-in, first-out (LIFO) method and is primarily used to value domestic inventories with raw material content consisting of steel, wire, chemicals and foam scrap. The first-in, first-out (FIFO) method, which is approximated by the Company's standard costs, is principally used for the remainder of our inventories. The FIFO cost of inventories at December 31, 2007 and 2006 approximated expected replacement cost. Inventories are reviewed at least quarterly for slow moving and potentially obsolete items using actual inventory turnover, and if necessary, are written down to estimated net realizable value. Reserves for slow moving and obsolete inventory not held for sale on a FIFO basis were \$42.6 and \$32.0, as of December 31, 2007 and 2006, respectively.

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

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

If a business is reported as a discontinued operation, the results of operations through the date of sale, including any gain or loss recognized on the disposition, are presented on a separate line of the income statement. Interest on debt not directly attributable to the discontinued operation is not allocated to discontinued operations.

Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

Gains and losses related to the sale of business components that do not meet the discontinued operation criteria are reported in continuing operations and separately disclosed if significant.

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

Assets Held for Use—If a decision to dispose of an asset or a business is made and the held for sale criteria are not met, it is considered held for use. Assets of the business are evaluated for recoverability in the following order: (i) assets other than goodwill, property and intangibles; (ii) property and intangibles subject to amortization; and (iii) goodwill. In evaluating the recoverability of property and intangible assets subject to amortization, in a held for use business, the carrying value is first compared to the sum of the undiscounted cash flows expected to result from the use and eventual disposition. If the carrying value exceeds the undiscounted expected cash flows, then a fair value analysis is performed. An impairment charge is recognized if the carrying value exceeds the fair value. There are inherent judgments and estimates used in determining future cash flows and it is possible that additional impairment charges may occur in future periods. In addition, the sale of assets can result in the recognition of a gain or loss that differs from that anticipated prior to the closing date.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is stated at cost, less accumulated depreciation. Assets are depreciated by the straight-line method and salvage value, if any, is assumed to be minimal. Depreciable lives primarily range from 3 to 20 years for machinery and equipment with a weighted average life of 10 years; 10 to 40 years for buildings with a weighted average life of 28 years; and 3 to 15 years for other items with a weighted average life of 6 years. Accelerated methods are used for tax purposes.

Property is tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable as discussed above.

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

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

In evaluating the recoverability of goodwill, it is necessary to estimate the fair values of the business groups. In making this assessment, we estimate the fair market values of our reporting units using a discounted cash flow

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Notes to Consolidated Financial Statements—(Continued)

model and comparable market values for similar entities using price to earnings ratios. Key assumptions and estimates used in the cash flow model include discount rate, internal sales growth, margins, capital expenditure requirements, and working capital requirements. Recent performance of the reporting unit is an important factor, but not the only factor, in our assessment. There are inherent assumptions and judgments required in the analysis of goodwill impairment. It is possible that assumptions underlying the impairment analysis will change in such a manner that impairment in value may occur in the future.

OTHER INTANGIBLE ASSETS: Substantially all of the Company's other intangible assets are amortized using the straight-line method over their estimated useful lives ranging from 1 to 40 years with a weighted average of 14 years. Intangibles with indefinite lives are not amortized, but instead are reviewed for impairment annually or as triggering events may occur.

Other intangible assets are evaluated for impairment using a process similar to that used in evaluating the recoverability of property, plant and equipment.

STOCK-BASED COMPENSATION: Effective January 1, 2003, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting For Stock-Based Compensation." The Company selected the prospective transition method permitted by SFAS No. 148, "Accounting For Stock-Based Compensation—Transition and Disclosures." Accordingly, after January 1, 2003 the Company began expensing the fair value of stock options granted and began expensing the 15% and 20% purchase discounts allowed for under its employee stock plans. Effective January 1, 2006, the Company adopted the provisions of SFAS No. 123(R), "Share-Based Payment," a revision of SFAS 123. Given the previous adoption of SFAS 123, SFAS 123(R) did not have a significant impact on the Company's financial statements. As part of its adoption of SFAS 123(R), the Company calculates any tax benefit windfalls or shortfalls for stock-based compensation under the provisions of SFAS 123(R). The earnings per share for the years ended December 31, 2007, 2006 and 2005 were the same as if the fair value method under SFAS 123(R) had been applied to all outstanding and unvested awards.

SALES RECOGNITION: The Company recognizes sales when title and risk of loss pass to the customer. The terms of the Company's sales are split approximately evenly between FOB shipping point and FOB destination. The timing of the Company's recognition of FOB destination sales is determined based on shipping date and distance to the destination. The Company has no significant or unusual price protection, right of return or acceptance provisions with its customers nor is it the Company's practice to replace goods damaged or lost in transit. Sales allowances and discounts can be reasonably estimated throughout the period and are deducted from sales in arriving at net sales.

SHIPPING AND HANDLING FEES AND COSTS: The Company reports Shipping and Handling Fees and Costs in accordance with Emerging Issues Task Force ("EITF") issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." As such, in the Consolidated Statements of Operations all amounts billed to customers by the Company related to shipping and handling are included in "Net sales" and the Company's shipping and handling costs are included in "Cost of goods sold."

RESTRUCTURING COSTS: The Company recognizes a liability for costs associated with an exit or disposal activity when the liability is incurred. Certain termination benefits for which employees are required to render service are recognized ratably over the respective future service periods.

INCOME TAXES: The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes

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Notes to Consolidated Financial Statements—(Continued)

represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax basis of the Company's assets and liabilities and are adjusted for changes in tax rates and laws, as appropriate. A valuation allowance is provided to reduce deferred tax assets when management cannot conclude that it is more likely than not that a tax benefit will be realized. A provision is also made for taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be permanently invested. This provision would be substantially offset by available foreign tax credits.

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

CONCENTRATION OF CREDIT RISKS, EXPOSURES AND FINANCIAL INSTRUMENTS: The Company manufactures, markets, and distributes engineered products for the various end markets described in Note O. Operations are principally located in the United States, although the Company also has operations in Canada, Europe, Latin America, Asia, Australia and South Africa.

The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral from its customers, some of which are highly leveraged. The Company maintains allowances for potential credit losses and such losses have generally been within management's expectations.

The Company has no material guarantees or liabilities for product warranties which would require disclosure under Financial Accounting Standards Board Interpretation (FIN) No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others."

From time to time, the Company will enter into contracts to hedge foreign currency denominated transactions, natural gas purchases, and interest rates related to the Company's debt. To minimize the risk of counter party default, only highly-rated financial institutions that meet certain requirements are used. The Company does not anticipate that any of the financial institution counter parties will default on their obligations.

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

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

DERIVATIVE FINANCIAL INSTRUMENTS: The Company utilizes derivative financial instruments (individually or in combinations) to manage market and financial risks related to interest rates, foreign currency and commodities. The Company seeks to use derivative contracts that qualify for hedge accounting treatment; however some instruments that economically manage currency risk may not qualify for hedge accounting treatment. It is the Company's policy not to speculate in derivative instruments.

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Notes to Consolidated Financial Statements—(Continued)

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

Derivatives are recorded in the Consolidated Balance Sheets at fair value in "Other current" or "Sundry" assets or "Other current" or "Other long-term" liabilities. The fair value is based upon market quotes.

On the date the contract is entered into, the Company designates the derivative as one of the following types of hedging instruments and accounts for it as follows:

Cash Flow Hedge—The hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability is designated as a cash flow hedge. The effective portion of the change in fair value of a cash flow hedge is recorded in accumulated other comprehensive income. When the hedged item impacts the income statement, the gain or loss included in other comprehensive income is reported on the same line of the Consolidated Statements of Operations as the hedged item to match the gain or loss on the derivative to the gain or loss on the hedged item. Any ineffective portion of the changes in the fair value of the cash flow hedge is reported in the Consolidated Statements of Operations on the same line as the hedged item.

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

Net Investment Hedge—The hedge of a net investment in a foreign operation is designated a net investment hedge. The effective portion of the change in the fair value of derivatives, based upon spot rates, used as a net investment hedge of a foreign operation is recorded in other comprehensive income on the Consolidated Statements of Changes in Shareholders' Equity. Any ineffective portion of the change in the fair value of an instrument designated as a net investment hedge is recorded in the Consolidated Statements of Operations.

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

RECLASSIFICATIONS: Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the 2007 presentation:

- In the Consolidated Statements of Operations and all related notes—Prior periods have been retrospectively adjusted to reflect the effect of discontinued operations. (See Note B.)
- In the Consolidated Balance Sheets—"Non-current assets held for sale" previously included in "Sundry assets", is now disclosed as a separate line item.
- In the Consolidated Statements of Cash Flows—Activity from the divestiture of small businesses previously included in the "Other" line item within Operating Activities and Investing Activities is now included in "Net gain from sales of assets" and "Proceeds from sales of assets", respectively.

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- In Notes D, E and O—Prior year segment information has been retrospectively adjusted to reflect discontinued operations and an organizational change that moved certain operations between two segments. The impact of this change is described in Notes D, E and O.

NEW ACCOUNTING STANDARDS: In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 158 (SFAS 158), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS 158 requires the Company to recognize the funded status of each of its defined benefit postretirement plans as an asset or liability on the balance sheet. This requirement was effective as of December 31, 2006, and is reflected in the accompanying financial statements. SFAS 158 will also require the Company to measure the funded status of its plans as of year end beginning with the December 31, 2008 balance sheet. The Company currently uses 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. A proportionate allocation is made to cover the net benefit expense or income for the transition period and that amount will be recorded as an adjustment to beginning retained earnings on January 1, 2008. The Company has evaluated the effect of this standard and does not believe it will have a material impact on the Company's financial statements.

In September 2006, the FASB also issued SFAS No. 157, "Fair Value Measurements." SFAS 157 provides guidance for using fair value to measure assets and liabilities and requires additional disclosure about the use of fair value measures, the information used to measure fair value, and the effect fair value measurements have on earnings. The primary areas in which the Company utilizes fair value measures are valuing pension plan assets and liabilities, valuing hedge-related derivative financial instruments, allocating purchase price to the assets and liabilities of acquired companies, and evaluating long-term assets for potential impairment. SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for financial assets and liabilities of the Company beginning January 1, 2008. SFAS 157 is effective beginning January 1, 2009 for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The Company has evaluated the effect of this standard and does not believe it will have a material impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115" (SFAS 159). 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. SFAS 159 is effective for the Company beginning January 1, 2008. The Company has evaluated the effect of this standard and determined that it will not have a material impact on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 141 (R), "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 141 (R) 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 141 (R) 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 141 (R) would also apply the provisions of SFAS 141 (R). The adoption of SFAS 141 (R) is not expected to have a material impact on the Company's financial statements.

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In December 2007, the FASB also issued SFAS No. 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.

B—Discontinued Operations and Assets Held for Sale

In March 2007, the Company sold its Prime Foam Products unit and has reported the business as discontinued operations in the Consolidated Statements of Operations. 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.

In November 2007, after significant study, the Company determined that it will exit certain of its business activities. This includes the anticipated divestiture of some operations, the pruning of some business and the closure of certain underperforming plants.

As part of the 2007 Strategic Plan, the Company will manage its business units as a portfolio with different roles (Grow, Core, Fix or Divest) for each business unit based upon competitive advantages, strategic position and financial health. Those in the Grow category will provide avenues for profitable growth and investment in competitively advantaged positions. Those in the Core category are charged with enhancing productivity, maintaining or improving market share, and generating cash flow while using minimal amounts of capital. Business units in the Fix category will be given limited time in which to rapidly and significantly improve performance, while those in the Divest category will be actively marketed for sale or closed.

The largest portion of the exit activities is the anticipated divestiture of the Company's Aluminum Products segment and all or a portion of six additional business units. The Aluminum Products segment and five of the business units are classified as held for sale and included in discontinued operations: two are in the Residential Furnishings segment (Fibers and Wood Products); two are in the Commercial Fixturing & Components segment (Storage Products and Plastics); and one is in the Specialized Products segment (the dealer portion of Commercial Vehicle Products). A sixth business unit in the Residential Furnishings segment (Coated Fabrics) is also targeted for divestiture in 2008, but does not yet meet the criteria for either held for sale or discontinued operations.

The pre-tax proceeds generated from the divestitures are expected to recover the carrying value of the assets held for sale. At December 31, 2007, \$481 of net assets were classified as held for sale, of which \$15 represented assets not associated with the 2007 Strategic Plan. The net assets held for sale can fluctuate due to changes in working capital until these businesses are divested.

In addition to these divestitures, the Company anticipates eliminating approximately 20% of the Store Fixture business unit's least profitable revenue. This unit was placed in the Fix category and given a 12-month deadline in which to improve performance. Finally, several Grow and Core business units, though otherwise healthy, contain individual plants operating at unacceptable profit levels. The Company anticipates the closure or disposition of a number of these unprofitable facilities. The majority of these facilities have not met the requirements to be classified as held for sale or discontinued operations. Thus far, the Company has identified two operations that it plans to divest; one is an automotive seating components operation in the Specialized Products segment, the other is a Fixture & Display operation in the Commercial Fixturing & Components segment. Both of these operations are

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Notes to Consolidated Financial Statements—(Continued)

classified as held for sale, but only the automotive seating components operation met the requirements for discontinued operations reporting at December 31, 2007.

The Company anticipates that the exit activities will be completed by the end of 2008.

Results from discontinued operations for the years ended December 31 were as follows:

	2007	2006	2005
External sales:			
Residential Furnishings:			
Prime Foam Products Unit	\$ 44.4	\$ 191.6	\$ 143.4
Wood Products Unit	52.6	54.3	81.8
Fibers Unit	88.3	97.4	98.4
Commercial Fixturing & Components:			
Plastics Unit	44.7	48.6	48.8
Storage Products Unit	92.9	104.0	102.7
Aluminum Products Segment	493.8	543.3	515.9
Specialized Products:			
Dealer portion of the Commercial Vehicle Products Unit	88.5	98.6	18.3
An automotive seating components operation	37.3	34.6	32.5
External sales	<u>\$ 942.5</u>	<u>\$ 1,172.4</u>	<u>\$ 1,041.8</u>
Earnings (loss):			
Residential Furnishings:			
Prime Foam Products Unit	\$ 25.4	\$ 22.1	\$ 8.1
Wood Products Unit	(12.4)	15.0	(2.4)
Fibers Unit	5.0	8.0	4.6
Commercial Fixturing & Components:			
Plastics Unit	5.0	4.3	2.9
Storage Products Unit	5.7	4.9	2.2
Aluminum Products Segment	(77.7)	46.8	35.1
Specialized Products:			
Dealer portion of the Commercial Vehicle Products Unit	(25.0)	.1	(1.5)
An automotive seating components operation	(15.1)	(1.4)	2.4
Earnings (loss) before interest and income taxes	<u>(89.1)</u>	<u>99.8</u>	<u>51.4</u>
Interest (expense) income	(2.3)	.6	(.9)
Income tax benefit (expense)	29.2	(35.7)	(17.3)
Earnings (loss) from discontinued operations, net of tax	<u>\$ (62.2)</u>	<u>\$ 64.7</u>	<u>\$ 33.2</u>

The above amounts include the impact of asset impairment and restructuring charges discussed in Notes C and D.

Net assets held for sale by segment at December 31 were as follows:

	2007		
	Assets	Liabilities	Net Assets
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>

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

	2007
Receivables, net	\$121.2
Inventories	147.9
Prepaid expenses and other current assets	15.9
Total current assets held for sale	285.0
Property, plant and equipment, net	226.8
Goodwill, net	33.6
Patents and other intangible assets, net	7.9
Other assets	1.2
Total non-current assets held for sale	269.5
Total assets held for sale	\$554.5
Current maturities of long-term debt	\$.1
Accounts payable	59.3
Accrued expenses	11.8
Other current liabilities	1.2
Total current liabilities held for sale	72.4
Long-term debt	.4
Other long-term liabilities	.6
Total long-term liabilities held for sale	1.0
Total liabilities held for sale	\$ 73.4

The above table includes \$15.1 of property, plant and equipment held for sale at December 31, 2007 not associated with the exit activities described earlier. At December 31, 2006 the Company had \$19.1 of property, plant and equipment held for sale from the closings of various operations and prior year restructurings.

C—Impairment Charges

As discussed in Note B, in November 2007, the Company determined that it will exit certain of its business activities, and adopted a new strategic plan. The Company determined finalization and approval of the activities associated with the strategic plan was considered a triggering event under the requirements of SFAS 142 "Goodwill and Other Intangible Assets" and SFAS 144 "Accounting for Impairment or Disposal of Long-Lived Assets" which required the Company to perform certain impairment reviews in the fourth quarter of 2007.

In June 2007, the Company performed its annual goodwill impairment review and determined that no impairments were indicated for any of the reporting units. Subsequently, as part of a major strategic review, which was broader in scope, more strategic in nature, and more long-term oriented than any previous reviews, the Company assessed the structure and financial attractiveness of its various markets, and the Company's competitive position in those markets. Based upon new facts and perspectives obtained from this review, the Company reduced the operating margin and growth rate expectations for several of its business units. In addition, fair values for all reporting units were lowered as a result of the significant decrease in the Company's overall market value since June 2007. There were no impairments recorded prior to the strategic review process because the Company believed that operations would generate sufficient cash flows to recover their carrying amounts.

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Notes to Consolidated Financial Statements—(Continued)

As a result of the interim goodwill impairment review performed in the fourth quarter 2007 and the requirement to record the businesses held for sale at fair value less cost to sell, the Company incurred a number of impairment charges. The pre-tax impact of these charges on continuing and discontinued operations is summarized in the following table. Asset impairments associated with continuing operations are reported on the Statements of Operations in "Impairment of goodwill" and "Other expense, net." Charges associated with discontinued operations are reported on the Statements of Operations in "Earnings (loss) from discontinued operations, net of tax."

	2007			2006		2005
	Goodwill Impairment	Other Long- Lived Asset Impairments	Total Impairments	Other Long- Lived Asset Impairments	Other Long- Lived Asset Impairments	
Impairment charges recognized in continuing operations						
Residential Furnishings:						
Coated Fabrics Unit	\$ —	\$ 5.2	\$ 5.2	\$ —	\$ —	
Other units	—	1.8	1.8	3.5	12.0	
Commercial Fixturing & Components:						
Fixture & Display Group	142.6	3.4	146.0	.2	1.9	
Industrial Materials	—	.9	.9	—	3.3	
Specialized Products	—	—	—	.5	1.1	
Total impairment charges recognized in continuing operations	\$ 142.6	\$ 11.3	\$ 153.9	\$ 4.2	\$ 18.3	
Impairment charges recognized in discontinued operations						
Residential Furnishings:						
Wood Products Unit	\$ 2.9	\$ 10.1	\$ 13.0	\$.1	\$ 4.6	
Prime Foam Products Unit	—	—	—	—	.3	
Aluminum Products Segment	83.3	6.1	89.4	—	1.1	
Specialized Products:						
Dealer portion of the Commercial Vehicle Products Unit	10.3	10.0	20.3	—	—	
An automotive seating components operation	3.9	6.6	10.5	—	—	
Total impairment charges recognized in discontinued operations	\$ 100.4	\$ 32.8	\$ 133.2	\$.1	\$ 6.0	
Total impairment charges	\$ 243.0	\$ 44.1	\$ 287.1	\$ 4.3	\$ 24.3	

Other long-lived asset impairments are primarily related to property, plant and equipment.

Of the total impairment charges for the year ended December 31, 2007, \$276.7 were associated with the 2007 Strategic Plan. The impairment charges in 2006 and 2005 were incurred primarily in conjunction with the 2005 Closure and Consolidation Initiative.

D—Restructuring

The Company has implemented various cost reduction initiatives in 2007, 2006 and 2005 to improve its operating cost structures. These cost initiatives have, among other actions, included workforce reductions and the closure or consolidation of certain operations. Except for the "2007 Strategic Plan" and "2005 Closure and

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Notes to Consolidated Financial Statements—(Continued)

Consolidation Initiative" described below, none of these initiatives have individually resulted in a material charge to earnings for any of the periods presented. The details regarding all of the Company's net restructuring-related costs for the periods presented are provided below.

Total restructuring and other special charges for each of the three years ended December 31 were comprised of:

	2007	2006	2005
Severance and other restructuring costs	\$ 15.5	\$ 15.5	\$ 20.0
Inventory obsolescence and other	11.1	(.2)	14.1
(Gain) from sale of assets	(8.9)	(7.6)	(3.5)
Total restructuring and other special charges	\$ 17.7	\$ 7.7	\$ 30.6

Total restructuring and other special charges associated with discontinued operations are reported on the Statements of Operations in "Earnings (loss) from discontinued operations" and totaled \$5.2 in 2007; \$1.2 in 2006; and \$3.8 in 2005.

2007 Strategic Plan

As discussed in Note B, in November 2007, the Company adopted a new strategic plan which includes the exit of certain businesses. The Company anticipates that the exit activities will be complete by the end of 2008.

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

	Restructuring Charges	Inventory Obsolescence and Other	Total Amount Incurred in 2007
Continuing Operations:			
Residential Furnishings	\$ —	\$ 2.3	\$ 2.3
Commercial Fixturing & Components	2.8	1.7	4.5
Total Continuing Operations (1)	2.8	4.0	6.8
Discontinued Operations:			
Residential Furnishings	—	3.4	3.4
Specialized Products	.5	—	.5
Total Discontinued Operations (2)	.5	3.4	3.9
Total (3)	\$ 3.3	\$ 7.4	\$ 10.7

- (1) Restructuring charges associated with continuing operations are reported on the Statements of Operations in "Other expense, net." Inventory obsolescence associated with continuing operations are reported in "Cost of Goods Sold." Restructuring charges of \$2.8 are comprised of \$.8 employee termination costs and \$2.0 contract termination costs.
- (2) Charges associated with discontinued operations are reported on the Statements of Operations in "Earnings (loss) from discontinued operations." Restructuring charges of \$.5 are comprised of \$.1 employee termination costs and \$.4 other exit costs, primarily plant closure and asset relocation.
- (3) The restructuring charges of \$3.3 were cash charges.

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The accrued liability associated with the 2007 Strategic Plan consisted of the following:

	2007 Charges	Payments	Balance at December 31, 2007
Termination benefits	\$.9	\$.1	\$.8
Contract termination costs	2.0	—	2.0
Other restructuring costs	.4	.4	—
	<u>\$ 3.3</u>	<u>\$.5</u>	<u>\$ 2.8</u>

2005 Closure and Consolidation Initiative

In September 2005, the Company launched a significant broad-based restructuring initiative (the 2005 Closure and Consolidation Initiative) to reduce excess capacity and improve performance in a number of its businesses. As a result, management identified 36 operations to be closed, consolidated or sold. At December 31, 2007, the 2005 Closure and Consolidation Initiative activities are essentially complete.

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

Type of charge:	Total Amount Incurred To Date	Total Amount Incurred in 2007	Total Amount Incurred in 2006	Total Amount Incurred in 2005
Employee termination costs	\$ 12.4	\$ —	\$ 4.0	\$ 8.4
Contract termination costs	2.4	1.3	.3	.8
Other exit costs, primarily plant closure and asset relocation	7.2	.3	4.2	2.7
Total restructuring costs (1)	<u>22.0</u>	<u>1.6</u>	<u>8.5</u>	<u>11.9</u>
Inventory obsolescence and other (2)	12.0	.2	(.6)	12.4
(Gain) from sale of assets	(14.1)	(6.7)	(7.4)	—
Total costs	<u>\$ 19.9</u>	<u>\$ (4.9)</u>	<u>\$.5</u>	<u>\$ 24.3</u>

- (1) Restructuring costs associated with the 2005 Closure and Consolidation Initiative are reported on the Statements of Operations in "Other expense, net," except for \$.4, \$.7 and \$.8 which are included in discontinued operations in 2007, 2006 and 2005, respectively.
- (2) Inventory obsolescence and other charges for the 2005 Closure and Consolidation Initiative are reported in "Cost of Goods Sold," except for \$0, \$.3 and \$.9 included in discontinued operations in 2007, 2006 and 2005, respectively. In 2006, \$3.6 of inventory obsolescence reserves originally established in 2005 were reversed based on subsequent sales. All of this obsolescence reserve reversal was in the Specialized Products segment.

Other than the inventory obsolescence, the costs associated with the 2005 Closure and Consolidation Initiative primarily represent cash charges.

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

The following table contains information, by segment, regarding the total amount of costs incurred in connection with the 2005 Closure and Consolidation Initiative and the amount incurred in each of the three years presented:

	Total Amount Incurred in 2005	Total Amount Incurred in 2006	Amounts Incurred in 2007				Total Amount Incurred To Date
			Restructuring Charges	Inventory Obsolescence and Other	Gain on Sale of Assets	Total Amount Incurred in 2007	
Residential Furnishings	\$ 3.1	\$ (.8)	\$ —	\$ —	\$ (.1)	\$ (.1)	\$ 2.2
Commercial Fixturing & Components	12.7	(.8)	1.0	.2	(6.7)	(5.5)	6.4
Industrial Materials	.9	.4	.2	—	.1	.3	1.6
Specialized Products	5.9	.7	—	—	—	—	6.6
Discontinued Operations	1.7	1.0	.4	—	—	.4	3.1
Total	\$ 24.3	\$.5	\$ 1.6	\$.2	\$ (6.7)	\$ (4.9)	\$ 19.9

The accrued liability associated with the 2005 Closure and Consolidation Initiative consisted of the following:

	Balance at December 31, 2006	Additional Charges	Payments	Adjustments	Balance at December 31, 2007
Termination benefits	\$ 1.1	\$ —	\$ (1.1)	\$ —	\$ —
Contract termination costs	.1	1.3	(.7)	—	.7
Other restructuring costs	.5	.3	(1.0)	.2	—
Total	\$ 1.7	\$ 1.6	\$ (2.8)	\$.2	\$.7

Other Initiatives

Apart from the 2007 Strategic Plan and the 2005 Closure and Consolidation Initiative, the Company has implemented various cost reduction initiatives over the last three years to improve its operating cost structures. None of these actions has individually resulted in a material charge to earnings. Total costs associated with these other initiatives have had the following impact on the Company's financial statements:

	Year ended December 31		
	2007	2006	2005
Charged to other expense, net:			
Severance and other restructuring costs	\$ 10.3	\$ 7.0	\$ 6.0
(Gain) from sale of assets	(2.2)	(.2)	(3.5)
	8.1	6.8	2.5
Charged to cost of goods sold:			
Severance and other restructuring costs	—	—	—
Inventory obsolescence and other	2.9	.2	1.7
	2.9	.2	1.7
Included in discontinued operations:			
Severance and other restructuring costs	.3	—	2.1
Inventory obsolescence and other	.6	.2	—
	.9	.2	2.1
Total of Other Initiatives	\$ 11.9	\$ 7.2	\$ 6.3
Restructuring liabilities at year-end	\$ 4.5	\$ 1.6	\$ 2.1

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

E—Goodwill and Other Intangible Assets

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

	Residential Furnishings	Commercial Fixturing & Components	Aluminum Products	Industrial Materials	Specialized Products	Total
Balance as of January 1, 2006*	\$ 373.3	\$ 340.9	\$ 83.3	\$ 42.8	\$ 262.2	\$1,102.5
Additions for current year acquisitions	38.0	—	—	—	.4	38.4
Adjustments to and additional consideration for prior year acquisitions	.3	(1.6)	—	—	(4.9)	(6.2)
Goodwill written off related to sale of facilities	(1.0)	—	—	(.2)	(.2)	(1.4)
Foreign currency translation adjustment/other	6.5	.8	—	.4	8.3	16.0
Balance as of December 31, 2006	417.1	340.1	83.3	43.0	265.8	1,149.3
Additions for current year acquisitions	—	2.3	—	26.0	9.2	37.5
Adjustments to and additional consideration for prior year acquisitions	1.4	—	—	—	—	1.4
Impairment charge	(2.9)	(142.6)	(83.3)	—	(14.2)	(243.0)
Reclass to non-current assets held for sale	(10.3)	(23.3)	—	—	—	(33.6)
Goodwill written off related to sale of facilities	(17.2)	—	—	—	—	(17.2)
Foreign currency translation adjustment/other	13.3	9.3	—	0.2	14.1	36.9
Balance as of December 31, 2007	\$ 401.4	\$ 185.8	\$ —	\$ 69.2	\$ 274.9	\$ 931.3

* The January 1, 2006 balance was retrospectively adjusted for an organizational change effective April 1, 2007, that moved \$12.6 from Commercial Fixturing & Components to Industrial Materials.

In 2007, the Company recorded total goodwill impairment charges of \$243.0 related to the Bedding, Fixtures & Display, Aluminum, Automotive, and Commercial Vehicle Products reporting units as outlined in Note C.

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

Intangible asset additions and adjustments during 2007 and 2006 included in "Other intangibles" on the Consolidated Balance Sheets are as follows:

	Year ended December 31			
	2007		2006	
	Gross Carrying Amount	Weighted Average Amortization Period in Years	Gross Carrying Amount	Weighted Average Amortization Period in Years
Non-compete agreements	\$ 4.0	5.0	\$ 3.5	5.7
Customer related intangibles	63.7	17.8	45.0	14.7
Patents and trademarks	11.4	10.5	6.1	20.1
Supply agreements, deferred financing and other costs	5.3	7.5	17.9	9.0
	\$ 84.4	14.5	\$ 72.5	13.4

Total additions and adjustments to intangibles include \$75.1 and \$53.5, related to business acquisitions in 2007 and 2006, respectively.

The gross carrying amount and accumulated amortization by major amortized intangible asset class are as follows:

	Year ended December 31			
	2007		2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Non-compete agreements	\$ 34.2	\$ 17.5	\$ 32.8	\$ 14.2
Customer related intangibles	162.3	18.5	112.4	11.6
Patents and trademarks	62.4	17.7	53.5	15.2
Supply agreements, deferred financing and other costs	39.2	12.2	33.2	8.0
	\$ 298.1	\$ 65.9	\$ 231.9	\$ 49.0

Estimated amortization expense for continuing operations in each of the next five years is as follows:

Year ended December 31	
2008	\$24.4
2009	21.2
2010	20.1
2011	19.3
2012	18.1

[Table of Contents](#)**Leggett & Platt, Incorporated****Notes to Consolidated Financial Statements—(Continued)****F—Earnings Per Share**

Basic and diluted earnings per share were calculated as follows:

	Year ended December 31		
	2007	2006	2005
Earnings from continuing operations	\$ 51.0	\$ 235.6	\$ 218.1
Earnings (loss) from discontinued operations	(62.2)	64.7	33.2
Net earnings (loss)	\$ (11.2)	\$ 300.3	\$ 251.3
Weighted average number of common shares used in basic EPS	179,367,322	186,053,739	192,637,308
Additional dilutive shares principally from the assumed exercise of outstanding stock options	460,436	778,983	937,379
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	179,827,758	186,832,722	193,574,687
Basic EPS			
Continuing operations	\$.28	\$ 1.26	\$ 1.13
Discontinued operations	(.34)	.35	.17
Basic earnings (loss) per common share	\$ (.06)	\$ 1.61	\$ 1.30
Diluted EPS			
Continuing operations	\$.28	\$ 1.26	\$ 1.13
Discontinued operations	(.34)	.35	.17
Diluted earnings (loss) per common share	\$ (.06)	\$ 1.61	\$ 1.30

As of December 31, 2007, 2006 and 2005, approximately 8.1, 2.7 and 4.3 million of the total 13.5, 12.7 and 12.4 million shares, respectively, issuable under employee and non-employee stock options were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

G—Acquisitions

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition for all acquisitions consummated in 2007, 2006 and 2005 and any additional consideration paid for prior years' acquisitions:

	2007	2006	2005
Accounts receivable	\$ 14.3	\$ 10.4	\$ 43.6
Inventory	8.3	5.5	42.9
Property, plant and equipment	24.2	4.4	35.2
Goodwill	37.5	38.4	82.6
Other intangible assets	73.1	52.4	67.4
Accounts payable and accrued liabilities	(19.6)	(12.6)	(51.6)
Other assets and liabilities, net	(6.2)	(16.2)	(10.5)
Assumed debt	(23.9)	(5.4)	(35.4)
Additional consideration for prior years' acquisitions	3.6	6.3	6.8
Net cash consideration	\$ 111.3	\$ 83.2	\$ 181.0

Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

During 2007, the Company acquired three businesses, with purchase price over the fair value of the net identifiable assets acquired of \$37.5. Adjustments to and additional consideration for prior year acquisitions increased goodwill by \$1.4, resulting in a total increase in goodwill of \$38.9, of which \$10.3 is expected to provide an income tax benefit.

The Company has not yet obtained all the information required to complete the purchase price allocation related to certain recent acquisitions. The Company does not believe that the additional information will materially modify the preliminary purchase price allocations. In Commercial Fixturing & Components, the Company acquired one business that produces office furniture components including chair bases and casters. In Industrial Materials, the Company acquired one business that manufactures coated wire products, including racks for dishwashers. In Specialized Products, the Company acquired one business that is a designer and assembler of docking stations that secure computing and electronic equipment inside vehicles.

The unaudited pro forma consolidated net sales, as though the 2007 acquisitions had occurred on January 1 of each year presented, were \$4,332.8 and \$4,418.9 for the years ended December 31, 2007 and 2006, respectively. The unaudited pro forma consolidated net earnings and earnings per share are not materially different from the amounts reflected in the accompanying financial statements. These pro forma amounts are not necessarily indicative of either results of operations that would have occurred had the purchases been made on January 1 of each year or of future results of the combined companies.

During 2006, the Company acquired five businesses, with purchase price over the fair value of the net identifiable assets acquired of \$38.4. Adjustments to and additional consideration for prior year acquisitions reduced goodwill by \$6.2, resulting in a total increase in goodwill of \$32.2, of which \$6.2 is expected to provide an income tax benefit. All five businesses are in the Residential Furnishings segment. The largest manufactures rubber carpet underlay. The second largest distributes geotextiles, geogrids, and erosion control products.

During 2005, the Company acquired twelve businesses, with purchase price over the fair value of the net identifiable assets acquired of \$82.6. Adjustments to and additional consideration for prior year acquisitions of \$2.8 increased goodwill by \$85.4, of which \$64.0 is expected to provide an income tax benefit. In Residential Furnishings, the Company acquired ten businesses. The largest converts and distributes geotextiles, erosion control products and silt fencing for the construction, landscape, and agricultural markets. The second largest manufactures rubber and felt carpet underlay. In Specialized Products, the Company acquired a business that designs, manufactures and supplies equipment for light and medium duty commercial trucks. The Dealer portion of this acquisition has been classified as held for sale in the 2007 Consolidated Balance Sheet and included in discontinued operations in the 2007, 2006 and 2005 Consolidated Statements of Operations. In Commercial Fixturing & Components, the Company acquired a business that manufactures metal fixtures and displays.

The results of operations of the above acquired companies have been included in the consolidated financial statements since the dates of acquisition. The terms of certain of the Company's acquisition agreements provide for additional consideration to be paid if the acquired company's performance exceeds certain targeted levels. Such additional consideration may be paid in cash, and is recorded when earned as additional purchase price. At December 31, 2007, the maximum remaining amount of additional consideration is approximately \$2.1 and will be payable, if earned, through 2008.

[Table of Contents](#)**Leggett & Platt, Incorporated****Notes to Consolidated Financial Statements—(Continued)****H—Accounts and Other Receivables**

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

	2007	2006
Trade	\$ 624.7	\$ 821.7
Other	33.7	50.2
Total accounts and other receivables	658.4	871.9
Allowance for doubtful accounts	(18.2)	(18.1)
Total	\$ 640.2	\$ 853.8

I—Supplemental Balance Sheet Information

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

	2007	2006
Sundry assets		
Pension plan assets	\$ 35.2	\$ 11.0
Notes receivable, net of allowance of \$4.5 and \$3.8 at December 31, 2007 and 2006, respectively	22.4	19.6
Other	20.6	26.5
	\$ 78.2	\$ 57.1
Accrued expenses		
Wages and commissions payable	\$ 59.3	\$ 68.7
Workers' compensation, medical, auto and product liability	72.8	73.7
Sales promotions	31.5	38.7
Other	111.0	86.9
	\$ 274.6	\$ 268.0
Other current liabilities		
Outstanding checks in excess of book balances	\$ 70.0	\$ 53.0
Dividends payable	42.4	30.4
Other	23.9	28.8
	\$ 136.3	\$ 112.2
Other long-term liabilities		
Deferred compensation	\$ 21.4	\$ 22.0
Liability for pension benefits	11.0	25.2
Reserves for tax contingencies	34.8	16.3
Other	29.1	32.4
	\$ 96.3	\$ 95.9

Leggett & Platt, Incorporated**Notes to Consolidated Financial Statements—(Continued)****J—Long-Term Debt**

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

	2007	2006
Term notes, net—average interest rates of 4.9% and 5.0% for 2007 and 2006, respectively, due dates through 2018	\$ 813.7	\$ 838.4
Industrial development bonds, principally variable interest rates of 3.6% and 4.2% for 2007 and 2006, respectively, due dates through 2030	32.0	39.7
Bank note, variable interest rate based on 90-day Euribor plus .25%	—	38.5
Capitalized leases	15.5	18.5
Commercial paper—weighted average interest rates of 4.6% and 5.3% for 2007 and 2006, respectively	205.0	154.4
Other, partially secured	23.1	22.5
	1,089.3	1,112.0
Less current maturities	88.7	52.0
	\$1,000.6	\$1,060.0

Capitalized leases consist primarily of machinery, vehicle and office equipment leases.

Since 2003, the Company has issued \$730 of fixed-rate debt, with an average remaining life of 7.5 years and a weighted average coupon rate of 4.7%. To further facilitate the issuance of debt and other securities, \$300 remains available under a shelf registration.

On December 16, 2003, the Company entered into a hedge associated with a net investment in a Swiss subsidiary. See Note R for more discussion of this agreement.

The Company has \$600 of debt capital available through a commercial paper program, of which \$205.0 was outstanding at December 31, 2007. The commercial paper program is supported by a \$600 syndicated revolving credit agreement. Under the syndicated agreement, the Company may elect to borrow based on 1) the bank's primary lending rate, 2) the Moneyline Telerate plus a fixed spread percentage, 3) a competitive variable or set rate acceptable by the Company, or 4) for short-term administrative convenience, the weighted average rate on overnight Federal funds transactions, plus $\frac{3}{4}$ of 1%. This agreement will terminate on April 30, 2012, at which time any outstanding balances will become due. There were no amounts outstanding under the revolving credit agreement at December 31, 2007 and 2006.

The revolving credit agreement and certain other long-term debt contain restrictive covenants which, among other things, limit a) the amount of total indebtedness to 60% of the Company's total capitalization (each as defined in the revolving credit agreement), b) the amount of total secured debt to 15% of the Company's total consolidated assets, and c) the amount of assets sold, transferred or disposed of in any trailing four quarter period to 20% of total consolidated assets. The Company remained in compliance with all such covenants during the years ended December 31, 2007 and 2006.

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

Maturities of long-term debt are as follows:

Year ended December 31	
2008	\$ 88.7
2009	17.6
2010	12.6
2011	1.0
2012	205.9
Thereafter	763.5
	<u>\$1,089.3</u>

K—Lease Obligations

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

Total rental expense from continuing operations was \$63.2, \$64.6 and \$53.5 for the years ended December 31, 2007, 2006 and 2005, respectively.

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

Year ended December 31	
2008	\$ 41.7
2009	32.4
2010	24.8
2011	18.2
2012	13.6
Later years	17.6
	<u>\$148.3</u>

The above lease obligations expire at various dates through 2017. Aggregate rental commitments above include renewal amounts where it is the intention of the Company to renew the lease.

Total rental expense for discontinued operations, which are not included in the amounts above, was \$9.7, \$10.0 and \$8.5 for the years ended December 31, 2007, 2006 and 2005, respectively. The future minimum rental commitments for the discontinued operations are \$7.1 in 2008, \$5.0 in 2009, \$3.4 in 2010, \$2.1 in 2011, \$1.2 in 2012 and \$2.8 in later years.

L—Capital Stock and Stock-Based Compensation

STOCK-BASED COMPENSATION

Effective January 1, 2006, the Company adopted FASB Statement No. 123(R) "Share-Based Payment" (SFAS 123R) which clarifies and expands the provisions of SFAS 123 "Accounting of Stock-Based Compensation." The Company adopted SFAS 123R using the modified-prospective method and, as such, results for prior periods have not been retrospectively adjusted. Because the Company had previously adopted, as of January 1, 2003, the fair value recognition provisions of SFAS 123 under the prospective transition method, the adoption of SFAS 123R did not have a significant effect on 2007 and 2006 results, nor is it expected to have a significant effect.

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

The following table recaps the impact of stock-based compensation on the results of operations (including discontinued operations) for each of the years ended December 31:

	2007	2006	2005
Amortization of the grant date fair value of stock options	\$ 8.3	\$ 6.7	\$ 4.0
Company match in stock-based retirement plans	9.2	8.2	8.3
Discounts on common stock and stock units	4.9	5.2	5.1
Total stock-based compensation expense	\$ 22.4	\$ 20.1	\$ 17.4
Recognized tax benefits	\$ 8.5	\$ 7.8	\$ 5.7
Stock-based compensation elected by employees in lieu of cash compensation	\$ 26.6	\$ 28.5	\$ 27.4

When the tax deduction for an exercised stock option or converted stock unit exceeds the compensation cost that has been recognized in income, a "windfall" tax benefit is created. The windfall benefit is not recognized in income, but rather on the balance sheet as additional contributed capital. The additional windfall tax benefit realized from exercises and conversions for the year ended December 31, 2007 was \$1.4.

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

Activity in the Company's stock accounts for each of the three years ended December 31 is as follows:

	Common Stock	Treasury Stock
Balance, January 1, 2005	198,799,543	(7,913,525)
Shares issued	—	1,960,433
Treasury stock purchased	—	(10,269,917)
Balance, December 31, 2005	198,799,543	(16,223,009)
Shares issued	—	1,617,989
Treasury stock purchased	—	(6,240,673)
Balance, December 31, 2006	198,799,543	(20,845,693)
Shares issued	—	2,156,678
Treasury stock purchased	—	(11,385,103)
Balance, December 31, 2007	198,799,543	(30,074,118)

Stock options and stock units are issued pursuant to the Company's Flexible Stock Plan. At December 31, 2007, a total of 21,075,270 common shares were authorized for issuance under the Flexible Stock Plan. This amount represents 13,490,459 unexercised options; 3,187,763 outstanding stock units; and 4,397,048 shares that remain available for grant (of the 3,187,763 outstanding stock units, 3,108,183 are vested and 79,580 are unvested).

The Company issues shares from treasury for stock option exercises and stock unit conversions, as well as for employee purchases of common stock made through the Discount Stock Plan and Stock Bonus Plan.

Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

Stock Option Grants

The Company typically grants stock options annually on a discretionary basis to a broad group of employees. Options generally become exercisable in one-third increments at 18 months, 30 months and 42 months after the date of grant. These options have a maximum term of ten years, and are issued with exercise prices equal to the market price of Leggett common stock on the grant date. Prior to 2005, some options granted under the program were below market. In 2005, the Company began to exclusively grant "at market" stock options under the program. During 2007, discretionary grants totaled 2 million options with an aggregate grant date fair value of \$9.7 under the Black-Scholes method. The Company does not grant a significant number of non-employee stock options.

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 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.

Deferred Compensation Program

The Company offers a Deferred Compensation Program under which key managers and outside directors may elect to receive at-market stock options, stock units or interest-bearing cash deferrals in lieu of cash compensation. Stock options under this program are granted in December of the year immediately prior to the year the compensation is earned. In 2005, the Company began to grant at-market stock options with a ten year term, instead of discount options with 15 year terms, as had previously been offered. Options vest as the associated compensation is earned and are exercisable beginning 15 months after the date of grant. Stock is issued when the option is exercised.

Stock units under this program are acquired every two weeks (when the compensation would have otherwise been paid) at a 20% discount to the market price of the Company's common stock when purchased and they vest immediately. Stock units earn dividends at the same rate as cash dividends paid on the Company's common stock. These dividends are used to acquire stock units at a 20% discount. Stock units are converted to common stock and distributed in accordance with the participant's pre-set election. Participants must begin receiving distributions no later than ten years after the effective date of the deferral and installment distributions cannot exceed ten years.

Cash compensation deferred during 2007 as either stock options or stock units totaled approximately \$6.2, of which \$2.2 related to bonuses accrued and expensed in 2006. In addition, approximately \$1.3 of bonuses accrued and expensed in 2007 are subject to employee deferral elections and will be paid in the form of stock options or stock units. Options and units associated with bonuses vest as of December 31 of the year earned. Approximately 69,385 stock options with a total grant date fair value of \$.4, and 225,557 stock units with a total grant date value of \$5.1, were earned and vested during 2007 under the Deferred Compensation Program. An additional 245,821 stock options with an aggregate grant date fair value of \$1.1, and 56,000 stock units with an aggregate value of \$1.3, were earned and vested in association with 2006 bonuses that were distributed in the first quarter of 2007.

Stock-Based Retirement Plans

The Company has two stock-based retirement plans: the tax-qualified Stock Bonus Plan (SBP) for non-highly compensated employees and the non-qualified Executive Stock Unit Program (ESUP) for highly compensated employees. The Company makes matching contributions to both plans. The SBP has two components; participants in Contribution Formula 1 receive a 50% match on their contributions up to 6%, while

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

participants in Contribution Formula 2 receive a 50% match on their contributions up to 2%. Participants in the ESUP receive a 50% match on their employee contributions. In addition, the Company may make another 50% matching contribution (based on the same restrictions mentioned above) on an annual basis if certain profitability levels, as defined in the SBP and the ESUP, are attained. Company matches in the SBP and ESUP fully vest upon three and five years, respectively, of cumulative service, subject to certain participation requirements. Distributions under both plans are triggered by an employee's retirement, death, disability or separation from the Company.

Contributions to the ESUP, including dividend equivalents, are used to acquire stock units at 85% of the common stock market price. Stock units are converted to common stock at a 1-to-1 ratio upon distribution from the program. The ESUP offers no diversification opportunity.

Contributions to the SBP are used to purchase Leggett stock or other investment alternatives at market prices. Effective January 1, 2007, employees in the SBP are allowed to fully diversify their employee deferral accounts immediately and their employer accounts after three years of service. Previously, diversification was limited by certain age and service requirements. Dividends earned on Company stock held in the SBP are reinvested or paid in cash at the participant's election.

During the twelve months of 2007, a total of approximately \$9.0 of employee contributions were made into these plans, including \$1.0 related to 2006 bonuses paid in 2007. The Company match expensed in 2007 totaled \$9.0 and the discount expense on stock units was \$1.8.

Discount Stock Plan

Under the Discount Stock Plan (DSP), a tax-qualified \$423 stock purchase plan, eligible employees may purchase shares of Leggett common stock at 85% of the closing market price on the last business day of each month. Shares purchased under the plan are issued annually and dividends earned prior to issuance are used to purchase additional shares. Shares purchased by employees under the DSP during 2007 totaled 568,895 and were made at an average purchase price of \$18.27 per share, net of the discount. In 2007, the total discount expense related to the DSP was approximately \$1.8. Since inception of the DSP in 1982, a total of 20,432,078 shares have been purchased by employees. Eligible employees may purchase a maximum of 23,000,000 shares under the plan.

COMPENSATION COST NOT YET RECOGNIZED

As of December 31, 2007, the unrecognized cost of non-vested stock-based compensation was \$7.1, all of which relates to non-vested stock options. This amount is expected to be recognized over a weighted-average period of 1.25 years.

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Notes to Consolidated Financial Statements—(Continued)

STOCK OPTIONS

A summary of the Company's employee stock option plans (including discontinued operations) as of December 31, 2007 and changes during the year then ended, is as follows:

	Shares	Weighted Average Exercise Price per Share
Outstanding at December 31, 2006	12,545,875	\$ 17.69
Granted	1,967,001	22.81
Exercised	(827,849)	9.61
Expired	(158,868)	21.53
Forfeited	(198,370)	23.91
Outstanding at December 31, 2007	13,327,789	\$ 18.81
Options exercisable at December 31, 2007	10,212,993	\$ 17.39

The total intrinsic value (market price in excess of exercise price) of options exercised during the twelve months ended December 31, 2007, 2006 and 2005 was \$10.2, \$11.0 and \$8.1, respectively. The cash received from these option exercises was \$8.0, \$12.0 and \$9.5.

At December 31, 2007, the following table summarizes those employee stock options that either have vested or are expected to vest (net of expected forfeitures). A portion of these options were granted in conjunction with the Deferred Compensation Program under which employees elected to receive stock options in lieu of otherwise payable cash compensation. The total fair value of shares vested during the years ended December 31, 2007, 2006 and 2005 was \$6.2, \$5.3 and \$10.6, respectively.

Options Vested and Expected to Vest

Range of Exercise Prices	Number Outstanding*	Weighted- Average Remaining Contractual Life In Years	Weighted- Average Exercise Price	Aggregate Intrinsic Value**	Associated Employee- Deferred Compensation
\$.01 – \$.25	633,860	3.6	\$.05	\$ 11,022,845	\$ 7,050,750
3.09 – 4.70	1,808,391	8.6	3.93	24,438,541	23,944,340
10.00 – 15.00	17,500	3.3	14.01	60,075	—
15.31 – 20.00	3,089,754	3.3	18.79	69,297	193,961
20.03 – 28.67	7,552,426	7.1	23.82	—	7,873,800
\$.01 – \$28.67	13,101,931	6.2	\$ 18.72	\$ 35,590,758	\$ 39,062,851

* Net of anticipated forfeitures.

** Number outstanding times the excess of the December 31, 2007 market price over the option exercise price.

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Notes to Consolidated Financial Statements—(Continued)

The following table summarizes employee stock options that are exercisable at December 31, 2007:

Options Exercisable				
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life In Years	Weighted- Average Exercise Price	Aggregate Intrinsic Value
\$.01 – \$.25	633,860	3.6	\$.05	\$ 11,022,845
3.09 – 4.70	1,808,391	8.6	3.93	24,438,541
10.00 – 15.00	17,500	3.3	14.01	60,075
15.31 – 20.00	2,842,392	2.7	18.90	69,297
20.03 – 28.67	4,910,850	6.4	23.72	—
\$.01 – \$28.67	10,212,993	5.6	\$ 17.39	\$ 35,590,758

The weighted-average per-share fair value of the options granted during the twelve months ended December 31, 2007, 2006 and 2005 was \$4.94, \$5.68 and \$5.35, respectively. The estimated grant date fair value of options is amortized by the straight line method over the options' total vesting period.

The following table summarizes the weighted-average assumptions used to calculate the grant date fair value of options granted during the twelve months ended December 31, 2007, 2006 and 2005. Fair values were calculated using the Black-Scholes option pricing model.

Key assumptions	2007	2006	2005
Risk-free interest rate	4.5%	4.4%	4.0%
Expected life in years	6.7	6.7	6.3
Expected volatility (over expected life)	24.5%	27.3%	25.7%
Expected dividend yield (over expected life)	3.6%	3.2%	3.3%

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

STOCK UNITS

A summary of the status of stock units outstanding at December 31, 2007 and changes during the twelve months then ended is presented below:

	Units	Weighted Average Grant Date Fair Value per Unit
Nonvested at January 1, 2007	64,472	\$ 24.51
Granted	859,733	21.70
Vested	(835,936)	21.74
Forfeited	(8,689)	24.27
Nonvested at December 31, 2007	79,580	\$ 23.29

Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

At December 31, 2007, there were 3,108,183 fully vested stock units outstanding with an aggregate intrinsic value of \$54.2. The intrinsic value of nonvested stock units, all of which relate to the Executive Stock Unit Program and are expected to vest, was \$1.4 at December 31, 2007. The total intrinsic value of stock units converted to common stock during 2007, 2006 and 2005 was \$2.5, \$1.2 and \$3.3, respectively.

SHAREHOLDER PROTECTION RIGHTS PLAN

In 1999, the Company declared a dividend distribution of one preferred stock purchase right (a Right) for each share of common stock. The Rights are attached to and traded with the Company's common stock. The Rights become exercisable only under certain circumstances involving actual or potential acquisitions of the Company's common stock. The Rights currently remain in existence until February 2009, unless they are exercised, exchanged or redeemed at an earlier date. Depending upon the circumstances, if these Rights become exercisable, the holder may be entitled to purchase shares of Series A junior preferred stock of the Company, shares of the Company's common stock or shares of common stock of the acquiring entity.

M—Employee Benefit Plans

Effective December 31, 2006, the Company adopted the recognition and disclosure provisions of SFAS 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." For periods prior to December 31, 2006, the Company has accounted for its defined benefit pension plans as required by SFAS 87 "Employers' Accounting for Pensions." SFAS 158 amended SFAS 87 to require recognition of the funded status of benefit plans in the balance sheet and to recognize as a component of other comprehensive income changes in funded status from year to year that are not otherwise reflected in net income. The incremental effect of applying SFAS 158 on the Company's December 31, 2006 balance sheet was a \$23.0 decrease in "Other assets—Sundry", \$.6 increase in "Other current liabilities," \$8.7 increase in "Other long-term liabilities", \$12.5 decrease in "Deferred income taxes," and \$19.8 decrease in "Accumulated other Comprehensive income."

The accompanying balance sheets as of December 31, 2007 and 2006, fully reflect as an asset or liability the funded status of the Company's sponsored domestic and foreign defined benefit pension plans as of their respective measurement dates. This note provides the disclosures required under SFAS 158 as of December 31, 2007 and 2006, and those otherwise required under SFAS 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits" for all periods presented. The Company uses a September 30 measurement date for its most significant plans.

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Notes to Consolidated Financial Statements—(Continued)

A summary of the Company's pension obligations and funded status as of December 31, 2007, 2006 and 2005 and changes during the years then ended, is as follows:

	2007	2006	2005
Change in Benefit Obligation			
Benefit obligation, beginning of period	\$ 241.6	\$ 227.5	\$ 192.2
Service cost	4.4	7.1	5.2
Interest cost	13.3	12.3	10.9
Plan participants' contributions	2.2	5.6	6.2
Actuarial (gains) losses	(6.6)	—	25.9
Benefits paid	(15.7)	(12.8)	(10.8)
Foreign currency exchange rate changes	2.6	3.2	(2.1)
Acquisitions	10.1	—	—
Plan amendments and curtailments	(12.5)	(1.3)	—
Benefit obligation, end of period	<u>239.4</u>	<u>241.6</u>	<u>227.5</u>
Change in Plan Assets			
Fair value of plan assets, beginning of period	226.8	207.1	189.1
Actual return on plan assets	34.4	22.8	21.9
Employer contributions	2.6	2.1	1.8
Plan participants' contributions	2.2	5.6	6.2
Benefits paid	(15.7)	(12.8)	(10.8)
Acquisitions	10.1	—	—
Foreign currency exchange rate changes	2.6	2.0	(1.1)
Fair value of plan assets, end of period	<u>263.0</u>	<u>226.8</u>	<u>207.1</u>
Plan Assets Over (Under) Benefit Obligations	<u>\$ 23.6</u>	<u>\$ (14.8)</u>	<u>(20.4)</u>
Unrecognized net actuarial losses			50.5
Unrecognized prior service cost			2.0
Net prepaid pension cost			<u>\$ 32.1</u>
Funded status recognized in the Consolidated Balance Sheets as:			
Other assets—sundry	\$ 35.2	\$ 11.0	
Other current liabilities	(.6)	(.6)	
Other long-term liabilities	(11.0)	(25.2)	
Total net funded status	<u>\$ 23.6</u>	<u>\$ (14.8)</u>	

Following are the amounts included in Accumulated Other Comprehensive Income as of December 31, 2007 and 2006 that had not yet been recognized as a component of net periodic pension cost:

	2007	2006
Net loss (before tax)	\$ 4.7	\$ 40.8
Net prior service cost (before tax)	1.7	1.2
Deferred income taxes	(2.1)	(15.8)
Accumulated other comprehensive income, net of tax	<u>\$ 4.3</u>	<u>\$ 26.2</u>

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

Other changes in Plan Assets and Benefit Obligations recognized in Other Comprehensive Income during the year ended December 31, 2007:

Net actuarial gain	\$	(35.6)
Prior service cost		.7
Amortization of net actuarial loss		(1.1)
Amortization of prior service cost		(.1)
Foreign exchange rate effects		.5
Deferred income taxes		13.7
	\$	(21.9)

Of the amounts in Accumulated Other Comprehensive Income as of December 31, 2007, the portions expected to be recognized as components of net periodic pension cost in 2008 are as follows:

Net loss	\$ 2
Net prior service cost	.2

	2007	2006	2005
Components of Net Pension (Expense) Income for the years ended December 31,			
Service cost	\$ (4.4)	\$ (7.1)	\$ (5.2)
Interest cost	(13.3)	(12.3)	(10.9)
Expected return on plan assets	18.1	16.2	14.8
Amortization of prior service cost	(.1)	—	—
Recognized net actuarial loss	(1.1)	(2.6)	(1.0)
Net pension expense	\$ (.8)	\$ (5.8)	\$ (2.3)
Weighted Average Assumptions:			
Discount rate used in net pension costs	5.6%	5.5%	5.5%
Discount rate used in benefit obligation	6.0%	5.6%	5.5%
Expected return on plan assets	7.8%	7.9%	7.9%
Rate of compensation increase	4.1%	4.1%	4.1%

The Company uses the average of the Citigroup Pension Liability Index rate and Merrill Lynch AA-AAA 10 yr. Bond Index rate to determine the discount rate used for its significant pension plans (rounded to the nearest 25 basis points). The Citigroup Index rate is a calculated rate using yearly spot rates matched against expected future benefit payments. The Merrill Lynch Index rate is based on the weighted average yield of a portfolio of high grade Corporate Bonds with an average duration approximating the plans' projected benefit payments, adjusted for any callable bonds included in the portfolio. The discount rate used for our significant pension plans was 6.0% for 2007, 5.75% for 2006 and 5.5% for 2005. The discount rates used for the Company's other, primarily foreign, plans are based on rates appropriate for the respective country and the plan obligations.

The overall, expected long-term rate of return is based on each plan's historical experience and the Company's expectations of future returns based upon each plan's investment holdings.

On December 31, 2006, the Company made changes to the retirement plan covering non-union employees that meet the criteria of a curtailment as defined in SFAS No. 88, "Employer's Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." As such, the expected costs associated with the future service of participants in the plan were reduced, lowering the Projected Benefit Obligation in the plan by \$11.7. This curtailment gain was offset against the plan's previously existing unrecognized net actuarial loss in accordance with SFAS No. 88. Participants were moved to a defined contribution plan that incorporates a company match based upon the current age of the participant.

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The accumulated benefit obligation for all defined benefit pension plans was \$234.6, \$223.4 and \$207.0 at December 31, 2007, 2006 and 2005, respectively.

Those plans that have benefit obligations in excess of plan assets at December 31 are recapped below:

	2007	2006	2005
Aggregated plans with accumulated benefit obligations in excess of plan assets:			
Projected benefit obligation	\$ 35.7	\$ 77.1	\$ 74.0
Accumulated benefit obligation	34.9	73.3	71.5
Fair value of plan assets	25.2	57.6	52.3
Aggregated plans with projected benefit obligations in excess of plan assets:			
Projected benefit obligation	71.2	210.4	123.7
Fair value of plan assets	59.5	184.6	115.0

Included in the above plans is a subsidiary's unfunded supplemental executive retirement plan. The subsidiary owns insurance policies with cash surrender values of \$2.2, \$2.1 and \$2.0 at December 31, 2007, 2006 and 2005, respectively, for the participants in this non-qualified plan. These insurance policies are not included in the plan's assets.

Plan assets are invested in diversified portfolios of equity, debt and government securities. The aggregate allocation of these investments is as follows:

Asset Category	2007	2006	2005
Equity securities	68%	71%	69%
Debt securities	17	17	22
Other, including cash	15	12	9
Total	100%	100%	100%

The Company's investment policy and strategies are established with a long-term view in mind. The Company strives for a sufficiently diversified asset mix to minimize the risk of a material loss to the portfolio value due to the devaluation of any single investment. In determining the appropriate asset mix, the Company's financial strength and ability to fund potential shortfalls that might result from poor investment performance are considered. For the Company's significant plans, the target allocation is 80% equities and 20% bonds.

The Company expects to contribute \$1.8 to its defined benefit pension plans in 2008.

Estimated benefit payments, expected over the next ten years are: 2008—\$17.1; 2009—\$15.0; 2010—\$15.2; 2011—\$15.3; 2012—\$15.5 and 2013-2017—\$82.3.

Total expense from continuing operations for multiemployer plans and other defined contribution plans was \$9.8, \$4.8 and \$4.1 in 2007, 2006 and 2005, respectively.

Contributions to union sponsored, defined benefit, multiemployer pension plans were less than \$1.5 in 2007, 2006 and 2005. These plans are not administered by the Company and contributions are determined in accordance with provisions of negotiated labor contracts. While the Company has no present intention of withdrawing from any of these plans, nor has it been informed that there is any intention to terminate such plans, the Company does not believe there would be a material withdrawal liability in such event.

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Notes to Consolidated Financial Statements—(Continued)

N—Income Taxes

The components of earnings from continuing operations before income taxes are as follows:

	Year ended December 31		
	2007	2006	2005
Domestic	\$ 77.9	\$ 272.9	\$ 259.6
Foreign	50.5	61.5	46.1
	\$ 128.4	\$ 334.4	\$ 305.7

Income tax expense from continuing operations is comprised of the following components:

	Year ended December 31		
	2007	2006	2005
Current			
Federal	\$ 61.2	\$ 73.5	\$ 92.4
State and local	4.6	5.2	7.8
Foreign	18.0	16.1	17.9
	83.8	94.8	118.1
Deferred			
Federal	(17.8)	4.5	(20.4)
State and local	(9.8)	(1.1)	(3.0)
Foreign	21.2	0.6	(7.1)
	(6.4)	4.0	(30.5)
	\$ 77.4	\$ 98.8	\$ 87.6

Income tax expense from continuing operations, as a percentage of earnings before income taxes, differs from the statutory federal income tax rate as follows:

	Year ended December 31		
	2007	2006	2005
Statutory federal income tax rate	35.0%	35.0%	35.0%
Increases (decreases) in rate resulting from:			
State taxes, net of federal benefit	.3	.4	1.1
Worthless stock deduction	—	(3.0)	—
Taxes on foreign earnings	(8.6)	(.8)	(1.9)
Change in valuation allowance	9.7	(1.5)	(3.1)
Goodwill impairment	25.8	—	.1
Permanent differences (other than goodwill impairment)	(1.2)	(.7)	(1.2)
Other	(0.7)	.2	(1.3)
Effective tax rate	60.3%	29.6%	28.7%

During 2007, \$94.7 of the total goodwill impairment charged to continuing operations was nondeductible, which had an adverse impact on our tax rate.

The Company and its affiliates file tax returns in each jurisdiction where they are registered to do business. In the U.S. and many of the state jurisdictions, and in many foreign countries where the Company files tax returns, a statute of limitations period exists. After a statute period expires, the tax authorities may no longer assess additional income tax for the expired period. In addition, the Company is no longer eligible to file claims for refund for any tax that it may have overpaid.

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On January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). The resulting impact of the adoption was immaterial. The total amount of the Company's unrecognized tax benefits at December 31, 2007, is \$34.8, of which \$18.7 would impact the Company's effective tax rate, if recognized.

A reconciliation of the beginning and ending balance of our gross unrecognized tax benefits, exclusive of interest and penalties, is as follows:

Unrecognized tax benefits, January 1, 2007	\$ 25.5
Gross increases—tax positions in prior periods	1.3
Gross decreases—tax positions in prior periods	(2.5)
Gross increases—current period tax positions	6.7
Settlements	(.3)
Lapse of statute of limitations	(1.1)
Unrecognized tax benefits, December 31, 2007	<u>\$ 29.6</u>

The Company recognizes interest and penalties related to unrecognized tax benefits as part of income tax expense in the Consolidated Statements of Earnings, which is consistent with prior reporting periods. As of December 31, 2007, the Company had recorded a liability of approximately \$4.2 and \$1.0 for the payment of interest and penalties, respectively.

As of December 31, 2007, four tax years were subject to audit by the United States Internal Revenue Service, covering the years 2004 through 2007. In 2006, the IRS examination for the years 2002 and 2003 was concluded. A final report was issued and the net refund of approximately \$11, plus interest, was approved in 2007. The largest issue pertained to a refund claim the Company made for a worthless stock deduction. The resolution of this item was reflected in 2006 as a reduction in the Company's overall tax rate. Additionally, five tax years were undergoing (or subject to) audit by the Canada Revenue Agency, covering the periods 2003 through 2007. Examinations are underway for 2003-2006, which are at various stages of completion, but to date we are not aware of any material adjustments. Lastly, various state and other foreign jurisdiction tax years remain open to examination as well, though the Company believes assessments (if any) would be immaterial to its consolidated financial statements.

The Company is not aware of any changes that would materially increase or decrease the total amount of unrecognized tax benefits within the next 12 months.

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Notes to Consolidated Financial Statements—(Continued)

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The major temporary differences that give rise to deferred tax assets or liabilities are as follows:

	December 31			
	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	\$ 20.9	\$ (71.1)	\$ 8.7	\$ (84.6)
Inventories	2.9	(24.4)	3.5	(23.0)
Accrued expenses	115.2	(0.2)	109.6	—
Net operating loss and tax credit carryforwards	70.1	—	75.1	—
Pension cost	9.2	(18.0)	11.6	(6.1)
Intangible assets	2.5	(85.0)	2.3	(96.8)
Subsidiary stock basis	39.8	—	—	—
Uncertain tax positions	16.1	—	—	—
Other	16.1	(18.5)	13.1	(13.6)
Gross deferred tax assets (liabilities)	292.8	(217.2)	223.9	(224.1)
Valuation allowance	(55.2)	—	(37.3)	—
Total deferred taxes	\$ 237.6	\$ (217.2)	\$ 186.6	\$ (224.1)
Net deferred tax asset (liability)		\$ 20.4		\$ (37.5)

The valuation allowance primarily relates to net operating loss and tax credit carryforwards for which utilization is uncertain. Cumulative tax losses in certain state and foreign jurisdictions during recent years, and limited carryforward periods in certain jurisdictions, were factors considered in determining the valuation allowance. Generally, no significant amount of carryforwards expire in any one year. However, \$15.7 of the carryforwards will expire in 2016, if not used beforehand.

The Company recognized net excess tax benefits of approximately \$1.4, \$2.0 and \$2.1 in 2007, 2006 and 2005, respectively, related to the exercise of employee stock options, which have been recorded as increases to additional contributed capital. Effective January 1, 2006, the Company adopted SFAS 123R. Of the \$1.4 net excess tax benefit recorded in 2007, the entire amount represents a windfall tax benefit.

In 2005, the Company completed a foreign entity restructuring and cash repatriation transaction that resulted in the recognition of a deferred tax asset related to foreign losses and foreign taxes. Overall, the transaction generated a gross Foreign Tax Credit (FTC) benefit of \$18.2 which was reduced by an \$8 valuation allowance. The valuation allowance was recorded due to significant uncertainty regarding the Company's ability to realize all of the FTC benefit. Due to subsequent changes in facts and circumstances, a \$4 reduction in the valuation allowance in both 2006 and 2007 was made for this item.

In 2007, a valuation allowance of approximately \$16.7 was provided for certain Canadian net operating losses. The establishment of this allowance was required due to uncertainties surrounding the ultimate realizability of these deferred tax assets, and adversely impacted our tax rate for the year.

Deferred income taxes and withholding taxes have been provided on earnings of the Company's foreign subsidiaries to the extent it is anticipated that the earnings will be remitted in the future as dividends. The tax effect of most distributions would be significantly offset by available foreign tax credits.

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Deferred income taxes and withholding taxes have not been provided on undistributed earnings which management has deemed to be permanently reinvested. The cumulative undistributed earnings as of December 31, 2007, which the Company has deemed to be permanently reinvested, are approximately \$264.1. If such earnings were distributed, the resulting incremental taxes would be approximately \$44.6 based on present income tax laws, which are subject to change.

Deferred tax assets and (liabilities) included in the consolidated balance sheets are as follows:

	December 31	
	2007	2006
Other current assets	\$ 55.1	\$ 22.0
Sundry	9.4	11.3
Other current liabilities	(1.8)	(3.7)
Deferred income taxes	(42.3)	(67.1)
	\$ 20.4	\$ (37.5)

O—Segment Information

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

The accounting principles used in the preparation of the segment information are the same as 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. The Company evaluates performance based on earnings from operations before interest and income taxes (EBIT). Intersegment sales are made primarily at prices that approximate market-based selling prices. Centrally incurred costs are allocated to the segments based on estimates of services used by the segment. Certain general and administrative costs and miscellaneous corporate income and expense of the Company are allocated to the segments based on sales and EBIT. Except for assets held for sale, asset information for the segments includes only inventory, trade receivables, net property, plant and equipment and unamortized purchased intangibles. These segment assets are reflected in the segment information at their estimated average for the year. Acquired companies' long-lived assets as disclosed include property, plant and equipment, goodwill and other intangibles, and long-term assets. Centrally incurred costs, allocated general and administrative costs and miscellaneous corporate income and expense include depreciation and other costs and income related to assets that are not allocated or otherwise included in the segment assets.

A summary of segment results for the years ended December 31, 2007, 2006 and 2005 are shown in the following tables. Amounts for 2005 and 2006 have been retrospectively adjusted (i) to reflect discontinued operations as discussed in Note B, and (ii) an organizational change, effective June 1, 2007, that moved a few small formed wire operations from Commercial Fixturing & Components to Industrial Materials.

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Notes to Consolidated Financial Statements—(Continued)

The impact of the organizational change on reported results for the year ended December 31, 2006 was to move \$15.6 of external sales and \$(6.2) of EBIT from the Commercial Fixturing & Components segment to the Industrial Materials segment. In addition, for the year ended December 31, 2006, intersegment sales for Commercial Fixturing & Components increased \$3.6, resulting in a net reduction in total Commercial Fixturing & Components sales of \$12.0. Also, intersegment sales for Industrial Materials increased \$17.1, resulting in a net increase of \$32.7 in total Industrial Materials sales.

The impact of the organizational change on reported results for the year ended December 31, 2005 was to move \$27.3 of external sales and \$.1 of EBIT from the Commercial Fixturing & Components segment to the Industrial Materials segment. In addition, for the year ended December 31, 2005, intersegment sales for Commercial Fixturing & Components increased \$3.7, resulting in a net reduction in total Commercial Fixturing & Components sales of \$23.6. Also, intersegment sales for Industrial Materials increased \$14.6, resulting in a net increase of \$41.9 in total Industrial Materials sales.

Summarized financial information concerning the Company's reportable segments is shown in the following tables:

	Year ended December 31			
	External Sales	Inter-Segment Sales	Total Sales	EBIT From Continuing Operations
2007				
Residential Furnishings	\$ 2,294.8	\$ 15.6	\$ 2,310.4	\$ 160.9
Commercial Fixturing & Components	819.8	17.6	837.4	(104.4)
Industrial Materials	523.1	252.6	775.7	54.6
Specialized Products	668.7	46.3	715.0	64.6
Intersegment eliminations				0.7
Adjustment to LIFO method				1.1
	<u>\$ 4,306.4</u>	<u>\$ 332.1</u>	<u>\$ 4,638.5</u>	<u>\$ 177.5</u>
2006				
Residential Furnishings	\$ 2,402.4	\$ 22.1	\$ 2,424.5	\$ 229.4
Commercial Fixturing & Components	850.5	10.4	860.9	59.7
Industrial Materials	504.4	279.1	783.5	55.3
Specialized Products	575.7	45.0	620.7	43.4
Intersegment eliminations				1.8
Adjustment to LIFO method				(7.4)
	<u>\$ 4,333.0</u>	<u>\$ 356.6</u>	<u>\$ 4,689.6</u>	<u>\$ 382.2</u>
2005				
Residential Furnishings	\$ 2,275.1	\$ 22.9	\$ 2,298.0	\$ 157.9
Commercial Fixturing & Components	870.3	15.3	885.6	34.0
Industrial Materials	560.7	325.0	885.7	103.3
Specialized Products	551.4	58.7	610.1	31.2
Intersegment eliminations				(5.5)
Adjustment to LIFO method				23.9
	<u>\$ 4,257.5</u>	<u>\$ 421.9</u>	<u>\$ 4,679.4</u>	<u>\$ 344.8</u>

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Notes to Consolidated Financial Statements—(Continued)

	Year ended December 31			
	Assets	Additions to Property, Plant and Equipment	Acquired Companies' Long-Lived Assets	Depreciation And Amortization
2007				
Residential Furnishings	\$ 1,493.6	\$ 59.5	\$ 2.4	\$ 63.4
Commercial Fixturing & Components	703.8	14.7	29.3	18.4
Industrial Materials	376.4	10.0	63.8	17.1
Specialized Products	676.7	28.8	41.7	32.9
Assets held for sale	554.5	26.8	—	38.5
Unallocated assets	410.5	9.0	—	13.1
Adjustment to year-end vs. average assets	(143.0)			
	\$ 4,072.5	\$ 148.8	\$ 137.2	\$ 183.4
2006				
Residential Furnishings	\$ 1,442.9	\$ 34.3	\$ 96.5	\$ 62.0
Commercial Fixturing & Components	729.9	20.8	—	18.3
Industrial Materials	343.7	2.7	—	15.8
Specialized Products	621.4	34.5	—	28.1
Other*	794.6	54.0	—	39.2
Unallocated assets	275.4	20.0	—	12.0
Adjustment to year-end vs. average assets	57.4			
	\$ 4,265.3	\$ 166.3	\$ 96.5	\$ 175.4
2005				
Residential Furnishings	\$ 1,343.4	\$ 57.6	\$ 81.0	\$ 66.7
Commercial Fixturing & Components	739.4	10.7	15.5	16.4
Industrial Materials	376.4	15.7	—	15.7
Specialized Products	576.5	22.8	60.5	24.7
Other*	694.2	46.9	34.1	37.1
Unallocated assets	238.7	10.5	—	10.5
Adjustment to year-end vs. average assets	103.8			
	\$ 4,072.4	\$ 164.2	\$ 191.1	\$ 171.1

* Businesses sold or classified as held for sale during the year ended December 31, 2007.

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

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

	Year Ended December 31		
	2007	2006	2005
Residential Furnishings			
Bedding components	\$ 806.6	\$ 813.6	\$ 870.2
Home furniture & consumer products	641.7	667.7	678.3
Fabric, foam & fiber	846.5	921.1	726.6
	2,294.8	2,402.4	2,275.1
Commercial Fixturing & Components			
Fixtures & displays	593.1	613.0	648.5
Office furniture components	226.7	237.5	221.8
	819.8	850.5	870.3
Industrial Materials			
Wire & wire products	419.0	391.2	431.7
Steel tubing	104.1	113.2	129.0
	523.1	504.4	560.7
Specialized Products			
Automotive products	366.5	332.6	348.1
Commercial vehicle products	176.7	118.3	95.4
Specialized machinery	125.5	124.8	107.9
	668.7	575.7	551.4
	\$ 4,306.4	\$ 4,333.0	\$ 4,257.5

The Company's operations outside of the United States are principally in Canada, Europe, Mexico and China. The geographic information that follows is based on the area of manufacture.

	Year Ended December 31		
	2007	2006	2005
External sales			
United States	\$ 3,201.1	\$ 3,320.6	\$ 3,277.3
Canada	337.4	373.3	391.8
Europe	402.0	353.7	373.9
Mexico	79.8	75.3	80.7
China	224.0	157.3	94.6
Other	62.1	52.8	39.2
	\$ 4,306.4	\$ 4,333.0	\$ 4,257.5
Long-lived assets			
United States	\$ 1,516.4	\$ 1,727.3	\$ 1,694.9
Canada	233.6	226.5	238.8
Europe	251.8	225.8	207.2
Mexico	94.8	92.1	84.8
China	92.3	51.3	46.3
Other	49.2	48.2	37.9
	\$ 2,238.1	\$ 2,371.2	\$ 2,309.9

Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

P—Contingencies

The Company is involved in various legal proceedings including matters which involve claims against the Company under employment, intellectual property, product liability, 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. Except as discussed below, 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. The plaintiffs are seeking monetary damages in an unspecified amount.

The litigation is in its early stages. We believe the Company has raised valid defenses to the claims. We intend to continue vigorously defending these claims. The Company cannot reasonably estimate the possible loss or range of loss that may arise from this litigation. However, the Company's insurance coverages (including a \$2 million self-retention amount) are sufficient to satisfy the latest settlement demand. Management does not believe the outcome will have a material effect on the Company's financial condition or results of operation.

Countervailing and Anti-Dumping Duties

In 2005, we recorded a receivable of \$5 million related to an ongoing international dispute over duties imposed by the United States on softwood lumber imported from Canada. In 2006 the U.S. and Canada finalized an agreement to settle this dispute and as a result, we were refunded \$21 million in duties and interest for our claim. We recorded this refund as income (\$16 million in 2006 and \$5 million in 2005) as part of discontinued operations. Since this claim is now fully settled, we do not anticipate any further payments.

Q—Other Expense

The components of other expense from continuing operations were as follows:

	Year ended December 31		
	2007	2006	2005
Gain on asset sale	\$ (12.1)	\$ (8.6)	\$ (5.7)
Restructuring charges	14.3	14.5	17.7
Asset impairments	11.3	4.0	17.7
Currency (gain) loss	2.2	.9	.4
Other (income) expense	(1.1)	(1.3)	1.0
	\$ 14.6	\$ 9.5	\$ 31.1

Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

R—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 manage these risks. The Company seeks to use derivative contracts that qualify for hedge accounting treatment; however, some instruments that economically manage currency risk may not qualify for hedge accounting treatment. It is the Company's policy not to speculate in derivative instruments.

Cash Flow Hedges

At December 31, 2007 and 2006, the Company had 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 primarily manage natural gas commodity price risk. There were \$9.2 in outstanding commodity hedges at December 31, 2007, all of which had maturities less than 1 year. None of these hedges had maturities beyond 12 months; however the Company routinely hedges commodity price risk up to 36 months. The Company recognized expense on these commodity hedges of \$2.4 and \$4.4 for years ended December 31, 2007 and 2006, respectively.

Foreign Currency Cash Flow Hedges

The foreign currency hedges manage risk associated with exchange rate volatility of various currencies. Of the \$47.6 in foreign currency cash flow hedges at December 31, 2007, 44% hedged Canadian dollar exposures, 35% Mexican peso exposures, and 21% hedged other currencies including the British pound, Euro, and Australian dollar. Of the \$53.8 in foreign currency cash flow hedges at December 31, 2006, 65% hedged Canadian dollar exposures, 22% Mexican peso exposures, and 13% hedged other currencies including the British pound, Euro, and Australian dollar. In general, foreign currency cash flow hedges have maturities within 2 years. The Company recognized income on these hedges of \$3.9 and \$1.5 for the years ended December 31, 2007 and 2006, respectively.

Fair Value Hedges

The Company's fair value hedges are not material and are outstanding to manage foreign currency risk associated with trade receivables of a Canadian subsidiary. Hedges designated as fair value hedges recognize gain or loss currently in earnings.

Net Investment Hedges

At December 31, 2007 and 2006, the Company had \$30.0 in derivatives on a notional basis designated as hedging the net investment in a foreign operation. This hedge manages risk associated with the net investment 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 December 31, 2007, the net investment hedge had a maturity within 12 months. In general net investment hedges may have maturities up to 5 to 8 years.

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Leggett & Platt, Incorporated

Notes to Consolidated Financial Statements—(Continued)

Hedge Effectiveness

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

At December 31, 2007, Company had two derivative transactions that did not qualify for hedge accounting treatment under SFAS 133 "Accounting for Derivative Instruments and Hedging Activities." The first transaction was a commodity hedge for the purchase of aluminum in the amount of \$2.6. The second transaction was a cross-currency swap entered to economically hedge an inter-company debt exposure. The notional amount of the swap is \$28.0. Gains or losses on these transactions are recorded directly to income and expense in the period impacted and economically offset gains and losses on the underlying hedged item in discontinued operations and other income, respectively.

The transactions disclosed below include only transactions that qualified for hedge accounting treatment under SFAS 133 in the years 2007 and 2006. 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.

	2007		2006	
	Total USD Equivalent Notional Amount	Fair Value at 12/31/07	Total USD Equivalent Notional Amount	Fair Value at 12/31/06
Commodity cash flow hedges	\$ 9.2	\$ (.1)	\$ 21.8	\$ (2.4)
Foreign currency cash flow hedges	47.6	2.2	53.8	.6
Total cash flow hedges	56.8	2.1	75.6	(1.8)
Fair value hedges	7.8	.1	3.0	(.4)
Net investment hedges	30.0	(3.7)	30.0	(1.9)
Total derivative instruments	\$ 94.6	(1.5)	\$ 108.6	(4.1)
Deferred income taxes		1.1		1.4
Total, net of tax		\$ (.4)		\$ (2.7)

Leggett & Platt, Incorporated**Notes to Consolidated Financial Statements—(Continued)****S—Accumulated Other Comprehensive Income**

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

	Foreign Currency Translation Adjustments (1)	Net Investment Hedges (2)	Cash Flow Hedges (3)	Other Items	Defined Benefit Pension Plans (4)	Accumulated Other Comprehensive Income
Balance January 1, 2005	\$ 92.5	\$ (2.9)	\$ —	\$ —	\$ (7.3)	\$ 82.3
Period change	(21.9)	2.8	4.3	—	(1.2)	(16.0)
Balance December 31, 2005	70.6	(.1)	4.3	—	(8.5)	66.3
Period change	33.9	(1.1)	(5.6)	(.2)	2.1	29.1
Adjustment to initially apply SFAS 158	—	—	—	—	(19.8)	(19.8)
Balance December 31, 2006	104.5	(1.2)	(1.3)	(.2)	(26.2)	75.6
Period change	94.0	(1.1)	2.9	.2	21.9	117.9
Balance December 31, 2007	\$ 198.5	\$ (2.3)	\$ 1.6	\$ —	\$ (4.3)	\$ 193.5

- (1) Foreign currency translation adjustments activity is shown net of income tax expense (benefit) of \$2.0 in 2007; \$(1.0) in 2006; and \$1.8 in 2005.
- (2) Net investment hedges activity is shown net of income tax benefit of \$(.7) in 2007; \$(.7) in 2006; and \$(.1) in 2005.
- (3) Cash flow hedge activity is shown net of income tax expense (benefit) of \$1.1 in 2007; \$(3.2) in 2006; \$2.7 in 2005.
- (4) Defined benefit pension plan activity is shown net of income tax expense (benefit) of \$13.7 in 2007; \$1.4 in 2006; and \$(.7) in 2005. Adjustment to initially apply SFAS 158 is shown net of income tax benefit of \$(12.5) in 2006.

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Quarterly Summary of Earnings
Leggett & Platt, Incorporated
(Unaudited)
(Dollar amounts in millions, except per share data)

Year ended December 31	First	Second	Third	Fourth**	Total
2007*					
Net sales	\$ 1,063.5	\$ 1,083.0	\$ 1,105.8	\$ 1,054.1	\$ 4,306.4
Gross profit	198.6	206.8	216.8	176.4	798.6
Earnings (loss) from continuing operations before income taxes	80.3	72.7	91.8	(116.4)	128.4
Net earnings (loss) from continuing operations	56.5	55.2	63.6	(124.3)	51.0
Earnings (loss) per share from continuing operations					
Basic	\$.31	\$.30	\$.36	\$ (.71)	\$.28
Diluted	\$.31	\$.30	\$.36	\$ (.71)	\$.28
Earnings (loss) from discontinued operations, net of tax	19.2	4.8	2.1	(88.3)	(62.2)
Earnings (loss) per share from discontinued operations					
Basic	\$.10	\$.03	\$.01	\$ (.50)	\$ (.34)
Diluted	\$.10	\$.03	\$.01	\$ (.50)	\$ (.34)
Net earnings (loss)	75.7	60.0	65.7	(212.6)	(11.2)
Total earnings (loss) per share					
Basic	\$.41	\$.33	\$.37	\$ (1.21)	\$ (.06)
Diluted	\$.41	\$.33	\$.37	\$ (1.21)	\$ (.06)
2006*					
Net sales	\$ 1,065.3	\$ 1,094.6	\$ 1,132.5	\$ 1,040.6	\$ 4,333.0
Gross profit	188.5	204.5	219.5	196.9	809.4
Earnings from continuing operations before income taxes	63.8	82.6	108.7	79.3	334.4
Net earnings from continuing operations	43.9	65.7	73.4	52.6	235.6
Earnings per share from continuing operations					
Basic	\$.23	\$.35	\$.39	\$.29	\$ 1.26
Diluted	\$.23	\$.35	\$.39	\$.29	\$ 1.26
Earnings from discontinued operations, net of tax	18.2	18.5	10.6	17.4	64.7
Earnings per share from discontinued operations					
Basic	\$.10	\$.10	\$.06	\$.09	\$.35
Diluted	\$.10	\$.10	\$.06	\$.09	\$.35
Net earnings	62.1	84.2	84.0	70.0	300.3
Total earnings per share					
Basic	\$.33	\$.45	\$.45	\$.38	\$ 1.61
Diluted	\$.33	\$.45	\$.45	\$.38	\$ 1.61

* Quarterly financial data has been retrospectively adjusted to reflect discontinued operations. See note B for further discussion.

** As discussed in Notes C and D beginning on page 68, the Company incurred asset impairment and restructuring charges totaling \$302 in the fourth quarter of 2007. Of these charges, approximately \$137 were associated with discontinued operations and \$165 related to continuing operations.

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LEGGETT & PLATT, INCORPORATED

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(Amounts in millions)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Cost and Expenses	Deductions	Balance at End of Period
Year ended December 31, 2007 (1)				
Allowance for doubtful receivables	\$ 21.9	\$ 8.5	\$ 6.5(2)	\$ 23.9
Excess and obsolete inventory reserve, LIFO basis	\$ 25.6	\$ 22.5	\$ 12.8	\$ 35.3
Tax valuation allowance	\$ 37.3	\$ 16.1	\$ (1.8)(3)	\$ 55.2
Year ended December 31, 2006				
Allowance for doubtful receivables	\$ 20.8	\$ 4.9	\$ 3.8(2)	\$ 21.9
Excess and obsolete inventory reserve, LIFO basis	\$ 34.2	\$ 10.7	\$ 19.3	\$ 25.6
Tax valuation allowance	\$ 38.0	\$ 1.8	\$ 2.5(3)	\$ 37.3
Year ended December 31, 2005				
Allowance for doubtful receivables	\$ 18.0	\$ 6.8	\$ 4.0(2)	\$ 20.8
Excess and obsolete inventory reserve, LIFO basis	\$ 25.1	\$ 24.9	\$ 15.8	\$ 34.2
Tax valuation allowance	\$ 29.0	\$ 12.8	\$ 3.8(3)	\$ 38.0

- (1) The balances at December 31, 2007 include assets held for sale of \$1.2 of allowance for doubtful receivables, and \$6.7 of excess and obsolete inventory reserve, LIFO basis
- (2) Uncollectible accounts charged off, net of recoveries
- (3) Federal tax effect of state and foreign net operating loss carryforwards and credits and changes in currency exchange rates.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

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

Dated: February 26, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
(a) Principal Executive Officer: /s/ DAVID S. HAFFNER David S. Haffner	President and Chief Executive Officer	February 26, 2008
(b) Principal Financial Officer: /s/ MATTHEW C. FLANIGAN Matthew C. Flanigan	Senior Vice President and Chief Financial Officer	February 26, 2008
(c) Principal Accounting Officer: /s/ WILLIAM S. WEIL William S. Weil	Vice President, Corporate Controller and Chief Accounting Officer	February 26, 2008
(d) Directors: RAYMOND F. BENTELE* Raymond F. Bentele	Director	
RALPH W. CLARK* Ralph W. Clark	Director	
HARRY M. CORNELL, JR.* Harry M. Cornell, Jr.	Director	
ROBERT TED ENLOE, III RICHARD T. FISHER* Richard T. Fisher	Director	

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Signature	Title	Date
<hr/> KARL G. GLASSMAN* <hr/>	Director	
Karl G. Glassman DAVID S. HAFFNER* <hr/>	Director	
David S. Haffner JOSEPH W. MCCLANATHAN* <hr/>	Director	
Joseph W. McClanathan JUDY C. ODOM* <hr/>	Director	
Judy C. Odom MAURICE E. PURNELL, JR.* <hr/>	Director	
Maurice E. Purnell, Jr. PHOEBE A. WOOD* <hr/>	Director	
Phoebe A. Wood FELIX E. WRIGHT* <hr/>	Chairman	
Felix E. Wright		
*By: <hr/> /s/ ERNEST C. JETT Ernest C. Jett Attorney-in-Fact Under Power-of-Attorney dated February 21, 2008		February 26, 2008

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EXHIBIT INDEX

Exhibit No.	Document Description
3.1	Restated Articles of Incorporation of the Company as of May 13, 1987; Amendment dated May 12, 1993; and Amendment dated May 20, 1999, filed March 11, 2004 as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003, are incorporated by reference. (SEC File No. 1-7845)
3.2**	Bylaws of the Company as amended through February 21, 2008.
4.1	Article III of the Company's Restated Articles of Incorporation, as amended, filed as Exhibit 3.1 hereto, is incorporated by reference.
4.2	Form of 1999 Rights Agreement effective February 15, 1999 between the Company and Computershare Trust Company, N.A., as successor Rights Agent to ChaseMellon Shareholder Services, LLC, which includes the form of Certificate of Designation, setting forth the terms of the Series A Junior Participating Preferred Stock, no par value, as Exhibit A; the form of Rights Certificate as Exhibit B; and the Summary of Preferred Stock Purchase Rights as Exhibit C, filed December 1, 1998 as Exhibit 4 to the Company's Current Report on Form 8-K, is incorporated by reference. (SEC File No. 1-7845)
4.3	Indenture, dated as of November 24, 1999 between the Company and The Bank of New York Mellon Corporation (Successor in interest to JPMorgan Chase Bank (formerly known as the Chase Manhattan Bank)), as Trustee, and Form of Note included therein under Sections 202 and 203 filed November 5, 1999 as Exhibit 4.1 to Registration Statement No. 333-90443 on Form S-3, is incorporated herein by reference. (SEC File No. 1-7845)
4.4	Senior Indenture dated May 6, 2005 between the Company and The Bank of New York Mellon Corporation (Successor in interest to JPMorgan Chase Bank, N.A.), as Trustee, filed May 10, 2005 as Exhibit 4.1 to the Company's Current Report on Form 8-K, is incorporated by reference. (SEC File No. 1-7845)
4.5	Form of Fixed Rate Note filed May 10, 2005 as Exhibit 4.2 to the Company's Current Report on Form 8-K, is incorporated by reference. (SEC File No. 1-7845)
4.6	Form of Floating Rate Note filed May 10, 2005 as Exhibit 4.3 to the Company's Current Report on Form 8-K, is incorporated by reference. (SEC File No. 1-7845)
4.7	Form of \$200,000,000 4.7% Notes due 2013 issued pursuant to the Indenture dated November 24, 1999, and filed March 20, 2003 as Exhibit 4.1 to the Company's Form 8-K, is incorporated herein by reference. (SEC File No. 1-7845)
4.8	Form of \$150,000,000 4.4% Notes due 2018 issued pursuant to the Indenture dated November 24, 1999, and filed June 20, 2003 as Exhibit 4.1 to the Company's Form 8-K, is incorporated herein by reference. (SEC File No. 1-7845)
4.9	Form of \$180,000,000 4.65% Notes due 2014 issued pursuant to the Indenture dated November 24, 1999, and filed November 9, 2004 as Exhibit 4.1 to the Company's Form 8-K, is incorporated herein by reference. (SEC File No. 1-7845)
4.10	Form of \$200,000,000 5.00% Notes due 2015 issued pursuant to the Senior Indenture dated May 6, 2005, and filed August 11, 2005 as Exhibit 4.1 to the Company's Current Report on Form 8-K, is incorporated by reference. (SEC File No. 1-7845)
10.1*	Restated and Amended Employment Agreement between the Company and Felix E. Wright dated March 1, 1999, filed March 31, 1999 as Exhibit 10.2 to the Company's Form 10-K for the year ended December 31, 1998; Amendment No. 1 to the Restated and Amended Employment Agreement of Felix E. Wright, dated October 1, 2002, filed November 13, 2002 as Exhibit 10 to

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Exhibit No.	Document Description
	the Company's Form 10-Q for the quarter ended September 30, 2002; Letter Agreement between the Company and Felix E. Wright, dated August 6, 2003, filed August 6, 2003 as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended June 30, 2003; and Amendment No. 2 to the Restated and Amended Employment Agreement of Felix E. Wright, dated August 4, 2004, filed August 5, 2004 as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended June 30, 2004; all of which are incorporated by reference. (SEC File No. 1-7845)
10.2*	Employment Agreement between the Company and David S. Haffner, dated May 10, 2006, filed May 10, 2006 as Exhibit 10.1 to the Company's Current Report on Form 8-K, is incorporated by reference. (SEC File No. 1-7845)
10.3*	Employment Agreement between the Company and Karl G. Glassman, dated May 10, 2006, filed May 10, 2006 as Exhibit 10.3 to the Company's Current Report on Form 8-K is incorporated by reference. (SEC File No. 1-7845)
10.4*	Restated and Amended Employment Agreement between the Company and Harry M. Cornell, Jr. dated as of August 14, 1996, and Amendment No. 1 to Employment Agreement dated January 1, 1999, and Letter Agreement dated April 24, 2000 extending term of Employment Agreement and Letter Agreement dated March 1, 2001 extending term of Employment Agreement, all of which was filed as of March 28, 2002 as Exhibit 10.1 to the Company's Form 10-K for the year ended December 31, 2001, and Letter Agreement dated November 15, 2002, filed March 18, 2003 as Exhibit 10.2 to the Company's Form 10-K for the year ended December 31, 2002, all of which are incorporated by reference. (SEC File No. 1-7845)
10.5*	Severance Benefit Agreement between the Company and David S. Haffner, dated May 10, 2006, filed May 10, 2006 as Exhibit 10.2 to the Company's Current Report on Form 8-K, is incorporated by reference. (SEC File No. 1-7845)
10.6*	Severance Benefit Agreement between the Company and Karl G. Glassman, dated May 10, 2006, filed May 10, 2006 as Exhibit 10.4 to the Company's Current Report on Form 8-K, is incorporated by reference. (SEC File No. 1-7845)
10.7*	Form of Indemnification Agreement approved by the shareholders of the Company and entered into between the Company and its directors and certain executive officers, filed March 28, 2002, as Exhibit 10.11 to the Company's Form 10-K for the year ended December 31, 2001 is incorporated by reference. (SEC File No. 1-7845)
10.8*	Summary Sheet for Executive Cash Compensation, filed August 9, 2007 as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended June 30, 2007, is incorporated by reference. (SEC File No. 1-7845)
10.9*,**	Award Formula under the 2004 Key Officers Incentive Plan.
10.10*	Summary Sheet of Director Compensation filed May 9, 2007 as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2007, is incorporated by reference. (SEC File No. 1-7845)
10.11*	The Company's Flexible Stock Plan, amended and restated, effective as of May 4, 2005, filed March 23, 2005 as Appendix B to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders; Form of Non-Qualified Stock Option Award pursuant to the Company's Flexible Stock Plan, filed November 2, 2006 as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2006; Form of Restricted Stock Agreement pursuant to the Company's Flexible Stock Plan, filed November 3, 2004 as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2004; all of which are incorporated by reference. (SEC File No. 1-7845)

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Exhibit No.	Document Description
10.11.1*,**	Form of Performance Stock Unit Award Agreement pursuant to the Company's Flexible Stock Plan.
10.12*	The Company's 2004 Key Officers Incentive Plan, amended and restated effective January 1, 2006 filed March 1, 2006 as Exhibit 10.13 to the Company's Form 10-K for the year ended December 31, 2005, is incorporated by reference. (SEC File No. 1-7845)
10.13*	The Company's Director Stock Option Plan, as amended and restated November 13, 2002, filed March 18, 2003 as Exhibit 10.13 to the Company's Form 10-K for the year ended December 31, 2002, is incorporated by reference. (SEC File No. 1-7845)
10.14*,**	The Company's Deferred Compensation Program, Amended and Restated, Effective as of December 1, 2007.
10.15*	The Company's Executive Deferred Stock Program, filed March 31, 1999 as Exhibit 10.16 to the Company's Form 10-K for the year ended December 31, 1998, is incorporated by reference. (SEC File No. 1-7845)
10.16*	The Company's Pre-2005 Executive Stock Unit Program, as amended and restated, effective as of December 31, 2004, filed December 10, 2004 as Exhibit 10.2 to the Company's Form 8-K, is incorporated by reference. (SEC File No. 1-7845)
10.17*,**	The Company's 2005 Executive Stock Unit Program, as amended, effective as of December 31, 2007.
10.18*,**	Description of long-term disability arrangements between the Company and certain executives.
10.19*,**	The Company's Retirement K Excess Program, amended and restated on November 26, 2007, effective as of January 1, 2007.
10.20	Credit Agreement, dated August 5, 2005 among the Company, Wachovia Bank, N.A., as syndication agent, JPMorgan Chase Bank, N.A., as administrative agent, and the participating banking institutions named therein, filed August 9, 2005 as Exhibit 10.1 to the Company's Current Report on Form 8-K; First Amendment to Credit Agreement, filed August 3, 2006 as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006; Second Amendment to Credit Agreement, dated May 1, 2007, among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the participating banking institutions named therein, filed May 4, 2007 as Exhibit 10.3 to the Company's Current Report on Form 8-K; each of which is incorporated by reference. (SEC File No. 1-7845)
10.20.1**	Assignment and Assumption between Bank of America, N.A. and Bank of Tokyo-Mitsubishi UFJ, Ltd., dated February 22, 2008 (regarding the lending commitment under the Company's Credit Agreement).
10.20.2**	Assignment and Assumption between The Bank of New York and Comerica Bank, dated February 22, 2008 (regarding the lending commitment under the Company's Credit Agreement).
10.21	Commercial Paper Agency Agreement between JPMorgan Chase Bank, N.A. (formerly The Chase Manhattan Bank, N.A.) and the Company, including the forms of Master Note, dated December 21, 1994, filed March 15, 2007 as Exhibit 10.1 to the Company's Current Report on Form 8-K is incorporated by reference. (SEC File No. 1-7845)
10.22	Commercial Paper Dealer Agreement between the Company and Goldman, Sachs & Co. (formerly Goldman Sachs Money Markets, L.P.) dated December 21, 1994, filed May 9, 2007 as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, is incorporated by reference. (SEC File No. 1-7845)

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Exhibit No.	Document Description
10.23	Commercial Paper Dealer Agreement between the Company and J.P. Morgan Securities, Inc. (formerly Chase Securities, Inc.) dated December 21, 1994, filed May 9, 2007 as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, is incorporated by reference. (SEC File No. 1-7845)
10.24	Commercial Paper Dealer Agreement between the Company and SunTrust Capital Markets, Inc. dated February 7, 2005, filed May 9, 2007 as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, is incorporated by reference. (SEC File No. 1-7845)
10.25	Commercial Paper Dealer Agreement between the Company and Wachovia Capital Markets, LLC dated October 10, 2005, filed May 9, 2007 as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, is incorporated by reference. (SEC File No. 1-7845)
12**	Computation of Ratio of Earnings to Fixed Charges.
21**	Schedule of Subsidiaries of the Company.
23**	Consent of Independent Registered Public Accounting Firm.
24**	Power of Attorney executed by members of the Company's Board of Directors regarding this Form 10-K.
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 February 26, 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 February 26, 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 February 26, 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 February 26, 2008.

* Denotes management contract or compensatory plan or arrangement.

** Denotes filed or furnished herewith.

BYLAWS
OF
LEGGETT & PLATT, INCORPORATED
as amended through February 21, 2008

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

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LEGGETT & PLATT, INCORPORATED**

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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 days nor more than 150 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if (i) no annual meeting was held in the previous year or (ii) the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, notice by the shareholder must be received not later than the later of the 100th day prior to such annual meeting or the tenth day following the public announcement of such meeting.

(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) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, (a) the name and address of such shareholder and beneficial owner, as they appear on the Corporation's books, (b) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such shareholder and beneficial owner, (c) a representation that the shareholder intends to appear in person or by proxy at the meeting to propose such business, (d) any other information that is required to be provided by the shareholder or beneficial owner pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in such person's capacity as a proponent of a shareholder proposal, and (e) a representation as to whether the shareholder or the beneficial owner,

if any, intends or is part of a group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or (ii) 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 days nor more than 150 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if (i) no annual meeting was held in the previous year or (ii) the date of the annual meeting is advanced or delayed by more than 30 days from such anniversary date, notice by the shareholder must be received not later than the later of the 100th day prior to such annual meeting or the tenth day following the public announcement of such meeting.

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

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

(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 100th day prior to such special meeting or the tenth day following the public announcement of such special meeting. Such notice must contain the same information as required under Section 2.2(b)(3).

(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 a Director.

(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 72nd 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.

ARTICLE 4.

CERTIFICATES FOR SHARES

Section 4.1 Issuance of Certificates. The shares of the Corporation shall be represented by certificates, provided, however, that the Board of Directors may provide by resolution that some or all of any classes or series of the Corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate, in any form approved by the Board of Directors, certifying the number and class of shares owned by the shareholder in the Corporation, signed by (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 may be 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 20th day preceding the date of the meeting shall be entitled to notice of and to vote at the meeting and upon any adjournment or postponement of the meetings, except that if prior to the meeting written waivers of notice of the meeting are signed and delivered to the Corporation by all of the shareholders of record at the time the meeting is convened, only the shareholders who are shareholders of record at the time the meeting is convened shall be entitled to vote at the meeting and any adjournment or postponement of the meeting.

ARTICLE 5.

INDEMNIFICATION

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

AWARD FORMULA FOR 2007

LEGGETT & PLATT, INCORPORATED
2004 KEY OFFICERS INCENTIVE PLAN

The 2004 Key Officers Incentive Plan ("*Plan*") provides cash awards to participants based on the Company's operating results for the prior year. Awards are calculated based on Return on Net Assets, using either the Corporate Formula or the Profit Center Formula, depending on the type of participant.

Return on Net Assets ("*RONA*"), as defined by the Plan, is Leggett's return for the year on its net assets. Certain adjustments are made to Earnings Before Interest and Taxes (EBIT) and net asset amounts reported in the Company's Consolidated Financial Statements to determine Plan RONA. "Return" is equal to EBIT with addbacks for Management Incentive Bonus and Additional Stock Match. "Net Assets" are total assets with the following adjustments: (i) deduction of cash and current liabilities, (ii) deduction or addback of accumulated other comprehensive income (deduction if positive, addback if negative) reported in shareholder's equity section of balance sheet, and (iii) quarterly averaging of all calculations. Acquisitions are excluded from bonus calculations during the first two years after the acquisition date. In addition, the Committee determined to add back restructuring-related costs and asset impairment costs incurred in the fourth quarter of 2007.

Award Formula for Corporate Participants

Corporate awards made under the Plan are based on the Company's overall financial performance during the previous year. The award for corporate participants is made up of the following:

<i>Corporate Portion</i>	90% of total award
<i>Discretionary Portion</i>	10% of total award

The *Corporate Portion* is based on three factors: (1) a participant's Salary on the last day of the year, (2) a participant's Incentive Percentage assigned by management, and (3) the Corporate Payout Percentage. The *Discretionary Portion* is based on a manager's evaluation of the participant's performance during the year. When the Company achieves at least 11% RONA in a calendar year, the corporate Payout Percentage will begin at 35% and will follow the schedule below. Payout Percentages for returns that fall between whole RONA percentage points are adjusted proportionately. No awards are payable for a year when RONA falls below 11%. The total incentive payout will be limited to 4% of EBIT.

The award is calculated by multiplying a participant's Salary, his Incentive Percentage, and the Payout Percentage. For example, assume a participant's Salary is \$300,000, his Incentive Percentage is 50% and the company achieved a 15% RONA for an 85% Payout Percentage. The participant's award would be \$127,500 ($\$300,000 \times 50\% \times 85\%$). Of this \$127,500, the *Corporate Portion* is 90%, or \$114,750, and the *Discretionary Portion* is 10%, or \$12,750. The *Discretionary Portion* may be less than \$12,750, depending on the manager's evaluation of the participant's performance during the year.

**CORPORATE PARTICIPANT
PAYOUT SCHEDULE**

RONA	Payout %
8%	0%
9%	0%
10%	0%
11%	35%
12%	45%
13%	55%
14%	65%
15%	85%
16%	105%
17%	125%
18%	145%
19%	165%
20%	185%

The Compensation Committee has established a different payout schedule for the Company's Executive Team, consisting of the top three corporate officers. Under the Executive Team payout schedule below, no bonus is payable if RONA is below 12%. For returns between 12% and 16%, the payout schedule mirrors that for other Corporate Participants. For returns above 16%, however, the Executive Team payout is higher.

Using the schedule below, if the Company achieved an 18% RONA, the resulting corporate payout for the Executive Team would be 160% (compared to 145% for other Corporate Participants). For an Executive Team participant with a Salary of \$700,000 and an Incentive Percentage of 50%, the award would be \$560,000 ($\$700,000 \times 50\% \times 160\%$), assuming a full *Discretionary Portion*.

**EXECUTIVE TEAM
PAYOUT SCHEDULE**

RONA	Payout %
8%	0%
9%	0%
10%	0%
11%	0%
12%	45%
13%	55%
14%	65%
15%	85%
16%	105%
17%	130%
18%	160%
19%	190%
20%	220%

Award Formula for Profit Center Participants

Profit Center awards are based on the budget achievement of a particular group of operating locations as well as the Company's overall financial performance during the previous year. The award for profit center participants is made up of the following:

<i>Profit Center Portion</i>	75% of total award
<i>Corporate and Discretionary Portion</i>	25% of total award

Each profit center has budgeted operating income for the year. The *Profit Center Portion* of the award is based on the profit center's achievement of that budget. The table below is used to determine the payout. The highlighted part of this table, for example, shows that participants in a profit center that achieves 90% of budget would have an 80% Profit Center Payout Percentage. The *Profit Center Portion* of the award is calculated by multiplying a participant's Salary, his Incentive Percentage, and this Payout Percentage by 75%. Accordingly, for a participant with a \$300,000 Salary and a 50% Incentive Percentage, the *Profit Center Portion* of the award would be \$90,000 (\$300,000 x 50% x 80% x 75%).

The *Corporate and Discretionary Portion* of the award is calculated as explained above under the Award Formula for Corporate Participants section, with a Corporate Payout Percentage based on the Company's RONA. Assuming the Company achieved a 15% RONA for an 85% Payout Percentage, the maximum *Corporate and Discretionary Portion* would be \$31,875 (\$300,000 x 50% x 85% x 25%). 10% of this amount, or \$3,188, would be discretionary based on the manager's evaluation of the participant's performance during the year.

Thus, assuming a full discretionary portion, the total award for this Profit Center Participant would be \$121,875 (\$90,000 + \$31,875).

PROFIT CENTER TABLE

Budget % Achieved	Pays This %	Budget % Achieved	Pays This %
<62.5%	0%	81%	62%
62.5%	25%	82%	64%
63%	26%	83%	66%
64%	28%	84%	68%
65%	30%	85%	70%
66%	32%	86%	72%
67%	34%	87%	74%
68%	36%	88%	76%
69%	38%	89%	78%
70%	40%	90%	80%
71%	42%	91%	82%
72%	44%	92%	84%
73%	46%	93%	86%
74%	48%	94%	88%
75%	50%	95%	90%
76%	52%	96%	92%
77%	54%	97%	94%
78%	56%	98%	96%
79%	58%	99%	98%
80%	60%	³ 100%	100%

**PERFORMANCE STOCK UNIT
AWARD AGREEMENT
2008 – 2010**

[Name]

Congratulations! On _____, 2008, Leggett & Platt, Incorporated (the "Company") granted you a Performance Stock Unit Award (the "Award") under the Company's Flexible Stock Plan (the "Stock Plan"). The Award is granted subject to the enclosed *Terms and Conditions – Performance Stock Unit Award (2008 – 2010)* (the "Terms and Conditions").

You have been granted a base award of [_____] Performance Stock Units. A percentage of your base award will vest on December 31, 2010 and will be paid out in shares of the Company's common stock by March 15, 2011.

As described in the enclosed Terms and Conditions, the number of shares you ultimately receive from this Award depends on how the Company's Total Shareholder Return ranks within our Peer Group during the 2008 – 2010 Performance Period. A percentage of your base award will vest (ranging from 0% to 175%), according to the schedule below.

Percentile Rank of L&P TSR	Payout % of Your Base Award
25%	25%
30%	35%
35%	45%
40%	55%
45%	65%
50%	75%
55%	95%
60%	115%
65%	135%
70%	155%
75%	175%

By signing below, you confirm that you understand and agree that this Award of Performance Stock Units is granted subject to the Terms and Conditions and the Stock Plan, and that the Terms and Conditions are included in this Agreement by reference.

A Summary of the *Flexible Stock Plan* and the Company's most recent *Annual Report to Shareholders* are available upon request to the Corporate Human Resources Department.

Accepted and Agreed:

Social Security No. _____

This award letter and the enclosed materials are part of a prospectus covering securities that have been registered under the Securities Act of 1933. Neither the Securities & Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete.

**PERFORMANCE STOCK UNIT
TERMS AND CONDITIONS
2008 – 2010**

1. *Performance Period and Payout Percentage.* The number of shares that will be issued to you pursuant to this Performance Stock Unit Award (the "Award") depends on (i) the base award shown on your Award Agreement and (ii) the Company's performance during the three-year period beginning January 1, 2008 and ending December 31, 2010 (the "Performance Period"). The Company's Total Shareholder Return ("TSR") during the Performance Period will be compared to the TSR of similar companies (the "Peer Group"). The Peer Group includes all the companies in the Industrial, Consumer Discretionary and Materials sectors of the S&P 500 and the S&P 400. TSR is calculated as follows and assumes dividends are reinvested on the payment date:

$$\frac{\text{Stock Price at End of Period} - \text{Stock Price at Beginning of Period} + \text{Reinvested Dividends}}{\text{Stock Price at Beginning of Period}}$$

Depending on how the Company's TSR ranks within the Peer Group at the end of the Performance Period, you will earn from 0% to 175% of your base award (the "Payout Percentage").

If the Company's TSR during the Performance Period is equal to or greater than that of 75% of the Peer Group, you will be issued shares of the Company's common stock equal to 175% of the base award. If the Company's TSR falls at the 50th percentile of the Peer Group, you will receive 75% of the base award. For performance at the 25th percentile, you will receive 25% of your base award. No shares will be issued under your Award if the Company does not meet the 25th percentile threshold. Additional payouts are shown in the chart below. Payouts will be interpolated for TSR falling between the levels shown.

Percentile Rank of L&P TSR	Payout % of Your Base Award
25%	25%
30%	35%
35%	45%
40%	55%
45%	65%
50%	75%
55%	95%
60%	115%
65%	135%
70%	155%
75%	175%

2. *Vesting of Award and Issuance of Shares.* With the exception of early vesting for circumstances described in Sections 3 and 4, this Award will vest on December 31, 2010 (the "Vesting Date"). You will be issued one share of the Company's common stock for each vested Performance Stock Unit, calculated as described in Section 1, as soon as reasonably practicable following the end of the Performance Period but in no event later than March 15, 2011 (the "Payout Date").

3. *Termination of Employment.*

- a. Except as provided in Section 3(b), if your employment is terminated for any reason before the Vesting Date, your right to this Award will terminate immediately upon such termination of employment.

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- b. If your termination of employment during the Performance Period is due to Retirement (as defined below), death, or Disability (as defined below), you will receive a pro-rata number of shares following the end of the Performance Period for each full calendar year prior to your termination.

"Retirement" means you voluntarily quit (i) on or after age 65, or (ii) on or after age 55 if you have at least 20 years of service with the Company or any company or division acquired by the Company.

"Disability" means the inability to substantially perform your duties and responsibilities by reason of any accident or illness that can be expected to result in death or to last for a continuous period of not less than one year; provided, however, the Award shall continue to vest for 18 months after Disability begins.

- c. The employment relationship will be treated as continuing intact while you are on military, sick leave or other bona fide leave of absence if (i) the Company does not terminate the employment relationship or (ii) your right to re-employment is guaranteed by statute or by contract.

4. Change in Control. If, during the Performance Period, a Change in Control of the Company (as defined in the Flexible Stock Plan) occurs and your employment is terminated either (i) by the Company (for reasons other than Disability or Cause, as defined below) or (ii) by you for Good Reason, then the Company (or its successor) will promptly issue to you 175% of your Base Award.

- a. Termination by Company for "Cause". Termination for "Cause" under this Agreement shall be limited to the following:
 - i. Your conviction of any crime involving money or other property of the Company or any of its affiliates (including entering any plea bargain admitting criminal guilt), or a conviction of any other crime (whether or not involving the Company or any of its affiliates) that constitutes a felony in the jurisdiction involved; or
 - ii. Your willful act or omission involving fraud, misappropriation, or dishonesty that (i) causes material injury to the Company or (ii) results in a material personal enrichment to you at the expense of the Company; or
 - iii. Your continued, repeated, willful failure to substantially perform your duties; provided, however, that no discharge shall be deemed for Cause under this subsection (a) unless you first receive written notice from the Company advising you of specific acts or omissions alleged to constitute a failure to perform your duties, and such failure continues after you have had a reasonable opportunity to correct the acts or omissions so complained of.

A termination shall not be deemed for Cause if, for example, the termination results from the Company's determination that your position is redundant or unnecessary or that your performance is unsatisfactory.

- b. Termination by Executive for Good Reason. You may terminate your employment for "Good Reason" by giving notice of termination to the Company during the Performance Period following (i) any action or omission by the Company described in this Section or (ii) receipt of notice from the Company of the Company's intention to take any such action or engage in any such omission.

The actions or omissions which may lead to a termination of employment for Good Reason are as follows:

- i. A reduction by the Company in your base salary as in effect immediately prior to the Change in Control; or
 - ii. A change in your reporting responsibilities, titles or offices as in effect immediately prior to a Change in Control that results in a material diminution within the Company of title, status, authority or responsibility; or
 - iii. A failure by the Company, without providing substantially similar economic benefits, to (i) continue any cash bonus or other incentive plans substantially in the forms in effect immediately prior to the Change in Control, or (ii) continue your participation in such plans on at least the same basis as you participated in accordance with the plans immediately prior to the Change in Control; or
 - iv. A requirement by the Company that you be based or perform your duties anywhere other than at the location immediately prior to the Change in Control, except for required travel on the Company's business to an extent substantially consistent with your business travel obligations immediately prior to the Change in Control; or
 - v. A failure by the Company to continue in effect any benefit or other compensation plan (*e.g.*, stock ownership plan, stock purchase plan, stock option plan, life insurance plan, health and accident plan or disability plan) in which you are participating at the time of a Change in Control (or plans providing you with substantially similar economic benefits), or the taking of any action which would adversely affect your participation in or materially reduce your benefits under any such plans; or
 - vi. A failure by the Company to obtain the assumption agreement to perform this Agreement by any successor as contemplated by Section 11 of this Agreement; or
 - vii. Any purported termination of your employment for Disability or for Cause that is not carried out pursuant to a notice of termination which satisfies the requirements of Section 4(c); and for purposes of this Agreement, no such purported termination shall be effective.
- c. Notice of Termination. Any purported termination by the Company of your employment shall be communicated by notice of termination to the other party. A notice of termination shall set forth, in reasonable detail, the facts and circumstances claimed to provide a basis for termination of employment under the Section so indicated.
- d. Date of Termination. The date your employment is terminated under Section 4 of this Agreement is called the "*Date of Termination*". In cases of Disability, the Date of Termination shall be 30 days after notice of termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such 30-day period). If your employment is terminated for Cause, the Date of Termination shall be the date specified in the notice of termination. If your employment is terminated for Good Reason, the Date of Termination shall be the date set out in the notice of termination.

Any dispute by a party hereto regarding a notice of termination delivered to such party must be conveyed to the other party within 30 days after the notice of termination is given. If the particulars of the dispute are not conveyed within the 30-day period, then the disputing party's claims regarding the termination shall be forever deemed waived.

5. Transferability. The Performance Stock Units may not be transferred, assigned, pledged or otherwise encumbered until the underlying shares have been issued.

6. No Rights as Shareholder. You will not have the rights of a shareholder with respect to the Performance Stock Units until the underlying shares have been issued. You will not have the right to vote the shares or receive any dividends that may be paid on the underlying shares prior to issuance.

7. Withholding. You will recognize taxable income equal to the fair market value of the shares on the Payout Date. This amount is subject to ordinary income tax and payroll tax. The Company may withhold from the shares issued any amount required to satisfy applicable tax laws (at the Company's required withholding rate). The Company, at its discretion, may allow you to pay the taxes in cash if you make suitable arrangements with the Company prior to the Payout Date.

The income and tax withholding generated by the issuance of shares to you will be reported on your W-2. If your personal income tax rate is higher than the Company's minimum required withholding rate, you will owe additional tax on the issuance. After payment of the ordinary income tax, your shares will have a tax basis equal to the closing price of L&P stock on the Payout Date.

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

If you violate the preceding paragraph, then you will pay to the Company any Award Gain you realized from this Award. "Award Gain" is equal to (i) the number of shares distributed to you on the Payout Date of this Award times the fair market value of L&P stock on the date the Payout Date, minus (ii) any non-refundable taxes paid by you as a result of the distribution.

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

9. Award Not Benefit Eligible. This Award will be considered special incentive compensation and will not be included as earnings, wages, salary or compensation in any pension, retirement, welfare, life insurance or other employee benefit plan or arrangement of the Company.

10. *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.

11. *Assignment.* The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Award Agreement. As used in the Award Agreement, "*Company*" means (i) Leggett & Platt, Incorporated, its subsidiaries and affiliates, and (ii) any successor to its business and/or assets which executes and delivers the agreement provided for in this Section or which otherwise becomes bound by all the terms and provisions of this Award Agreement by operation of law.

12. *Other.* In the absence of any specific agreement to the contrary, the grant of this Award to you will not affect any right of the Company or its subsidiaries to terminate your employment or your right to resign from employment.

This Award is intended to comply with the requirements of Section 162(m) of the Internal Revenue Code for performance-based compensation.

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.

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

LEGGETT & PLATT, INCORPORATED
DEFERRED COMPENSATION PROGRAM
(Amended and Restated, Effective as of December 1, 2007)

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LEGGETT & PLATT, INCORPORATED
DEFERRED COMPENSATION PROGRAM
(Amended and Restated, Effective as of December 1, 2007)

1. NAME AND PURPOSE

1.1 Name. The name of this Program is the "Leggett & Platt, Incorporated Deferred Compensation Program."

1.2 Purpose. The Program is intended to provide selected key employees, non-employee directors and advisory directors of the Company the opportunity to defer future compensation. The Program is an unfunded deferred compensation program for a select group of management and/or highly compensated employees as described in ERISA. Options and Stock Units provided for in the Program will be granted under the Company's Flexible Stock Plan, as amended, and will be subject to the terms of that plan.

2. DEFINITIONS

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

2.2 Benefits. The benefits available under the Program, including Options, Stock Units and L&P Cash Deferrals.

2.3 Committee. The Compensation Committee of the Board of Directors of the Company or, except as to Section 16 Officers, any persons to whom the administrative authority has been delegated.

2.4 Common Stock. The Company's common stock, \$.01 par value.

2.5 Company. Leggett & Platt, Incorporated.

2.6 Compensation. Salary, bonuses, director fees, and all other forms of cash compensation earned and vested in a calendar year. Bonuses may be earned and vested in one calendar year, but become payable in the following calendar year.

2.7 Deferred Compensation. Any Compensation that would have become payable to a Participant but for the Participant's election to defer such Compensation.

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

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- 2.9 Dividend Contribution. The Company's contribution of dividend amounts to a Participant's account made pursuant to Section 5.2.
- 2.10 Election. A Participant's election to defer Compensation, which sets forth the percentage or amount of Compensation to be deferred and such other items as the Committee may require.
- 2.11 Employer. The Company or any directly or indirectly majority-owned subsidiary, partnership or other entity of the Company.
- 2.12 ERISA. The Employee Retirement Income Security Act of 1974, as amended.
- 2.13 L&P Cash Deferral. The deferral of Compensation into an obligation of the Company to pay on a future date or dates the Compensation plus interest thereon determined pursuant to Section 5.4.
- 2.14 Option. An option to purchase shares of Common Stock issued pursuant to Section 4.
- 2.15 Participant. A director or advisory director of the Company, a Section 16 Officer of the Company, or a management or highly compensated employee of the Employer selected by the Committee, who has delivered a signed Election form to the Company. The Committee may revoke an individual's right to participate in the Program if he no longer meets the Program's eligibility requirements or for any other reason. Such termination will not affect Benefits previously vested under the Program.
- 2.16 Section 16 Officers. All officers of the Company subject to the requirements of Section 16 of the Securities Exchange Act of 1934.
- 2.17 Section 409A. Section 409A of the Internal Revenue Code, including all regulations and other guidance of general applicability issued thereunder.
- 2.18 Stock Unit. A unit of account deemed to equal a single share (or fractional share) of Common Stock. No Participant or Beneficiary will have any of the rights of a shareholder with respect to Stock Units.
- 2.19 Unforeseeable Emergency. A severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

3. **ELECTION TO DEFER**

3.1 *Type and Amount of Deferral.* Each Participant may elect to defer all or a portion of his Compensation into an Option, Stock Units, an L&P Cash Deferral, or any combination of the three.

3.2 *Election.* A Participant's Election must be made on or before the last business day of December for Compensation relating to the following calendar year, except that newly eligible Participants may make an Election during the calendar year within 30 days of first becoming eligible for participation for Compensation earned subsequent to the date of Election. Elections may be modified or withdrawn until such time as an original Election could no longer be made.

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

3.3 *Benefit Plan Contributions and Payroll Deductions.* If Compensation payable after giving effect to a deferral Election will be insufficient to make all Company benefit contributions and required tax withholdings, the Participant must, at the time of the Election, make arrangements suitable to the Company for the payment of such amounts.

3.4 *Vesting.* Benefits under the Program vest when the Participant would have been vested in the Compensation but for the election to defer. Benefits not vested will terminate immediately upon a Participant's termination of employment or, with respect to non-employee directors or advisory directors, termination of service.

4. **OPTIONS**

4.1 *Number of Options and Exercise Price.* Unless the Committee determines otherwise, the number of Option shares granted to a Participant is equal to the nearest number of whole shares determined under the following formula:

$$\frac{\text{Compensation Foregone} \times 5}{\text{Exercise Price}}$$

"*Compensation Foregone*" means the Compensation the Participant elected to defer into Options. The "*Exercise Price*" for each share covered by an Option is the fair market value of Company stock on the Grant Date.

4.2 *Grant Date.* Options will be granted as of the last business day in December of each year or such other date as the Committee determines (the "*Grant Date*").

4.3 *Term of Options.* The term of an Option will expire 10 years after the Grant Date (the "*Expiration Date*").

4.4 *Exercise of Options*. Options will be exercisable on March 15th of the year following the year the compensation is earned and vested. However, despite any later specified date for exercise, any vested portion of an Option will become exercisable in full upon the death or Disability of the Participant.

An Option may be exercised by delivering notice to the Company's captive broker accompanied by payment of the Exercise Price for the shares purchased. Such payment may be made in cash, by delivering or attesting to ownership of shares of L&P Common Stock (held for at least 6 months) or a combination of cash and Common Stock. No shares will be delivered in connection with an Option exercise unless all amounts required to satisfy tax and any other required withholdings have been paid.

An Option may be exercised only by a Participant during his life or, in the case of Disability, by his guardian or legal representative. Upon the death of a Participant, the Option may be exercised by his Beneficiary or, if the Participant fails to designate a Beneficiary, by his legal representative.

If any Option has not been fully exercised on the Expiration Date, the unexercised portion of the Option shall be deemed exercised on such Expiration Date, provided the then market price of a share of L&P Common Stock exceeds the per share Exercise Price. In such event, shares of Common Stock will not be issued until the Exercise Price and any other required amounts have been paid. If the Company has not received payment of the Exercise Price and any other required amounts within 30 days after the Expiration Date, the exercise will be void and the Company will have no further obligation to the Participant with respect to the expired Option.

4.5 *Non-Qualified Options*. All Options will be non-qualified options that are not entitled to special tax treatment under §422 of the Internal Revenue Code.

4.6 *No Shareholders' Rights*. A Participant will have no rights as a shareholder with respect to the shares covered by his Option until stock has been issued for the shares. No adjustment will be made for dividends or other rights for which the record date is before the issuance date.

5. STOCK UNIT AND L&P CASH DEFERRALS

5.1 *Stock Units*. An account will be established to track Stock Units for each Participant who elects a Stock Unit deferral. Compensation will be deferred on a bi-weekly basis or as Compensation otherwise would have been paid, unless the Committee determines otherwise. All deferrals and Dividend Contributions to a Participant's account will be used to acquire Stock Units at a price equal to 80% of the fair market value of a share of Common Stock on the date such deferrals and Dividend Contributions are made.

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

5.3 *Stock Unit Distributions.* Prior to distribution, Stock Units will be converted to the appropriate number of whole shares of Common Stock. The Company will make the distributions by January 31st of the elected distribution year. For installment elections, each annual distribution will be equal to the balance of Stock Units in the Participant's account divided by the number of payments remaining.

The Company may withhold from the shares distributed any amount required to pay applicable taxes (at the Company's required withholding rate). Alternatively, the Participant may pay such taxes in cash if he elects to do so before the distribution date.

5.4 *Interest on L&P Cash Deferral.* L&P Cash Deferrals will bear interest at a rate established by the Committee. The interest will begin accruing on the date the Deferred Compensation would have been paid but for the deferral. Until the Committee determines otherwise, the Chief Financial Officer will determine the interest rates.

5.5 *Timing and Form of Distribution.* The Participant will select the timing and form of distribution for Stock Unit and L&P Cash Deferrals on his Election form. The first payment date may not be earlier than two years after the Election is made or such other date as the Committee determines. The Committee may establish maximum deferral periods and maximum payout periods. Until otherwise determined, distribution payouts must begin within 10 years of the effective date of the deferral, and all amounts subject to the deferral must be distributed within 10 years of the first distribution payout.

The Participant may make an election to extend the payout period or change the form of distribution for Stock Unit and L&P Cash Deferrals, not to exceed any maximum payout period established by the Committee. For purposes of the foregoing, each payout date in an installment distribution election will be treated as a separate election. Unless otherwise permitted under transition rules applicable to Section 409A, the election change must be made not less than 12 months before the scheduled payment date and must extend the distribution payment by at least five years.

5.6 *Convert L&P Cash Deferral to Stock Units.* If a Participant elects an L&P Cash Deferral, the Participant may later ask the Committee to convert the L&P Cash Deferral to a Stock Unit Deferral. Such a conversion may only be made during the year in which the Compensation subject to the deferral election is earned. The Committee may, in its sole discretion and as permitted under applicable law, grant such conversion to the Participant on such date and upon such terms as the Committee determines. The Participant will forfeit all accrued interest of the L&P Cash Deferral if the Committee grants his request.

5.7 *Unforeseeable Emergency.* In the event of an Unforeseeable Emergency, the Committee may, in its sole discretion and as permitted under applicable law, authorize an early distribution of a Participant's vested L&P Cash Deferral or Stock Unit account and cancellation of the Participant's election. Amounts distributed due to an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need.

5.8 *Unsecured Creditor*. The Company's obligation to a Participant for Stock Unit and L&P Cash Deferrals is a mere promise to pay shares or money in the future and the Participant will have the status of a general unsecured creditor of the Company.

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

If a Participant believes he is entitled to receive a distribution under the Program and he does not receive such distribution, he must make a claim in writing to the Committee. The Committee will review the claim. If the claim is denied, the Committee will provide a written notice of denial within 90 days setting out: the reasons for the denial; provisions of the Program upon which the denial is based; any additional information to perfect the claim and why such information is necessary; the steps to be taken if a review is sought, including, as applicable, the right to file an action under Section 502(a) of ERISA following an adverse determination; and the time limits for requesting a review and for review.

If a claim is denied and the Participant desires a review, he will notify the Secretary in writing within 60 days of the receipt of notice of denial. In requesting a review, the Participant may review the Program or any related document and submit any written statement he deems appropriate. The Secretary will then review the claim and, if the decision is adverse to the Participant, provide a written decision within 60 days setting out: the reasons for the denial; provisions of the Program upon which the denial is based; a statement that the Participant is entitled to receive, upon request and free of charge, copies of documents relied upon in making the decision; and, as applicable, the Participant's right to bring an action under Section 502(a) of ERISA.

6. COMPANY BENEFIT PLANS

6.1 *Impact on Benefit Plans*. The deferral of Compensation under the Program is not intended to affect other Employer benefit plans in which the Participant is participating or may be eligible to participate. The impact of the Program on other benefits is described below.

- *401(k) Plans* – Participation in the Program will reduce compensation eligible for contributions under an Employer 401(k) plan in the year the compensation is earned. For Participants in the Company's Retirement 401(k) ("Retirement K"), this could result in a corresponding reduction of the Company's matching contributions in the Retirement K. The Company's Retirement K Excess Program is intended to address this limitation and other limitations affecting matching contributions in the Retirement K. In certain circumstances, the Retirement K Excess Program will make a cash payment equal to the "lost" matching contribution to the Retirement K.

When previously deferred compensation comes out of the Program, the compensation will be considered eligible compensation for a contribution under the L&P 401(k) Plan. (This compensation may or may not be eligible compensation for a contribution under other 401(k) plans the Company has acquired through acquisitions.) For stock distributions (e.g. a Stock Unit distribution or an Option exercise), the Company must, to the extent possible, take the 401(k) contribution from a Participant's other cash compensation in the calendar year.

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- *Executive Stock Unit Program*—The amount of payroll deduction for Stock Units under the Company's Executive Stock Unit Program ("ESU Program") will be calculated as if no deferral had occurred. In the case of an ESU Program Participant who defers 100% of Compensation under the Deferred Compensation Program, the Company will make the Matching Contribution and Additional Matching Contribution under the ESU Program as though the full Participant's Contribution had been made.
 - *Discount Stock Plan*—Contributions under the Discount Stock Plan will be calculated as if no deferral had occurred.
 - *Life Insurance and Disability Benefits*—To the extent the level of benefits is based upon a Participant's compensation, Deferred Compensation will be included when it would have otherwise become payable but for the deferral.

6.2 *Contributions*. Except as provided in Section 6.1, the Participant must make contributions and payments under all Employer benefit plans in which he is participating in the amounts required as if no deferral had occurred. If there is not sufficient Compensation after deferral from which to withhold required contributions and payments, the Participant must make arrangements suitable to the Company for payment of the required amounts.

7. ADMINISTRATION

7.1 *Administration*. Except to the extent the Committee otherwise designates pursuant to Section 7.2(e), the Committee will control and manage the operation and administration of the Program.

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

7.3 *Section 16 Officers and Non-Employee Directors*. Notwithstanding the foregoing, (i) the Committee may not delegate its authority with respect to Section 16 Officers, and (ii) the Board of Directors must approve any action related to Benefits for non-employee directors or advisory directors.

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

8. MISCELLANEOUS

8.1 Change in Capitalization. In the event of a stock dividend, stock split, merger, consolidation or other recapitalization of the Company affecting the number of outstanding shares of Common Stock, the number of Option shares and Exercise Price and the number of Stock Units credited to a Participant's account will be appropriately adjusted.

8.2 No Right of Employment. Nothing contained in the Program or in any document issued under the Program will constitute evidence of any agreement or understanding that the Employer will employ or retain the Participant for any period of time or at any particular rate of compensation.

8.3 Beneficiary. A Participant may designate one or more Beneficiaries to receive all of his Benefits resulting from any deferrals under this Program if he dies. A Participant may change or revoke a designation of a Beneficiary at any time upon written notice to the Company. If a notice of beneficiary is not on file or if the Beneficiary is not living when the Participant dies, the Participant's estate will be his Beneficiary.

8.4 Transferability. No Benefits or interests therein may be transferred, assigned or pledged during a Participant's lifetime. Benefits may not be seized by any creditor of a Participant or Beneficiary or transferred by operation of law in the event of bankruptcy or insolvency. Any attempted assignment or transfer will be void. However, the Committee may, in its sole discretion, allow a Participant to transfer Options by way of a bona fide gift. The donee will hold such Options subject to the Program.

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

8.6 Amendments and Termination. The Company will have the right to amend or terminate the Program at any time. However, no such amendment or termination will deprive any Participant of the right to receive Benefits previously vested under the Program.

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

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

LEGGETT & PLATT, INCORPORATED
2005 EXECUTIVE STOCK UNIT PROGRAM
As amended, effective December 31, 2007

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LEGGETT & PLATT, INCORPORATED
2005 EXECUTIVE STOCK UNIT PROGRAM

As amended, effective December 31, 2007

1. **NAME AND PURPOSE**

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

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

2. **DEFINITIONS**

2.1 *Account*. A separate book account established by the Company to track Stock Units for each Participant.

2.2 *Additional Matching Contribution*. The Company's additional contribution of amounts to a Participant's Account made pursuant to Section 4.6.

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

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

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

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

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

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

2.9 *Company*. Leggett & Platt, Incorporated.

2.10 *Compensation*. Salary, bonuses, and all other forms of cash compensation, to the extent designated by the Committee, earned and vested in any Calendar Year. In the case of a sales representative whose regular paycheck includes funds for travel and expenses, Compensation means 75% of the total. Compensation will also include remuneration which would have been received in cash but for the Participant's election to defer such remuneration or to receive a stock option in lieu of such remuneration in

accordance with any deferred compensation program of the Company. Any amounts considered as Compensation by virtue of the preceding sentence will be counted as Compensation only once, even if the benefits derived from such compensation are includible in the Participant's taxable income in a subsequent year. Compensation will not include any bonus earned and vested in a Calendar Year, but to be paid in a subsequent Calendar Year, if the Participant is not eligible to participate in this Program during such subsequent Calendar Year.

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

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

2.13 Dividend Contribution. The Company's contribution of dividend amounts to a Participant's Account made pursuant to Section 4.7.

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

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

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

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

2.18 FICA-HI. The Hospital Insurance tax under the Federal Income Contributions Act, as amended.

2.19 Key Employee. A management and/or highly compensated employee of the Employer.

2.20 Management Committee. A committee selected by the Board that is authorized to act on behalf of the Committee under the Program, except with respect to Section 16 Officers.

2.21 Matching Contribution. The Company's contribution of amounts to a Participant's Account equal to 50% of a Participant's Contribution made pursuant to Section 4.5.

2.22 Participant. A Key Employee selected to participate in the Program who has delivered a signed Election to the Company.

2.23 Participant's Contribution. The Participant's contribution of Compensation which is used to acquire Stock Units pursuant to Section 4.4.

2.24 Section 16 Officers. All officers of the Company subject to the requirements of Section 16 of the Securities Exchange Act of 1934.

2.25 Section 409A. Section 409A of the Internal Revenue Code, including all regulations and other guidance of general applicability issued thereunder.

2.26 Separation from Service. "Separation from Service" shall mean a termination of employment or other event as defined under Section 409A. Generally, a Separation of Service is deemed to have occurred when a Participant's services have been reduced to a rate that is expected to be 20% or less of the average rate of services performed by the Participant in the 36 months preceding the reduction.

2.27 Specified Employee. Any Participant meeting the definition of "specified employee" under Section 409A(a)(2)(B)(i).

2.28 Stock Unit. A unit of account deemed to equal a single share (or fractional share) of Common Stock.

2.29 Unforeseeable Emergency. A severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

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

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

3. **ELIGIBILITY AND PARTICIPATION**

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

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

4. **CONTRIBUTIONS AND ACQUISITION OF STOCK UNITS**

4.1 *Acquisition of Stock Units.* An Account will be established to track Stock Units for each Participant. All Contributions to a Participant's Account will be used to acquire Stock Units at a price equal to 85% of the Fair Market Value of a share of Common Stock on the date such Contributions are made.

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

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

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

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

4.4 *Participant's Contribution.* Each Participant may elect to contribute to the Program a percentage of his Compensation above a certain threshold. For 2008, the threshold is a base salary of \$26,733, which amount may be increased for years after 2008. The Committee will determine the maximum Participant Contribution percentage. Participant's Contributions will be made on a bi-weekly basis or as Compensation otherwise would have been paid, unless the Committee determines otherwise.

4.5 *Matching Contributions.* The Company will make a Matching Contribution equal to 50% of the Participant's Contribution. Matching Contributions will be made at the same time as the Participant's Contributions.

4.6 *Additional Matching Contributions.* The Company will make an Additional Matching Contribution equal to a percentage of the Participant's Contribution for the applicable Calendar Year if the Company's return on net assets ("RONA") for the Calendar Year is at least 8%. RONA will be calculated in the same manner as it is calculated under the Company's Key Management Incentive Plan for a given year. The Additional Matching Contribution will begin at 5% of the Participant's Contribution for the applicable Calendar Year if the Company's RONA is 8% and increase to a maximum 50% of the Participant's Contribution if the Company's RONA is at least 12.5%. Such Contribution will be credited to the Account of each Participant who was employed as of the last business day of the Calendar Year, plus each Participant whose employment terminated prior to such date (a) due to Disability or death, or (b) after the Participant has attained 55 years of age and has at least 5 Years of Vesting Service. Additional Matching Contributions, if any, will be credited to the Participant's Account after the end of the Calendar Year when the amount has been determined.

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

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

4.9 *FICA Tax Gross-Up.* The Company will pay on behalf of a Participant any FICA-HI taxes due on Matching Contributions and Additional Matching Contributions. Such payment will be determined by the Committee and may include a tax "gross-up" on such payments.

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

5. **DISTRIBUTION**

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

Distribution of a Participant's Account will be based on the number of Stock Units credited to his Account upon Separation of Service. If Stock Units are credited to the Participant's Account after a distribution has been made (*e.g.*, as a result of Dividend Contributions or Additional Matching Contributions), a subsequent distribution of those Stock Units will be made by March 15th.

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

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

5.3 Withholding from Distributions. When Stock Units are converted to Common Stock for distribution, the Company will withhold from such Common Stock any amount required to pay applicable taxes (at the Company's required withholding rate). Alternatively, the Participant may pay such taxes in cash if he makes suitable arrangements with the Company before the distribution date.

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

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

5.6 Distribution Upon Unforeseeable Emergency or Change in Control. In the event of an Unforeseeable Emergency or Change in Control, the Committee may authorize an immediate distribution to the Participant as permitted under Section 409A.

5.7 Change in Form of Distribution. A Participant may extend the payout period of an installment election or change the form of distribution, not to exceed the maximum payout period of 15 years or such other period determined by the Committee. For purposes of the foregoing, each payout date in an installment distribution election will be treated as a separate election. The election change must be made not less than 12 months prior to Separation from Service and must extend the first distribution payment by at least 5 years, consistent with the requirements of Section 409A.

6. ADMINISTRATION

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

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

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

7. **CLAIMS**

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

If a Participant believes he is entitled to receive a distribution under the Program and he does not receive such distribution, he must make a claim in writing to the Committee. The Committee will review the claim. If the claim is denied, the Committee will provide a written notice of denial within 90 days setting out: the reasons for the denial; provisions of the Program upon which the denial is based; any additional information to perfect the claim and why such information is necessary; the steps to be taken if a review is sought, including the right to file an action under Section 502(a) of ERISA following an adverse determination; and the time limits for requesting a review and for review.

If a claim is denied and the Participant desires a review, he will notify the Secretary in writing within 60 days of the receipt of notice of denial. In requesting a review, the Participant may review the Program or any related document and submit any written statement he deems appropriate. The Secretary will then review the claim and, if the decision is adverse to the Participant, provide a written decision within 60 days setting out: the reasons for the denial; provisions of the Program upon which the denial is based; a statement that the Participant is entitled to receive, upon request and free of charge, copies of documents relied upon in making the decision; and the Participant's right to bring an action under Section 502(a) of ERISA.

8. **GENERAL PROVISIONS**

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

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

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

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

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

8.6 *Amendments and Termination.* The Company will have the right to amend or terminate the Program at any time. However, no such amendment or termination will deprive any Participant of the right to distribution of Stock Units previously credited to his Account.

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

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

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

DESCRIPTION OF LONG-TERM DISABILITY ARRANGEMENTS

The Company makes available an executive disability coverage program to provide disability benefits to approximately 120 officers and management employees. The executive disability coverage is designed to replace 66 2/3% of the base salary, bonuses and incentive compensation of the employee up to a maximum of \$25,000 per month benefit. Under the executive disability coverage, the employee pays for the premiums.

In addition to the above coverage, the Company provides supplemental disability coverage for Felix E. Wright, David S. Haffner and Karl G. Glassman under various policies. This supplemental disability coverage provides the following benefits:

Name	Current Age	Annual Premiums	Monthly Benefit	Benefit Period*
Felix E. Wright	72	\$8,715	\$20,000	24 months
David S. Haffner	55	\$4,874	\$16,300	Until Age 65
Karl G. Glassman	49	\$1,185	\$ 4,200	Until Age 65

* Assumes disability occurred in February 2008

Under the supplemental disability coverage, the Company pays for the premium.

LEGGETT & PLATT, INCORPORATED
RETIREMENT K EXCESS PROGRAM

Amended and Restated on November 26, 2007,
Effective as of January 1, 2007

1. NAME AND PURPOSE

1.1 *Name*. The name of this Program is the "Leggett & Platt, Incorporated Retirement K Excess Program."

1.2 *Purpose*. This Program is intended to allow Participants to receive the full Company matching Retirement K contribution to which they would be entitled, but which they are ineligible to receive due to limitations arising from the Internal Revenue Code, the Company's 401(k) Plan, and/or participation in other Company benefit programs.

2. DEFINITIONS

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

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

2.3 *Code*. The Internal Revenue Code of 1986, as amended.

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

2.5 *Company*. Leggett & Platt, Incorporated.

2.6 *Compensation*. The sum of a Participant's salary earned in a Plan Year plus the Participant's bonus earned in that same Plan Year, without reduction for any deferral elections made by the Participant under the Company's deferred compensation program.

2.7 *Deferral Percentage*. The lesser of (a) 6% or (b) the deferral percentage chosen by the Participant for the Retirement K, without regard to any limitations imposed by the Code and/or the 401(k) Plan.

2.8 *Excess Payment*. The cash payment made available to a Participant pursuant to Section 4.

2.9 *401(k) Plan*. The Leggett & Platt, Incorporated 401(k) Plan.

2.10 *Management Committee*. A committee selected by the Board that is authorized to act on behalf of the Committee under the Program, except with respect to Section 16 Officers.

2.11 *Match Rate*. The Company's age-weighted match rate assigned to each Participant under the Retirement K and based upon the Participant's age as of December 31, 2006. The match rates are 20% for Participants below age 35, 40% for Participants age 35 to 44, 60% for Participants age 45 to 54, and 80% for Participants age 55 and over.

2.12 *Participant*. An employee who makes deferrals into the Retirement K.

2.13 Plan Year. Any calendar year beginning on or after January 1, 2007, in which the Company maintains the Retirement K.

2.14 Retirement K. The enhanced 401(k) program implemented by the Company in 2007 for the benefit of participants in the 401(k) Plan who were also active participants in the Company's defined benefit Retirement Plan as of December 31, 2006, the date the Company's Retirement Plan was frozen.

2.15 Retirement K Match Amount. The amount contributed by the Company under the Retirement K feature of the 401(k) Plan and allocated to the Participant's Company Matching Contribution Account for the Plan Year.

2.16 Section 16 Officers. All officers of the Company subject to the requirements of Section 16 of the Securities Exchange Act of 1934.

3. **ELIGIBILITY**

A Participant shall be eligible to receive an Excess Payment for a Plan Year in which the Participant makes the maximum permissible deferrals under the 401(k) Plan (excluding any catch-up contributions the Participant may be eligible to make), after taking into account limitations arising under the Code and the terms of the 401(k) Plan.

4. **EXCESS PAYMENT**

(a) Except as provided in Section 4(b), a Participant's Excess Payment for a Plan Year shall be calculated by multiplying the Participant's Compensation by the Deferral Percentage by the Match Rate, then subtracting the Participant's Retirement K Match Amount.

(b) Notwithstanding the provisions of Section 4(a), no change in a Participant's Deferral Percentage during the course of a Plan Year shall increase or decrease the amount of the Participant's Excess Payment by more than the dollar limitation in effect for that year under Code Section 402(g) (including, in the case of a Participant who is eligible to make a "catch-up contribution," as defined in Code Section 414(v), for that Plan Year, the applicable limit on such a catch-up contribution). This Section 4(b) shall be interpreted in accordance with the requirements of Treasury Regulation Sections 1.409A-2(a)(9)(iii) and (iv) and 1.409A-3(j)(5)(iii) and (iv), as well as any superseding guidance.

5. **DISTRIBUTION**

5.1 Distribution. All Excess Payments for a Plan Year shall be distributed within two and a half months following the end of the Plan Year, except to the extent Participants elect to defer their Excess Payments (or a portion thereof) pursuant to the Company's deferred compensation program. Any such deferral election shall be made in accordance with the terms of that program and before the Plan Year has commenced (or, in the case of an individual who becomes a Participant after a Plan Year has commenced, within the time prescribed by the Internal Revenue Service in guidance issued under Code Section 409A).

5.2 Distribution Upon Termination. A Participant who is eligible for an Excess Payment during a Plan Year but whose employment by the Company terminated prior to his receipt of the Excess Payment for that same Plan Year (a) shall be entitled to that Excess Payment and (b) shall receive the Excess Payment in accordance with Section 5.1.

5.3 *Beneficiary*. If a Participant dies before receiving any Excess Payment due under the Program, such Excess Payment shall be made to the Participant's Beneficiary. Each Participant may designate a Beneficiary and may change Beneficiaries at any time. No such designation will become effective until received in writing by the Company. If a Participant has no living designated Beneficiary, then the personal representative of the deceased Participant will be the Beneficiary.

6. **ADMINISTRATION**

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

6.2 *Committee's Authority*. The Committee will have such authority and discretion as may be necessary to discharge its responsibilities under the Program, including the authority and discretion to: (a) interpret the provisions of the Program; (b) adopt rules of procedure consistent with the Program; (c) determine questions relating to benefits and rights under the Program; (d) maintain records concerning the Program; and (e) designate any Company employee or committee, including the Management Committee, to carry out any of the Committee's duties, including authority to manage the operation and administration of the Program. Notwithstanding Section 6.2(e), the Committee may not delegate its authority with respect to Section 16 Officers.

7. **CLAIMS**

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

If a Participant believes she is eligible for the Program and does not receive such eligibility, she must make a claim in writing to the Committee. Likewise, if a Participant believes she has not received the appropriate Excess Payment, she must make a claim in writing to the Committee. The Committee will review the claim. If the claim is denied, the Committee will provide a written notice of denial within 90 days setting out: the reasons for the denial; provisions of the Program upon which the denial is based; any additional information to perfect the claim and why such information is necessary; the steps to be taken if a review is sought, including the right to file an action under Section 502(a) of ERISA following an adverse determination; and the time limits for requesting a review and for review.

If a claim is denied and the Participant desires a review, she must notify the Secretary in writing within 60 days of the receipt of notice of denial. In requesting a review, the Participant may review the Program or any related document and submit any written statement she deems appropriate. The Secretary will then review the claim and, if the decision is adverse to the Participant, provide a written decision within 60 days setting out: the reasons for the denial; provisions of the Program upon which the denial is based; a statement that the Participant is entitled to receive, upon request and free of charge, copies of documents relied upon in making the decision; and the Participant's right to bring an action under Section 502(a) of ERISA.

8. **GENERAL PROVISIONS**

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

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

8.3 Unfunded Program. No person will have any interest in the Company's assets by virtue of the Program.

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

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

8.6 Amendments and Termination. The Company will have the right to amend or terminate the Program at any time. However, no such amendment or termination will deprive any Participant of the right to payments previously earned.

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

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

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between Bank of America, N.A. (the "Assignor") and Bank of Tokyo-Mitsubishi UFJ, Ltd (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: Bank of America, N.A.
2. Assignee: Bank of Tokyo-Mitsubishi UFJ, Ltd
3. Borrower(s): Leggett & Platt, Incorporated
4. Administrative Agent: JPMorgan Chase Bank, N.A., as the administrative agent under the Credit Agreement
5. Credit Agreement: The \$400,000,000 Credit Agreement dated as of August 5, 2005 among Leggett & Platt, Incorporated, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Aggregate Amount of Commitment/Revolving Loans for all Lenders	Amount of Commitment/ Revolving Loans Assigned	Percentage Assigned of Commitment/Revolving Loans
\$600,000,000.00	\$10,000,000	1.666666667%
Aggregate Amount of Competitive Loans of Assignor	Amount of Competitive Loans	Percentage Assigned of Competitive Loans
\$ 0.00	\$0.00	0.00%

Effective Date: February 22, 2008

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

Bank of America, N.A.

By: /s/ DAVID MCCAULEY

Name: David McCauley
Title: Principal

ASSIGNEE

Bank of Tokyo-Mitsubishi UFJ, Ltd

By: /s/ D. BARNELL

Name: D. Barnell
Title: VP & Manager

By: /s/ J. WHEELER

Name: J. Wheeler
Title: Vice President

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: /s/ DAVID L. HOWARD

David L. Howard, Vice President

Consented to:

Leggett & Platt, Incorporated

By: /s/ SHERI L. MOSSBECK

Sheri L. Mossbeck, Vice President and Treasurer

By: /s/ MATTHEW C. FLANIGAN

Matthew C. Flanigan, Chief Financial Officer and Senior Vice President

Leggett & Platt, Incorporated
Credit Agreement

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.03 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or other electronic communication shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between The Bank of New York (the "Assignor") and Comerica Bank (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex I attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: The Bank of New York
2. Assignee: Comerica Bank
3. Borrower(s): Leggett & Platt, Incorporated
4. Administrative Agent: JPMorgan Chase Bank, N.A., as the administrative agent under the Credit Agreement
5. Credit Agreement: The \$400,000,000 Credit Agreement dated as of August 5, 2005 among Leggett & Platt, Incorporated, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Aggregate Amount of Commitment/Revolving Loans for all Lenders	Amount of Commitment/ Revolving Loans Assigned	Percentage Assigned of Commitment/Revolving Loans
\$600,000,000.00	\$ 30,000,000	5.0%
Aggregate Amount of Competitive Loans of Assignor	Amount of Competitive Loans	Percentage Assigned of Competitive Loans
\$ 0.00	\$ 0.00	0.00%

Effective Date: February 22, 2008

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

The Bank of New York

By: /s/ JANE ANGELINI
Name: Jane Angelini
Title: First Vice President

ASSIGNEE

Comerica Bank

By: /s/ MARK J. LEVEILLE
Name: Mark J. Leveille
Title: Vice President

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: /s/ DAVID L. Howard
David L. Howard, Vice President

Consented to:

Leggett & Platt, Incorporated

By: /s/ SHERI L. MOSSBECK
Sheri L. Mossbeck, Vice President and Treasurer
By: /s/ MATTHEW C. FLANIGAN
Matthew C. Flanigan, Chief Financial Officer and Senior Vice President

Leggett & Platt, Incorporated
Credit Agreement

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.03 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or other electronic communication shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

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

	Twelve Months Ended				
	December 31,				
	2007	2006	2005	2004	2003
Earnings					
Income from continuing operations before income taxes*	\$ 128.4	\$ 334.4	\$ 305.7	\$ 355.0	\$ 271.1
Interest expense (excluding amount capitalized)	60.9	56.2	46.7	45.9	46.9
Portion of rental expense under operating leases representative of an interest factor**	24.3	24.9	14.0	13.3	12.5
Total earnings***	\$ 213.6	\$ 415.5	\$ 366.4	\$ 414.2	\$ 330.5
Fixed charges					
Interest expense (including amount capitalized)	\$ 61.9	\$ 57.8	\$ 48.3	\$ 46.9	\$ 48.0
Portion of rental expense under operating leases representative of an interest factor**	24.3	24.9	14.0	13.3	12.5
Total fixed charges	\$ 86.2	\$ 82.7	\$ 62.3	\$ 60.2	\$ 60.5
Ratio of earnings to fixed charges	2.5	5.0	5.9	6.9	5.5

* 2003 through 2006 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.

Schedule of Subsidiaries of the Company

Name	Doing Business As	% of Ownership	Place of Incorporation
Administradora Soal S.A. de C.V.		100%	Mexico
America's Body Company Holdings, Inc.		100%	Ohio
America's Body Company, Inc.	ABC	100%	Delaware
	America's Body Company		
	America's Body Company, Inc, a Corporation of Delaware		
	Buckeye Truck Equipment		
	Great Lakes Truck Equipment		
	Independence Truck Equipment		
	Liberty Truck Equipment		
	Phoenix Manufacturing Incorporated		
	Phoenix Truck Equipment		
Askona Block LLC		100%	Russia
Block Russian Holdings, Inc.		100%	Delaware
Buffalo Batt & Felt, LLC		100%	Delaware
Changsha Pangeo Cable Industries, Ltd. ¹		60%	China
China Display Fixture (Kunshan) Co. Ltd.		100%	China
Collier-Keyworth, LLC		100%	North Carolina
Commercial Vehicle Products - Dealer Group, LLC		100%	Delaware
Consorcio Industrial Serrano, S.A. de C.V.		100%	Mexico
Crest-Foam Corp.	Edison Foam Processing Corp.	100%	New Jersey
	Healthy Sleeper		
	No Sag Foam Products Company		
	S.C.S.		
	Sleep Comfort Systems by Leggett & Platt		
D.T.A. Comercializaciones, S.A. de C.V.		100%	Mexico
De Todo en Alambre de Aguascalientes, S.A. de C.V.		100%	Mexico
DisplayPlan Limited		100%	United Kingdom
Dresher, Inc.	Harris-Hub Company, Inc.	100%	Delaware
Duro Metal Manufacturing, Inc.		100%	Texas
Edmund Bell & Co., Limited		100%	United Kingdom
Fides s.r.l.		100%	Italy
Flex-O-Lators, Incorporated		100%	Missouri
Fo Shan City Nan Hai Chieng Yeng Plastic & Hardware Product Co., Ltd. ²		80%	China

Name	Doing Business As	% of Ownership	Place of Incorporation
Fo Shan City Nan Hai Wei Quan Metal Founded Co., Ltd. ²		80%	China
Foothills Manufacturing Company		100%	North Carolina
Fremont Wire Company		100%	Indiana
Gamber-Johnson, LLC		100%	Wisconsin
Gateway (Textiles) Limited		100%	United Kingdom
Gateway Holdings Limited		100%	United Kingdom
Gateway Iberica S.r.l.		85%	Spain
Greenvision North America, LLC		100%	Delaware
Guangdong Zhaoqing L&V Co. Ltd. ³		60%	China
Hanes CNC Services Co.		100%	North Carolina
Hanes Companies - New Jersey, LLC	Hanes	100%	Delaware
	Hanes Companies		
	Hanes Converting Company		
	Hanes Fabrics Company		
	Hanes Trading Company		
Hanes Companies Foundation		100%	North Carolina
Hanes Companies, Inc.	Attila Environmental Products	100%	North Carolina
	Hanes Companies, Inc. of North Carolina		
	Hanes Converting Company		
	Hanes Dye & Finishing Division		
	Hanes Dye & Finishing Division, Inc.		
	Hanes Fabrics Company		
	Hanes Industries Division		
	Hanes Industries Division, Inc.		
	Hanes Industries Engineered Materials		
	HCI Converting Company		
	Ikex		
	Jarex		
	VWR Textiles & Supplies Inc.		
	Webtec		
	West End Textiles Company		
Hong Kong Veilon Limited		60%	Hong Kong
Innovatech International S.A.		100%	Greece
Inter-Spring Limited		100%	United Kingdom

Name	Doing Business As	% of Ownership	Place of Incorporation
J.A. Wilson Display Ltd./Les Etalages J.A. Wilson Ltee	Fiber-Coaters Impact Wire J.A. Wilson Display Les Etalages J.A. Wilson Wilson Display	100%	Canada
Japenamelac Corp.		100%	Massachusetts
Jiangyan Intes Special Textile Co. Ltd.		50%	China
JP&S Limited		100%	United Kingdom
Kelmax Lopez Manufacturing, S.A. de C.V.		100%	Mexico
Knitmasters, LLC		50%	Delaware
Kovrov Russian Holdings, Inc.		100%	Delaware
L and G Acquisition Company, LLC		100%	Delaware
L and P Mexico, S.A. de C.V.	L and P Mexico, Incorporated	100%	Mexico
L and P Springs South Africa (Pty) Ltd.		100%	S. Africa
L&P (Australia) Acquisition Co. No. 1 Pty Ltd		100%	Australia
L&P (Germany) Property Management GmbH & Co. KG		100%	Germany
L&P Acquisition Company - 38		100%	Illinois
L&P Acquisition Company - 44		100%	Delaware
L&P Acquisition Company - 58		100%	Delaware
L&P Acquisition Company - 59		100%	Delaware
L&P Acquisition Company - 61		100%	Delaware
L&P Acquisition Company - 62		100%	Delaware
L&P Acquisition Company - 63		100%	Delaware
L&P Acquisition Company - 64		100%	Delaware
L&P Acquisition Company - 65		100%	Delaware
L&P Acquisition LLC - 5	Leggett & Platt Cape Girardeau Leggett & Platt Carpet Cushion	100%	Delaware
L&P Acquisition LLC - 11		100%	Delaware
L&P Acquisition LLC - 12		100%	Delaware
L&P Acquisition LLC - 13		100%	Delaware
L&P Acquisition LLC - 14		100%	Delaware
L&P Acquisition LLC - 15		100%	Delaware
L&P Acquisition LLC - 56	Orthomatic	100%	Delaware
L&P Aluminum Holdings, LLC		100%	Delaware
L&P Automotive (Korea) Co., Ltd.		100%	South Korea
L&P Automotive Europe GmbH		100%	Germany
L&P Automotive Europe Headquarters GmbH		100%	Germany

Name	Doing Business As	% of Ownership	Place of Incorporation
L&P Automotive Japan Ltd.		100%	Japan
L&P Denmark ApS		100%	Denmark
L&P Electric, Inc.	Leggett & Platt Electric, Inc.	100%	Delaware
L&P Europe Limited		100%	United Kingdom
L&P Europe SCS		100%	Luxembourg
L&P Fahrzeug - Und Matratzenkomponenten Geschäftsführung GmbH		100%	Germany
L&P Fahrzeug - Und Matratzenkomponenten GmbH & Co. KG		100%	Germany
L&P Financial Services Co.		100%	Delaware
L&P Holdings LLC		100%	Delaware
L&P Hungary Ltd.		100%	Hungary
L&P International Holdings Company		100%	Delaware
L&P Manufacturing, Inc.	Leggett & Platt Aluminum Group - Product Technologies Product Technologies Steadley Company	100%	Delaware
L&P Materials Manufacturing, Inc.	Adcom Wire Company American NonSlip Products Consumer Products Group KLM Industries Leggett & Platt Coated Fabrics Division Mary Ann Industries Rug Hold Vantage Industries	100%	Delaware
L&P Netherlands Holdings B.V.		100%	Netherlands
L&P Polyester Fibers, LLC		100%	Delaware
L&P Property Foremost Industrial Park LLC		100%	Michigan
L&P Property Management Company	Consumer Products Group IDEA Center L&P PMC, Inc. Leggett & Platt Carpet Cushion Leggett & Platt, West Coast Furniture Division	100%	Delaware
L&P Somappa Comfort Systems (India) Private Limited		80%	India
L&P Springs (Kovrov) LLC		100%	Russia
L&P Springs Denmark A/S		100%	Denmark

Name	Doing Business As	% of Ownership	Place of Incorporation
L&P Springs Deutschland GmbH		100%	Germany
L&P Springs Espana, S.L.		100%	Spain
L&P Swiss Holding Company		100%	Switzerland
L&P tehnologije d.o.o.		100%	Croatia
L&P Transportation LLC	Consumer Products Group	100%	Delaware
L&P Underlay Products, Inc.		100%	Delaware
L&P/Chieng Yeng Management Co. Limited		100%	Hong Kong
Leaving Taos, Inc.	Leggett Southwest Carpet Cushion	100%	Delaware
Leggett & Platt (Alberta) Ltd.		100%	Canada
Leggett & Platt (Australia) Pty Ltd		100%	Australia
Leggett & Platt (Barbados) Ltd.		100%	Barbados
Leggett & Platt (Guang Zhou) Co. Ltd.		100%	China
Leggett & Platt (Jiaxing) Co. Ltd.		100%	China
Leggett & Platt (Ningbo) Mattress Machinery Co., Ltd.		100%	China
Leggett & Platt (Shanghai) Bedding Machinery Co. Ltd.		100%	China
Leggett & Platt (Shanghai) Co. Ltd.		100%	China
Leggett & Platt (Shanghai) Consulting Co. Ltd		100%	China
Leggett & Platt (Shanghai) Machinery Technology Co.		100%	China
Leggett & Platt (Southeast Asia) Pte Ltd.		100%	Singapore
Leggett & Platt (Taizhou) Co. Ltd.		100%	China
Leggett & Platt Administradora, S.A. de C.V.		100%	Mexico
Leggett & Platt Asia (HT) Limited		100%	Hong Kong
Leggett & Platt Asia Fixtures Limited		100%	Mauritius
Leggett & Platt Asia Holdings (Switzerland) GmbH		100%	Switzerland
Leggett & Platt Asia Limited		100%	Hong Kong
Leggett & Platt Asia Marketing, Inc.		100%	Delaware
Leggett & Platt Automotive Group - New Jersey, LLC		100%	Delaware
Leggett & Platt Automotive Group de Mexico, S.A. de C.V.		100%	Mexico

Name	Doing Business As	% of Ownership	Place of Incorporation
Leggett & Platt Canada Co.	Bois-Aise de Roberval Canadian Furniture Conestogo Plastics Crown North America Crown-VMS Design Fabricators Design Fabricators/Fabricants de Design Excell Store Fixtures Globe Spring Globe Spring & Cushion Company Gor-don Metal Products H. Adler Textiles Hanes Geo Components Hanes Geo Components/Geocomposites Hanes L&P Plastics Leggettwood Leggettwood, Roberval Leggettwood, St-Germain Leggettwood, St-Nicholas Lenrod Industries Lenrod Industries, a Division of Leggett & Platt Canada Co. Les Bois Blanchet Les Industries Lenrod Les Industries Lenrod, une Division de Societe L&P Canada Les Textiles H. Adler Masterack/Crown No-Sag Spring Company Northfield Metal Products Paris Spring Plastiques L et P Rothtex Slot All Slotex Spruceland Forest Products The Strip Maker Vehicle Management Systems VMS Weber Plastics Co. Westex Westex International Wiz Wire and Spring	100%	Canada

Name	Doing Business As	% of Ownership	Place of Incorporation
Leggett & Platt Canada Finance Ltd.		100%	Canada
Leggett & Platt Changsha Conduit Industries Ltd. ⁴		60%	China
Leggett & Platt Components (Australia) Pty Ltd		100%	Australia
Leggett & Platt Components Company, Inc.	Cameo Fibers	100%	Delaware
	Cumulus Fibres		
	Everwood Products		
	L&P Carpet Cushion Division		
	Matrex Furniture Components, Inc.		
	SEMCO		
	SEMCO, a Leggett & Platt Company		
	Sterling & Adams Bentwood		
	Universal Stainless, Inc.		
Leggett & Platt Components Europe Limited	Wellhouse	100%	United Kingdom
	Wellhouse Wire Products		
Leggett & Platt de Mexico, S.A. de C.V.	Leggett & Platt de Mexico, Incorporated	100%	Mexico
Leggett & Platt do Brasil Ltda.		100%	Brazil
Leggett & Platt Eastern Europe LLC		100%	Russia
Leggett & Platt Europe Finance SCS		100%	Luxembourg
Leggett & Platt France		100%	France
Leggett & Platt Industry (Huizhou) Co Ltd		100%	China
Leggett & Platt International Service Corporation		100%	Delaware
Leggett & Platt International Trade (Shanghai) Co., Ltd.		100%	China
Leggett & Platt Korea, Ltd.		100%	South Korea
Leggett & Platt Luxembourg Finance Company Sarl		100%	Luxembourg
Leggett & Platt Luxembourg Holdings S.a.r.l.		100%	Luxembourg
Leggett & Platt Luxembourg Sarl		100%	Luxembourg
Leggett & Platt Middle East, Incorporated		100%	Delaware
Leggett & Platt Office Components International S.r.l.		100%	Italy
Leggett & Platt Residencial, S.A. de C.V.		100%	Mexico
Leggett & Platt Servicios Comerciales, S.A. de C.V.		100%	Mexico
Leggett & Platt Servicios de Manufactura S.A. de C.V.		100%	Mexico

Name	Doing Business As	% of Ownership	Place of Incorporation
Leggett & Platt Servicios Ejecutivos, S.A. de C.V.		100%	Mexico
Leggett & Platt Servicios Productivos S.A. de C.V.		100%	Mexico
Leggett & Platt Servicios, S.A. de C.V.		100%	Mexico
Leggett & Platt Tax Partnership		100%	Missouri
Leggett & Platt Turkey, Inc.		100%	Delaware
Leggett & Platt UK Limited		100%	United Kingdom
Lone Star Geo Products, LLC	Hanes Geo Components	100%	Delaware
LPAG China, Inc.		100%	Delaware
Masterack International Limited		100%	United Kingdom
Masterack Latinoamerica, S.A. de C.V.		100%	Mexico
Met Displays, Inc.		100%	Illinois
Metal Bed Rail Company, Inc.		100%	North Carolina
Metrock Steel & Wire Company, Inc.		100%	Alabama
Middletown Manufacturing Company		100%	Kentucky
MPI (A Leggett & Platt Company), Inc.		100%	Texas
MPI, Inc.		100%	Mississippi
MZM Wire S.A. de C.V.		100%	Mexico
MZM, S.A. de C.V.		100%	Mexico
Nagle Industries, Inc.		100%	Michigan
Nahtec L&P GmbH		100%	Germany
National Fibers Company		100%	Tennessee
Nestaway, LLC		100%	Delaware
Northeastern Components (International) Ltd.		100%	United Kingdom
Omni First Corp.		100%	Delaware
Pace Industries de Chihuahua, S.A. de C.V.		99.998%	Mexico
Pace Industries de Mexico, S.A. de C.V.		99.998%	Mexico
Pace Industries of Mexico, L.L.C.		100%	Delaware

Name	Doing Business As	% of Ownership	Place of Incorporation
Pace Industries, Inc.	Airo Die Casting, Inc. Airo Die Casting, Inc. - A Leggett & Platt Company Leggett & Platt Aluminum Group - Airo Leggett & Platt Aluminum Group - Fayetteville Leggett & Platt Aluminum Group - Midland Warehouse Leggett & Platt Aluminum Group - Monroe City Leggett & Platt Aluminum Group - Pace Harrison Leggett & Platt Aluminum Group - Patterson Mold Leggett & Platt Aluminum Group - Patterson Tool Leggett & Platt Aluminum Group - Precision Industries Leggett & Platt Aluminum Group - St. Paul Metalcraft St. Paul Metalcraft, Inc.	100%	Arkansas
Pangeo Cable Industries, Ltd. ¹		60%	Canada
Parthenon Metal Works, Inc.		100%	Tennessee
Prodal Metalurgica Ltda.		100%	Brazil
Pullmaflex Benelux N.V.		100%	Belgium
Pullmaflex International B.V.		100%	Netherlands
Pullmaflex International Limited		100%	United Kingdom
Pullmaflex Southern Africa (Proprietary) Limited		49%	South Africa
Pullmaflex UK Limited		100%	United Kingdom
Schukra Acquisition Co. Inc.		100%	Canada
Schukra Berndorf Ges.m.b.H.		100%	Austria
SCHUKRA Holdings GmbH		100%	Austria
Schukra of North America Ltd.	Schukra Manufacturing	100%	Canada
SCHUKRA-Geratebau AG		100%	Austria
SCI Parent, Inc.		100%	Delaware
Solon Specialty Wire Co.		100%	Delaware
Southwest Carpet Pad, Inc.		100%	California
Sponge-Cushion, Inc.		100%	Illinois
Spuhl AG		100%	Switzerland
Sterling Steel Company, LLC		100%	Delaware
Storage Products Group, LLC		100%	Delaware
Suncoast Lots 579, LLC		100%	Florida
Technical Plastics Corporation		100%	Missouri

Name	Doing Business As	% of Ownership	Place of Incorporation
Unique Molded Products, Inc.		100%	Delaware
Vantage Industries, Inc.		100%	Georgia
Wichita Wire, Inc.		100%	Kansas
Wuxi Leggett & Platt-Huaguang Automobile Parts Co. Ltd.		80%	China
Wyn Products Pty Ltd		100%	Australia

- 1 Changsha Pangeo Cable Industries Ltd. Is a wholly-owned subsidiary of Pangeo Cable Industries Ltd., in which Leggett's indirectly wholly-owned subsidiary, L&P Canada Co., holds a 60% interest.
- 2 Fo Shan City Nan Hai Chieng Yeng Plastic & Hardward Product Co., Ltd. and Fo Shan City Nan Hai Wei Quan Metal Founded Co. are wholly-owned subsidiaries of Chieng Yeng Ent. Co., Ltd., in which Leggett's indirectly wholly-owned subsidiary, L&P/Chieng Yeng Management Co. Ltd., holds an 80% interest.
- 3 Guangdong Zhaoqing is a wholly-owned subsidiary of Hong Kong Veilon Limited, in which Leggett's indirectly wholly-owned subsidiary, Leggett & Platt Asia Limited, holds 60% interest.
- 4 Changsha Conduit is a wholly-owned subsidiary of Pangeo Cable Industries Ltd, in which Leggett's indirectly wholly-owned subsidiary, Leggett & Platt Canada Co. holds a 60% interest.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements listed below of Leggett & Platt, Incorporated of our report dated February 25, 2008 relating to the consolidated financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

1. Form S-8, Registration No. 333-69073.
2. Form S-8, Registration No. 333-45074.
3. Form S-8, Registration No. 333-74960.
4. Form S-8, Registration No. 333-60494.
5. Form S-8, Registration No. 333-82524.
6. Form S-8, Registration No. 333-113966.
7. Form S-8, Registration No. 333-113967.
8. Form S-8, Registration No. 333-115845.
9. Form S-8, Registration No. 333-121144.
10. Form S-3, Registration No. 333-123213.
11. Form S-8, Registration No. 333-124735.

/s/ PRICEWATERHOUSECOOPERS LLP

St. Louis, MO
February 26, 2008

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors of *LEGGETT & PLATT, INCORPORATED*, a Missouri corporation (the "*Corporation*"), does hereby nominate, constitute and appoint David S. Haffner, Matthew C. Flanigan, Ernest C. Jett and John G. Moore, or any one of them, his or her true and lawful attorneys-in-fact, to sign in the name of and on behalf of the undersigned directors of the Corporation and to file with the Securities and Exchange Commission ("*SEC*") the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and any other documents or further Amendments to said Annual Report, and to take such other action, all as said attorneys-in-fact, or any one of them, deem necessary or advisable to the end that such Annual Report or amendments thereto in respect of same, shall comply with the Securities Exchange Act of 1934, as amended, and the applicable rules of the SEC thereunder; and does hereby ratify and confirm all that said attorneys-in-fact, and each of them, may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned have executed this Power of Attorney or a counterpart hereof, as of the 21st day of February 2008.

/s/ RAYMOND F. BENTELE

Raymond F. Bentele

/s/ RALPH W. CLARK

Ralph W. Clark

/s/ HARRY M. CORNELL, JR.

Harry M. Cornell, Jr.

Robert Ted Enloe, III

/s/ RICHARD T. FISHER

Richard T. Fisher

/s/ KARL G. GLASSMAN

Karl G. Glassman

/s/ DAVID S. HAFFNER

David S. Haffner

/s/ JOSEPH W. MCCLANATHAN

Joseph W. McClanathan

/s/ JUDY C. ODOM

Judy C. Odom

/s/ MAURICE E. PURNELL, JR.

Maurice E. Purnell, Jr.

/s/ PHOEBE A. WOOD

Phoebe A. Wood

/s/ FELIX E. WRIGHT

Felix E. Wright

CERTIFICATION

I, David S. Haffner, certify that:

1. I have reviewed this report on Form 10-K 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: February 26, 2008

/s/ DAVID S. HAFFNER

David S. Haffner

President and Chief Executive Officer
Leggett & Platt, Incorporated

CERTIFICATION

I, Matthew C. Flanigan, certify that:

1. I have reviewed this report on Form 10-K 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: February 26, 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 Annual Report of Leggett & Platt, Incorporated (the "Company") on Form 10-K for the period ending December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David S. Haffner, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

/s/ DAVID S. HAFFNER

David S. Haffner
President and Chief Executive Officer

February 26, 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 Annual Report of Leggett & Platt, Incorporated (the "Company") on Form 10-K for the period ending December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew C. Flanigan, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

/s/ MATTHEW C. FLANIGAN

Matthew C. Flanigan

Senior Vice President and Chief Financial Officer

February 26, 2008