


InVision

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

LOGISTICS:
PUTTING
ALL THE
PIECES
TOGETHER





What's good for the community
and what's good for business
can and should be the same thing.

About five years ago, I wrote a letter to Lee Scott, the CEO of Wal-Mart. The world's largest retailer had recently announced several environmental initiatives that would revamp its business and its image. Wal-Mart was a multi-million dollar customer of ours (it still is), and I knew that any serious push toward sustainability would be felt by its suppliers.

I shared with Lee that, although we hadn't marketed ourselves as a "green" company, we often found that the money-saving practices that kept us competitive were also good for the environment. I pointed out that our most affordable source of steel for many products, including the shelving we sell to Wal-Mart, is salvaged scrap. I mentioned that we've installed auxiliary power units in our fleet of trucks that significantly cut fuel consumption, maintenance costs and emissions. The list went on for about a page.

A couple of weeks later, I received a copy of my letter back from Lee with a hand-written note in the margin: "It looks like Wal-Mart has some catching up to do."

Green businesses have taken off in the past few years due to consumer demand for eco-friendly products, surging energy prices and stricter governmental standards. Leggett's long-standing commitment to increase efficiency and reduce waste have positioned us well for this trend. We're also using our materials and engineering expertise to supply packaging systems to the recycling industry and to develop innovative solutions for erosion control.

Leggett's participation in the green marketplace has made us a more successful company. And conducting our business in an environmentally responsible way is one of the many reasons I'm proud to be part of Leggett & Platt.



CEO/President



GREEN BUSINESS GOOD FOR BUSINESS

Reaping the rewards of sound environmental practices

You see it everywhere: car ads touting increased fuel economy, retailers featuring high-efficiency CFL light bulbs, and consumers carrying reusable grocery bags and coffee cups. The growing “green” movement encourages waste reduction to prevent over-burdening and polluting our natural resources.

As a manufacturer competing in the global marketplace, Leggett & Platt aggressively eliminates waste to reduce costs and provide more value to our customers. Our constant pursuit of efficiency naturally leads to more sustainable business practices. Our Geo Components business unit goes a step further by developing products engineered to protect the environment. Leggett has found that green businesses (and business practices) are good for business.



The IRT process begins with bales of unsorted plastic trash. Davidson chops the plastic into a fine, even consistency before the Kinetic Energy Melter converts the material into a molten resin. The resin is cured and formed into a final product.

Using Trash to Save Cash

We pull most of our #1 raw material—steel—from the scrap heap, along with urethane foam, paper and other recyclables. Many Leggett businesses have found reused materials to be their most cost-effective source, and the Company diverts over a million tons of trash from landfills each year.

Davidson Plyforms discovered an innovative recycling solution when pressed to reduce the cost of its office furniture components by 40%. John Walton, Davidson’s President, said, “We initially looked at off-shore operations to make the parts, but the savings weren’t where we needed them to be.” Davidson’s break-through came from Innovative Resin Technology (IRT) that enables them to recycle multiple types of plastic waste without pre-sorting them by category.

“With the extraordinary savings of time and energy from not separating the plastic before it’s melted down, we now have a nearly costless material source,” John explained. “The competitive advantage of IRT has boosted our bottom line and prevented us from outsourcing these components. Our employees and the reliability of our supply chain both benefit from this change.”



IRT components are commonly used in office seating, such as HON’s Unanimous® Task Chair.





Lean Green Manufacturing

“Leggett stresses getting the maximum value out of every dollar, so it makes sense that we carefully manage our energy costs,” explained Steve Damer, Energy Services and Facilities Manager. “Improvements from our energy conservation program save us the equivalent of five million gallons of gasoline annually. We’re searching for additional savings every day.”

Our partners in Kendallville, Indiana, recently tackled an industry-wide initiative to improve the environmental profile of furniture manufacturers. The Kendallville team used the initiative’s guidelines and found annual savings of over \$120,000 by modifying their tempering oven, reusing specialty-sized pallets, improving the facility’s lighting, and recycling lumber, plastic and paper.

Inspired by the success of our furniture group, Leggett’s Environmental and Continuous Improvement teams are launching the “ECO Initiative” at U.S. branches to boost profits by reducing waste. Instead of requiring specific changes, the ECO Initiative provides a flexible strategy that leverages the experience of partners at each location and borrows from the success of other operations. Lighting retrofits, low temperature metal cleaning, optimizing compressed air systems and other improvements will generate substantial savings.



Lighting Retrofits - Most Leggett facilities use high-efficiency lighting systems that reduce energy consumption by almost 50% and create a brighter, safer work environment.

Additional energy-saving examples can be found at www.leggettgreen.com.

Helping Others Help the Environment

Whether building homes, roads or skyscrapers, construction projects often create significant environmental problems. Government agencies may impose fines or delay projects if the issues aren’t properly addressed, so builders need a cost-effective response. John Dowdell, President of Hanes Geo Components, said, “We provide solutions ranging from filtration systems that improve water quality to geotextiles that extend the life of roads.”

Headquartered near the rivers and forests of the Appalachian Mountains, Hanes knows the

importance of preserving natural resources. The largest threats to the world’s fresh water supply are sedimentation and pollution from runoff. Sediment from construction projects can quickly turn a healthy body of water into a polluted mess.

Fortunately, much of the damage can be prevented with silt fences—sturdy, woven fabric bound to a series of posts. These fences allow water to drain across the ground while keeping dirt and debris from reaching natural water sources. Hanes’ expertise in woven fabrics lent itself to silt fence production. After a series of investments to create efficient throughput, they quickly became North America’s leading producer.

“Federal regulation drives much of the demand, with silt fence installation being required at nearly every road construction site or real estate development,” John explained. “It’s a simple, effective product that protects the environment and improves our bottom line.”

Rather than viewing environmental compliance as just another cost of doing business, Leggett is capitalizing on the green movement to grow our product offerings and improve profit margins. Consumers and governments are committed to sustainability, and we’re ready to do our part.



Since moving silt fence operations to the Winston-Salem facility in 2008, Hanes has produced enough fencing to circle the earth.

L&P LOGISTICS: The Right Place, Time And Price

Seed oil from India bonds foam carpet pad together. Until two years ago, Leggett's Carpet Underlay Unit bought the oil at a significant mark-up from a U.S. distributor. Importing directly from the producer in India would cost much less—if they could work out the international purchasing, transportation and timing issues. They turned to L&P Logistics and Global Sourcing for the resources and expertise they needed.

"It was a major change," says Mark Younger, Director of Global Procurement for the Carpet Underlay Division. "We had never bought the oil from India in bulk. Our lead time increased from 7 days to 6 weeks, which required careful attention to the shipments' volumes and timing. Working with Logistics to reliably import the oil ourselves has saved us several hundred thousand dollars in the last couple of years."

Meet Logistics

As a diversified global manufacturer, Leggett & Platt and our customers depend on Corporate Logistics to get raw materials, components and finished goods where they need to be, when they need to be there, and at the best possible price.

Maik Breckwoltdt, Staff VP of Logistics, and his team have overhauled Leggett's logistics function. Through a focused 6-year effort, they've unified operations, standardized processes, and expanded in the U.S. and into Europe and Asia.

Today, the department offers end-to-end logistical solutions to our company and customers through its industry expertise and international locations. These services include helping to arrange on-time shipping worldwide; negotiating and auditing rates for transportation services and vehicles; and assisting with storage and distribution.

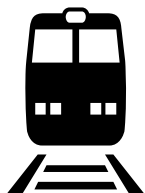
Logistics handles 400 million cubic feet of freight annually, including:



**Ocean Cargo to fill
25,000 shipping containers**



**52,000 full truck loads
and 132,000 partial
truck loads**



3,900 rail containers

Seeing and Strengthening the Supply Chain

"Supply chain visibility has been our most important achievement," says Maik. "Once you can see into the pipeline, you can identify problems and find opportunities to strengthen the supply chain."

"In these challenging economic times, the cost cutting measures implemented by carriers have changed the logistical landscape, creating many gaps and a less reliable transport supply chain. Because of these changes, freight rates are no longer a complete indicator of total costs: now they're just part of total costs. Logistics helps Leggett stay ahead of these challenges by providing visibility to total costs through its systems and processes."

Having a strong Corporate Logistics function also helps keep our overall material and product costs down. As Jim Ampleman in Corporate Procurement explained, "We receive calls from suppliers who want to charge us more because of their higher freight costs. We tell them, 'Let's see if our Logistics department can get a better deal.' Typically, we don't hear about the price increase again."

Logistics stands ready to carry the countless and changing logistical loads of our operations and customers. Whether it's bargaining for a better rate, preventing a holdup in customs or arranging the reliable transportation of seed oil from India, Logistics can help ensure an unbroken supply of materials on time and on budget.

IMPROVING THE SUPPLY CHAIN

VISIBILITY

- Centralizing Leggett's logistics operations and transportation network.
- Opening offices in Europe and Asia to coordinate all logistical activities in their regions.
- Implementing Oracle's Transportation Management software to track every order worldwide and the performance of our carriers and suppliers.
- Managing all transportation paperwork and auditing invoices.

STRENGTH

- Improving leverage and volume discounts by funneling more shipments through fewer carriers.
- Reducing the carriers for partial truckload shipping in the U.S. from 35 to 11.
- Establishing L&P Shippers Association to combine other companies' oceanic shipping volumes with ours. Leggett not only gets better rates but earns revenue from the member companies.
- Opening the West Coast Distribution Center in San Bernardino, California, last year. The facility receives Pacific freight and distributes to Leggett branches and customers by truck and rail.

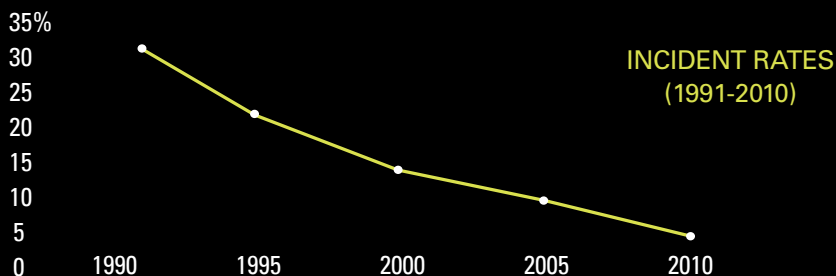
INVESTING IN A SAFE WORKPLACE

Molten steel glowing at 3,000 degrees as it's converted to rod. Bladed granulators shredding five tons of scrap foam an hour. Crating machines squeezing mattresses into a single package with 18,000 pounds of pressure.

Manufacturing can be dangerous. Some companies treat safety and the bottom line as competing goals, but Leggett emphasizes and invests in safe production.

Back in 1991, nearly one of every three Leggett employees suffered an OSHA recordable incident, a record no one was satisfied with. Prioritizing employee safety, we've improved training, enhanced procedures and upgraded machinery. Over the past 20 years, our workforce has lowered the incident rate to about 1 in 20 employees.

Though our safety rates are the lowest they have ever been, we push forward with safety education, incentive programs, accident investigation and process safety. Dave Bumpus, Corporate Safety Director, describes our top priority as "providing an environment where our employee partners can come to work each day healthy and safe, and leave the same way."



Consistency and a proactive approach lead to success in safety. Sterling Steel excels at safety awareness and is a recent recipient of Leggett's STAR Award, which recognizes branches for excellence in Supervision, Training, Accountability and Responsibility.

Sterling's diligent efforts could be adopted at any Leggett operation:

- Daily employee safety contacts
- Weekly topic-driven safety meetings
- Monthly reviews of interactive safety training videos
- Monthly policy reviews with subject matter testing
- Monthly upper management safety tours
- Detailed monthly area safety inspections by supervisors
- Quarterly high-hazard safety focus group meetings
- Quarterly mock OSHA audits

STRATEGY IN ACTION: CROATIA

In-Depth Market Review Uncovers Opportunity

Our operations in Prelog, Croatia, which Leggett acquired in 2000, offer a diverse but complementary mix of functions under one roof.

- The machine production branch makes equipment for spring manufacturing and for the bedding and automotive industries.
- The branch's research and development center also designs improved products, processes and machinery.
- The sister branch, Prelog Springs, produces bedsprings and installed wire-drawing equipment in 2008 to supply their own materials.

As the Croatian team and their corporate partners worked through the strategic planning process, they evaluated their markets and competitors against their diversity

of in-house skills. They recognized that a flood of imported commodity springs were driving down prices and margins. On the other hand, European customers were paying a premium for higher-end beds, such as custom-designed pocketed coil products.

Putting their analysis into action, the Prelog facility switched its focus from low-cost, long-run production to their broad range of higher-value customizable products. "Our capabilities from design through in-house production give us the flexibility to offer our customers the unique products they need," said Managing Director Davor Gecic. "This specialization brings higher selling prices and unique capabilities that lock in a real competitive advantage."

More than 250 employees work to achieve the operation's strategic

goals. The Prelog team has put new machinery in service and reduced changeover times so they can turn out a wide range of customized products in the same time it takes competitors to make commodity springs. Customer satisfaction is through the roof. The operation has hit the target of all strategic planning: matching our strengths to customer needs that our competitors can't satisfy.



LEGGETT LEND A HAND

Partners from around the company reach out to co-workers and communities in times of need.

On May 22, a massive tornado devastated Joplin, Missouri, home to hundreds of Leggett workers and just miles from our Carthage headquarters. As stories and photos of the damage spread around the world, help for nearly 100 Leggett employees streamed in from all corners.

Local co-workers offered homes to the displaced and dug in to sort through the rubble and distribute necessities. At branches across the U.S., workers gave time and money to ship truckloads of supplies. Partners throughout the world donated over \$60,000 to help fellow Leggett employees they may have never met, and the Company has pledged \$1 million in aid to the area. The help from Leggett partners, combined with significant contributions from many of Leggett's long-time customers and suppliers, has been invaluable to the recovery effort.

Responding with speed and generosity wasn't unique to the Joplin tornado. A month earlier, tornadoes swept through Piedmont, Alabama, where our Garcy plant produces store fixtures. Crippling winds tore through trees, homes and cars with terrifying force. In the aftermath, Garcy employees held a food drive, collected

cash donations and mounted bulldozers to clear debris to help their co-workers. Human Resources Manager Tammy Jones said, "Some of our partners were hit more directly than others. But in a close-knit community like ours, a storm like that takes its toll on everyone, so we all pitched in."

Leggett's people offer aid beyond their own walls, too. When floodwaters engulfed Western Kentucky in May and forced over 3,800 residents to evacuate, Leitchfield's Operations Manager Wayne Hayes assumed his National Guard role as Command Sergeant Major of the 206th Engineers. Scrambling from town to town in a Blackhawk helicopter, Hayes coordinated assistance with local governments and emergency agencies. He and his engineers built levees, laid sandbags, directed evacuation traffic and provided security to protect people and property during the flood.

A spirit of kindness rests at the core of our people. "I've been overwhelmed by the need created by these disasters, but even more so by our collective response," said COO Karl Glassman. "Our people have shown where their priorities lie."

