

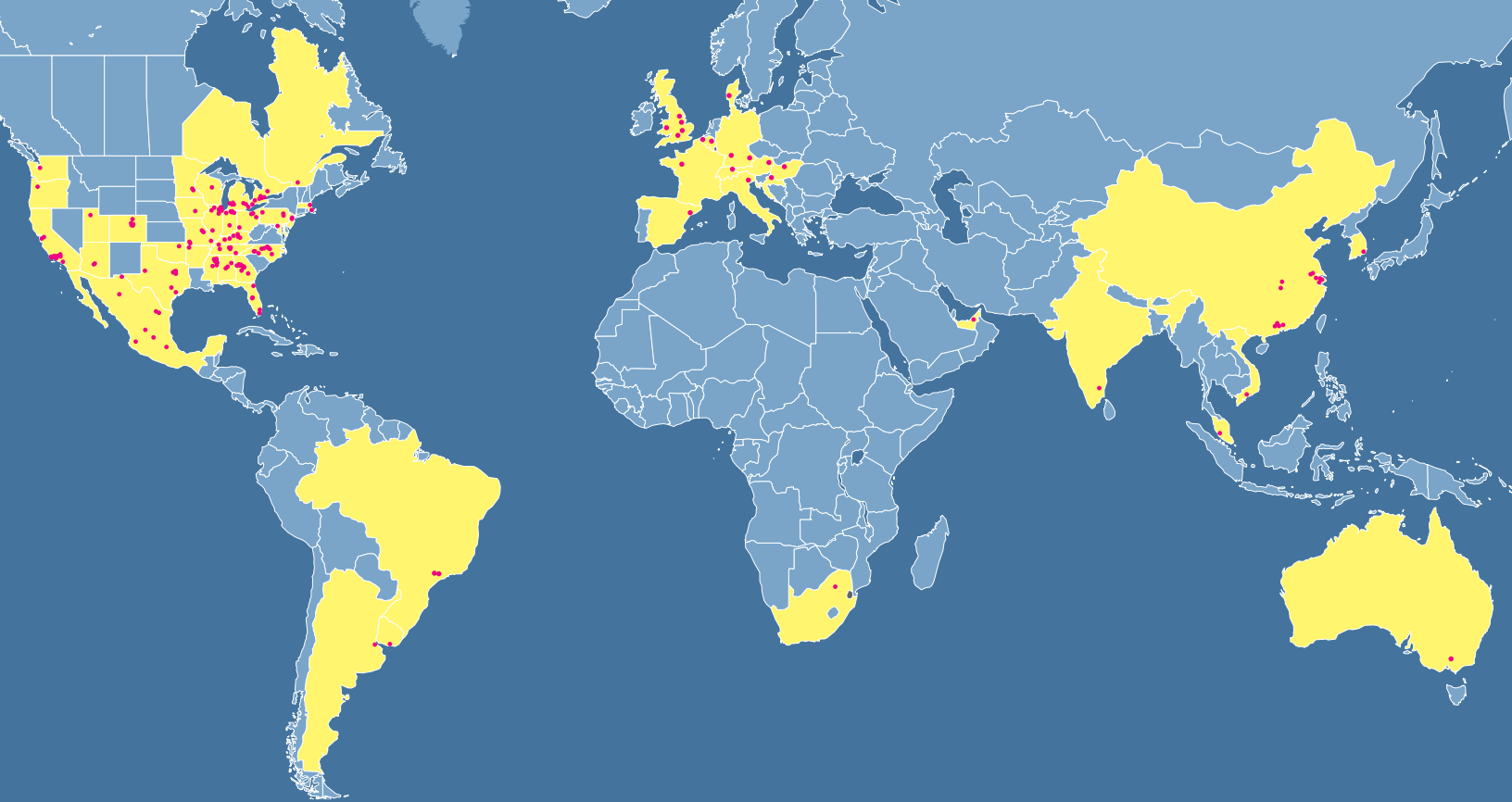
InVision

A look **inside**.
A look **ahead**.

Leggett & Platt's
strategy drives profit
and future growth.



**NO SMALL
CHANGE**



“
L&P’s expansion
over the past
100 years is
truly remarkable,
and the future is
just as exciting.
”

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Welcome to **InVision**

Partners

At a recent strategy meeting, I discussed our priorities with Leggett's senior managers as we gear up for growth in a recovering economy. Topping the list was improved communication. L&P's expansion over the past 100 years is truly remarkable, and the future is just as exciting. The growing scale and complexities of our global business naturally pull us in different directions and can make communication and cooperation a challenge.

With this in mind, we're launching InVision, a magazine for all Leggett employees that presents:

- A broader view of L&P as a whole and how our varied operations, products and capabilities combine to build a stronger Company and value for our shareholders.
- The goals and benefits of key initiatives and their relevance to your location and your work.
- A focus on our people, Leggett's core, as we collectively raise the performance bar and relay stories of excellence from around the Company.
- A magazine you can share with your family to answer the often-asked question "What does Leggett do, anyway?"

This first issue of InVision covers three crucial areas for Leggett: our corporate strategy to build shareholder value, our pursuit of innovation and the integration of our operations.

- Many changes over the past few years have grown directly from our strategy to make Leggett more focused, more forward-thinking and more profitable.
- Our ability to sustain profitability and remain relevant to our customers depends upon the continuous innovation of our products, processes and business plan.
- A significant source of Leggett's stability and success is the integration of our business units supporting one another.

People have been our strength throughout Leggett's history and continue to be, and we invest great time and effort to developing a winning team. With a clear picture of our collective goals, I encourage and challenge all of us to work together to achieve our highest potential.

Take a few minutes to read through InVision. As you think of ways to improve what we do at Leggett or how we do it, please share those ideas with your co-workers and supervisors. We're all counting on one another to make Leggett successful and a great place to work.



CEO/President

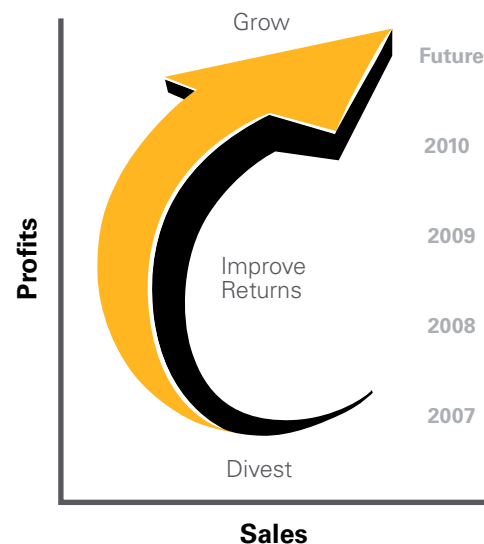
Executing Leggett's Strategy

Reaching the Top of the "C Curve"

The Great Recession was in full swing in 2008, crippling economies around the world. Most of Leggett's products are directly tied to the hardest-hit markets – housing and the auto industry. Leggett could have been very vulnerable during the downturn.

Fortunately, we initiated a new strategic plan in November 2007, aiming to manage our businesses for maximum value and profitability, not just maximum sales. Getting through the first steps of this strategy just before the recession positioned us to weather the storm. Recognizing hard work from around the Company, Dave Haffner said, "I am extremely pleased with our employees' accomplishments in the face of such economic headwind."

Leggett's management mapped out three stages to implement the strategy. When graphed out in terms of the Company's sales and profits, it creates a "C Curve." First, we had to divest parts of our business to build a strong foundation. Second, we worked to improve returns from our ongoing businesses. Third, we will grow on parallel paths of increased sales and improving margins as the economy and our markets improve.



Grow

While still pushing to maximize our margins, we head to the top of the C Curve, where our sales figures grow and drive total profits higher.

Leggett is ready to take advantage of growth opportunities as the economy recovers, but we're being very deliberate to target growth that will deliver acceptable returns. As demand returns to pre-recession levels, we'll use more of our available production capacity to achieve significantly higher returns than we've experienced recently.

Innovation provides a critical source of growth. With innovative products, which are often legally protected by patents, we stand apart from the competition and offer our customers benefits that keep them coming back. We're also urging our businesses to become more innovative in how they do business, as they discover new markets and delivery channels for their existing products.

On a larger scale, we plan to enter emerging or expanding markets where we can gain a distinct competitive advantage. We may build new growth platforms internally or through acquisitions. In either case, the opportunities must meet our standards for profitability and strategic fit.

L&P has undergone significant changes in the past three years, but the tough decisions and hard work from all corners of the Company have allowed us to not only survive the recession but strengthen our business. As Dave Haffner said, "The benefits of our focused approach show in our improved margins despite the significant market decline. We're ready to take advantage of the recovering economy."

Leggett & Platt's strategy drives profit and future growth.

Divest

This is the bottom of the C Curve. We resized our business, lowering total sales by \$1.2 billion and concentrating our efforts on our most profitable and best advantaged businesses.

In the 10 years leading up to the new strategy, Leggett's sales more than doubled from \$2.5 billion to \$5.5 billion, but our profits on those sales dropped from 12.4% to 8.7%. We were bringing in more sales, but received less from each dollar we brought in.

After announcing the strategic plan in 2007, we made the difficult decision to sell seven business units that either didn't fit with our core business or weren't able to consistently deliver at least a 10 percent annual return. Leggett completed these divestitures in September 2010, collecting over \$430 million to strengthen our financial position during the recession.

Improve Returns

This is the drive upward on the C Curve. The primary goal here isn't to increase sales; instead we're driving profit margins on current sales. Profit margins grew from 6.6% in 2008 to an estimated 8.5% in 2010.

Even as we were completing the divest stage, partners throughout the Company worked hard to bolster our remaining operations through continuous improvement. Some businesses reduced overhead costs and found ways to pay less for materials. Others have been able to raise their prices by increasing value to customers.

The Company has also improved returns by making work processes more efficient, consolidating facilities, increasing collaboration and sharing resources. Many businesses have significantly reduced inventory levels, which cuts slow-moving inventory costs and frees up cash. These disciplined efforts position Leggett to grow while many other companies are fighting to survive.

Implementing L&P's Strategy

Divest

Improve
Returns

Grow

Three examples of Leggett's strategic plan in action

Divest

Why We Sold Storage Products

The September 2010 sale of Storage Products, the last of the seven businesses sold in the divest stage, was brought on by changing market conditions and an updated plan for the Fixture and Display (F&D) Group. For years, the F&D Group provided a "one-stop shop" for retail and grocery store customers. Storage Products built the back-of-store fixtures for stocking inventory, and other F&D businesses created the racks, shelves and displays for merchandise on the sales floor.

However, when Leggett reviewed the business units in 2007, we realized some unfavorable trends for Storage Products:

- Synergies with the rest of F&D were hard to capture. Many of Storage Products' customers were fast food businesses and didn't need retail displays. On the other hand, many of our retail customers didn't use F&D's "one-stop shop" because they sourced their merchandise and inventory fixtures separately.
- Storage Products' strength was its U.S. manufacturing efficiency. As most inventory shelf manufacturing shifted to China, we lost this key advantage.

Under these conditions, Leggett chose to divest Storage Products and focus on F&D's metal shelving to make the most of our steel production strengths. Leggett received a strong price in the sale, while narrowing and strengthening F&D's strategy. The buyer, SPG International, continues to run Storage Products' former operations.

Improve Returns

The Success of VertiCoil™

One of Leggett's landmark achievements of the past several years has been the success of VertiCoil™, which has advanced innerspring technology, saved costs for Leggett and met key customer needs.

Before VertiCoil, the leading low-cost innerspring was the Bonnell coil. This Bonnell design hadn't changed for decades, its patents had expired and anyone could make it. Through a potent combination of innovation and collaboration of partners from around the Company, we developed VertiCoil and revolutionized the market.

Leggett & Platt's vertical integration in spring-making set the stage for VertiCoil's development. Leggett's Spühl AG group produces machines that form wire in ways that weren't even possible a few years ago, and our wire-drawing plants make the sophisticated wire needed in the upgraded machines. Armed with the new wire capabilities, Leggett engineers developed an innovative coil design that was more materials-efficient and allowed more coils per bed. Finally, our marketing professionals in Creative Services have worked to make VertiCoil a recognized and sought-after brand among bedding manufacturers, retailers and consumers.

VertiCoil improves Leggett's returns through:

- Cost reduction: VertiCoil uses significantly less wire for increased materials efficiency.
- Meeting customer needs: Bedding retailers can market the higher coil count in a VertiCoil mattress as a premium product. VertiCoil's increasing name recognition also distinguishes VertiCoil mattresses from generic alternatives.
- Patented value: Our patents on the spring design and the production machines make us the exclusive VertiCoil provider.

After just a few years, Leggett now produces over twice as many VertiCoil springs as Bonnell, and we're expanding production around the world to improve the margins in a core business for years to come.

Grow

Launching Landmark™ Earth Solutions

One of the early platforms that Leggett has targeted as we re-enter growth mode is products to support civil engineering projects such as highways, bridges and utility installations. It meets our criteria by being a large, attractive and growing market where Leggett can create a sustainable competitive advantage.

Hanes GeoComponents, which distributes erosion control and storm water management products, first brought the Company into this market. Then in late 2009, we created Landmark™ Earth Solutions to develop, manufacture and market leading-edge solutions for civil construction applications.

Landmark's strategic advantages include:

- Emerging technologies: By introducing new products into a developing market, Landmark is establishing a strong position as the industry matures.
- Proprietary products: Landmark products are branded and patented, which strengthens its competitive position and provides attractive profit margins.
- Regulation-based: Landmark technologies meet ever-increasing environmental regulations.
- Specification-driven: Landmark products offer unique performance. When civil engineers design projects that need our products' specifications, replacements from other providers are not an option.

VertiCoil



Landmark

Indispensable Innovation

The pace of changing technology and increasing consumer demands have never been greater than they are today. In less and less time, bright ideas burn out, new products pass out of favor and companies go out of business without innovation.

Why it matters, how it works and what you can do

Innovation has always been indispensable to Leggett & Platt. The invention of the bedspring got our business started in 1883, and innovations have kept us going for over 125 years. Our exclusive, patented products keep us competitive and profitable, and they lead to growth, job creation and security as well as greater value for shareholders.

A Winning Innovation Strategy

Innovation starts with ideas. In 2007, Leggett opened the IDEA Center as a new research and development headquarters to support the innovation efforts from the Company's R&D sites around the world. The IDEA Center also dedicates significant resources to basic research with potential applications in many parts of the Company.

Early in 2007, the IDEA Center announced WIN (Worldwide Innovation Network) 70/30. The plan seeks to generate 70% of Leggett's new product ideas from within the Company and gather 30% from outside vendors, customers or the general public. Anyone who visits Leggett & Platt's website can click on a link to the innovation website (www.leggettinnovation.com) to suggest ideas. This gives everyone at Leggett & Platt who has great ideas, as well people outside the Company, an avenue to submit them.

The Innovation Funnel: From Concept to Customer

The IDEA Center has developed a 5-step innovation process resembling a funnel: wide at the top to let lots of ideas in, and narrowing toward the bottom to allow only promising products to come out. A recent successful innovation, the Prodigy™ power foundation, provides an excellent example of how the process works.

Ideation: In this stage, Leggett's engineers filter the ideas that flow in from around the Company and from the WIN 70/30 website, looking for significant profitable growth opportunities. With Prodigy, Leggett was looking to develop the next generation of power foundations—a

product line we'd been involved with for 30 years. Our engineers developed several new features that pushed the technological frontier to create a "concept bed" for the 2008 International Consumer Electronics Show, including advanced sleep diagnostics and an integrated entertainment system.

Business Case: Before we develop any product, we seriously investigate whether we should. Is the design distinct? Can we make it better than competitors?

Do customers want it and what will they pay for it? With Prodigy, the biggest question was, "Could our engineers take the most sought-after advances, like the anti-snore system, and make them affordable, but still functional?" Ultimately, research and testing confirmed they could.

Development: During development, one or more of Leggett's 17 R&D centers turn the idea into a product that we can deliver at an attractive price. Engineers from Power Foundations and the IDEA Center worked together to combine the best features (and to design some completely new ones like iPhone apps to control the bed) into an attractive package for buyers of higher-end bedding.

Testing and Validation: Development is complete, but is the product ready for market? Leggett puts every aspect of its new products through function and durability tests, and continues to evaluate the business case as the final product takes shape. Since Prodigy combined many technologies—from the platform motors to the remote's wireless communication—it required extensive testing. Leggett also demonstrated Prodigy to bedding retailers and consumer focus groups, where it not only met, but exceeded, expectations.

Launch: Launching a product can take as much work as developing it. Everything from our production facilities to the sales strategy must be ready to support the roll-out. Gearing up our assembly plants to build Prodigy was almost second nature, given our long experience with power foundations. However, the branding and marketing efforts around the launch were intense as we tried to use Prodigy's innovative technologies to appeal to more consumers and expand the market. The name Prodigy emphasized it as a young and first-of-its-kind "smart" power platform.

Innovation: Everyone Plays a Part

Seeing the work involved in the innovation process, it's clear that no one can do it all, but everyone can participate. It doesn't take an engineering degree; it takes the initiative to continually ask, "How can we make this better, or replace it completely?"

Employees throughout the Company have submitted product ideas through the WIN 70/30 website at www.leggettinnovation.com. On a much wider scale, Leggett team members contribute by talking to their managers and co-workers about ways to do their jobs more efficiently, more safely and with better results.

Like all companies looking to thrive in a competitive market, if we keep doing the same things, we'll get the same results and run the risk of becoming obsolete. We must innovate as if our future depends on it...because it does.

IDEATION

BUSINESS CASE

DEVELOPMENT

TESTING &
VALIDATION

LAUNCH

Some of the latest **examples** of Leggett & Platt's continuous innovation

Innovation in **Action**

Helios™

Cutting the cord for rechargeable devices

Wireless power may be new to the market, but Leggett got a head start with this emerging technology several years ago. Currently, the Company is using Helios, our wireless power units, to transform ordinary tabletops, car consoles and work vehicle shelves into charging stations for devices like computers, mobile phones and cordless tools.

Developed with outside partner Fulton Innovation, Helios uses eCoupled inductive power coupling (the magnetic transfer of electricity between copper coils) to deliver energy from a charging surface to any eCoupled-enabled device. Today, the technology is found in a small, but growing number of low-voltage electronics, and the future applications are wide-ranging and promising.



SilverShell™

Fighting germs on a microscopic level

Leggett has entered the war on germs using silver's natural antimicrobial properties to develop products that kill germs on contact.

For example, our Nestaway business now coats shopping carts with SilverShell, a silver-based finish that prevents bacteria buildup and reduces the need for cleaning. The IDEA Center also recently tested mattress protectors lined with MicroSilver™, a silver-based agent, to measure the effectiveness of its germ-killing properties. After 60 washes (about five years' worth of regular washing), the mattress protector killed an extraordinary 99.97% of common household germs.

These products are the first of thousands of possible applications. Leggett's antimicrobial silver may one day be silently guarding office equipment, classroom desks and chairs, door handles, nightstands, TV remotes and more from germs.



Spühl AG™

A perfect partner for pushing technology forward

Founded in 1877 in St. Gallen, Switzerland, and acquired in 1997 by Leggett & Platt, Spühl AG is the only L&P operation that's older than the Company itself. However, our shared traditions of innovation and quality in the bedding and furniture industry make us perfect partners. Today, Spühl creates the industry's most advanced innerspring wire-forming machines which are used in numerous Leggett operations and sold to other spring and mattress manufacturers in 150 countries. Spühl also gives Leggett a distinct innovative advantage by designing unique machinery to make patented wire products that otherwise would not be possible.



360ez™ Recliner Mechanism

A heavyweight champ

In just one year, the knockout success of the 360ez has made it the heavyweight champion of recliner mechanisms. Built by L&P's Omega Motion in response to customers' demands, the mechanism's 360-pound weight capacity out-lifts previous models by 40%, making it the strongest in the industry. And as the name "EZ" implies, the mechanism's higher weight class in no way impairs its effortless motion or extension. In fact, it reclines farther than previous Omega mechanisms, allowing users to lie nearly flat.

This innovative mechanism is doing some heavy lifting for Leggett's sales as well. By September 2010, within a year of hitting the market, the 360ez had boosted Leggett's recliner mechanism sales by 82% with Ashley Furniture, the industry's largest furniture manufacturer and retailer.



The value of Vertical Integration

For much of Leggett's history, we've thought of ourselves as "The Components People," providing our customers with cost-effective, high-quality parts to make finished goods. In many areas of the Company, we've taken a similar approach to develop businesses that serve as "The Components People" to other parts of Leggett & Platt.

This ownership of several links in the chain to produce finished goods is vertical integration, and it has profound benefits for Leggett & Platt. Because of vertical integration, we enjoy much greater control over the quality, variety, availability and price of our components.

Without a doubt, Leggett's network of branches related to U.S. innerspring production is the Company's largest system of vertical integration. We start with recycled scrap steel and push it through operations involving approximately 2,500 Leggett employees to produce innersprings for bedding and furniture.

Benefits of Integrated Operations

Dependable supply of raw materials:

By producing our own rod and wire, we ensure the availability of those essential materials to our operations.

High-quality supply of raw materials:

Integration lets us guarantee quality throughout the production process. Consistent, quality rod and wire allow our machinery to run efficiently and maintain the excellence of our final products. And if a problem does arise, we can communicate through the entire supply chain, find the source and fix it.

Ability to coordinate inventories:

Our integrated operations can adjust their outputs in order to provide an adequate supply, but they can also prevent excess inventories.

Cost savings:

Not only does Leggett keep the profit we'd pay an outside supplier if we had to buy the materials we produce internally, but we save time and money on logistics and transaction costs.

Ability to innovate from square one:

Given the range of manufacturing steps we control, our engineers can manipulate any number of factors when designing a new product—from the type of steel that's drawn into wire to the machines that process it. In fact, Leggett's engineers customized the steel, wire form and machinery to create the innovative VertiCoil innerspring.

Integration & Collaboration

Though not all of Leggett is as fully integrated as our scrap-to-springs network of branches, we are all working together to make the Company successful. Our operations are communicating better and forming teams with combined capabilities to develop new products, provide integrated customer solutions and reduce costs. To unlock Leggett's full potential, we not only need to find ways for business units to collaborate, but also to be ready to work across departments and functions on an individual basis.



Innerspring Integration Step by Step

Sterling Steel

Every year, Leggett's mill in Sterling, Illinois, recycles 550 to 600 thousand tons of scrap steel and turns it into rod, the raw material we use to make wire. Sterling's electric arc furnace—the largest in North America—melts the scrap, removes impurities and refines the metal. The molten steel is then cast into billets (square steel beams) before being rolled into steel rod.

Wire Mills

The rod is shipped to L&P's six wire mills, which draw it into hundreds of different sizes and types of wire for our operations and external customers. Wire drawing reduces the diameter of the steel rod and wire by pulling it through a series of smaller and smaller dies. Leggett uses nearly 60% of the wire mills' output to make other L&P products.

Innerspring Plants

Our innerspring plants are the biggest internal users of L&P wire. Through highly efficient, mechanized processes, they create innerspring units that we sell to furniture and bedding manufacturers.

Machinery

Leggett further controls its innerspring and wire production by designing and building the production machinery at Spühl AG in Switzerland and L&P Machine Products in Carthage. Without the technical expertise of these machine-making facilities, Leggett could not produce some key innerspring products.