


InVision

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



**WHO DO
WE WORK
FOR?**

OUR SHAREHOLDERS

Leggett Partners, Retirees, University and Charitable Endowments, Insurers,
Families, Investors, College Savings Plans and Pension Funds



As we leave home and head to work each day, we understand that we're working to support our families. When we start our morning duties (or evening duties for our night shift partners), we're also quickly reminded that we work for supervisors and fellow employees. Perhaps even more noticeably, as we answer phone calls, make production changes and prepare orders for shipping, we recognize that we work for our customers.

However, as employees of a public company, we work most directly for the folks who own the Company: our shareholders.

Although they are removed from our daily routines, our shareholders rely upon each of us to do our jobs, and to do them well. It's easy to think of our shareholders simply as a group of investors scattered among the world's financial centers. But most of Leggett's shares are actually held through mutual funds, which nearly half of all U.S. households use to save for retirement, education and other long-term goals. As a result, most of our shareholders stay with us for a long time.

All of our shareholders count on us to prudently look after and grow the value of their investment in the Company. The Board of Directors serves as their official representatives, our public accounting firm routinely audits our financial results on their behalf, and governmental regulations outline how we communicate with them. Each of these safeguards is important.

Even so, based upon my many conversations with numerous shareholders over the years, they primarily rely upon the high integrity of our entire Leggett organization to protect their stake in the Company. They trust that we will collectively handle our various responsibilities in an honest and thoughtful way and ultimately act in a diligent manner, which will ensure the long-term success of Leggett.

We're glad that they hold us to these fundamental principles, because we hold ourselves to them as well.



Matthew C. Flanigan
Chief Financial Officer



87.03	UNCH	35.30	38.90	38.7	38.8	1.78.38	1.78.38
21.17	87	19.53	32.15	21.71	21.13	1.78.38	1.78.38
53.68	18	53.60	53.85	53.84	52.74	1.78.38	1.78.38
14.71	05	14.71	14.74	14.89	14.53	1.78.38	1.78.38
77.39	18	77.00	78.35	77.87	77.34	1.78.38	1.78.38
12.47	65	12.25	13.49	11.99	11.34	1.78.38	1.78.38

OWNING A PIECE OF LEGGETT & PLATT

For over 40 years, investors have been able to buy Leggett stock, giving them partial ownership of the Company and a share of the profits we generate. Since going public, Leggett has grown from a regional bedding components supplier to a diversified manufacturer with operations around the world.

Why is L&P Public?

Public companies deal with scrutiny and burdensome regulation, but the access to capital from investors can unlock tremendous growth opportunities. When Leggett issued its first shares to the public in 1967, our annual sales were \$13.3 million. We used the funds received from our new shareholders to consolidate spring operations throughout the U.S., grow our warehouse infrastructure and diversify our business.

By 1979, when Leggett became listed on the New York Stock Exchange, the Company had expanded to over 2,000 employees and sales of \$215 million. Selling additional shares and paying for business acquisitions with Leggett stock (instead of cash) helped us grow in the years that followed. We now have 18,000 employees world-wide and \$3.6 billion in annual sales. Our shareholders have provided us with essential capital and have shared in our success.

Why do Investors Choose Leggett?

Typically over a million Leggett shares change hands in the stock market each day, but most of our shareholders have been with us for a long time. Over two-thirds of our stock is held by institutional investors that manage assets for their customers through mutual funds, pension plans, endowments, college savings plans and the like.

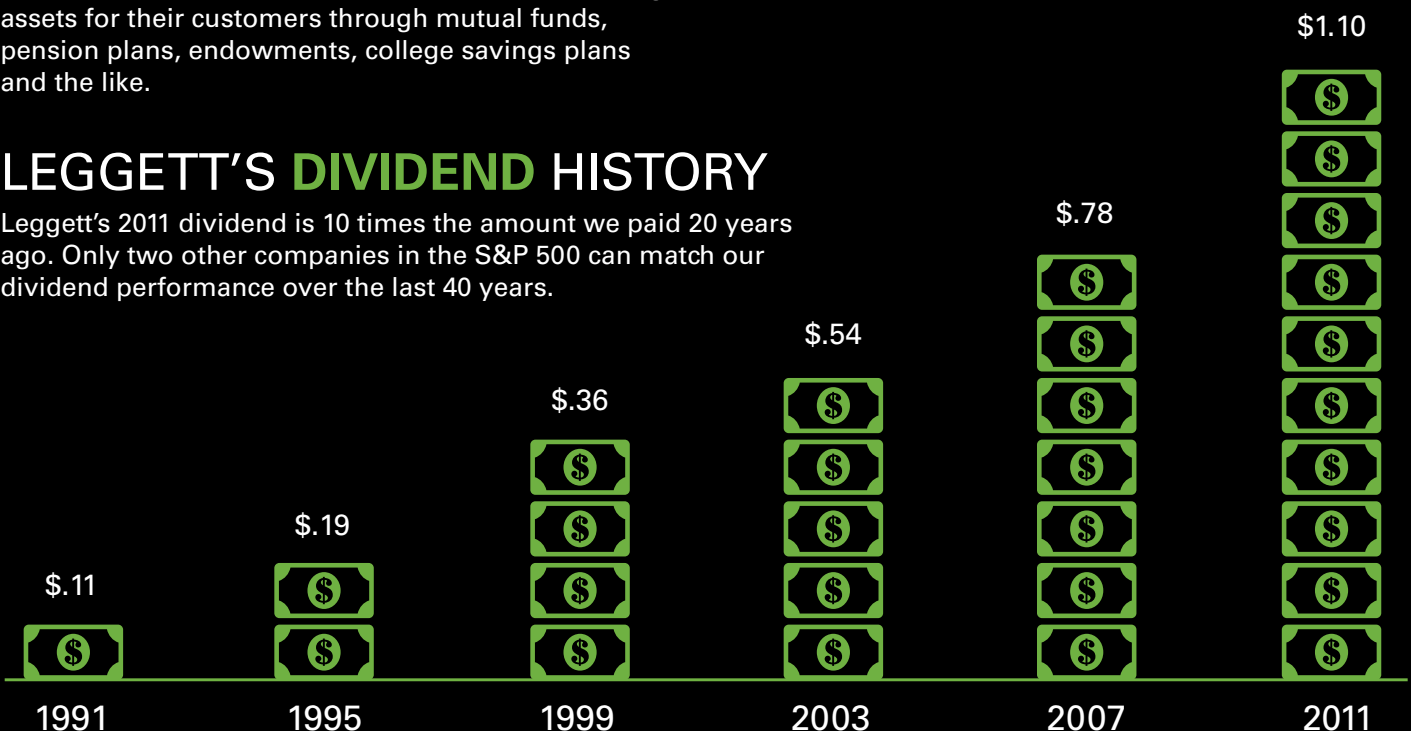
"Institutional investors like our stock due to our financial stability and our diversified businesses that touch several end markets. This makes us somewhat less volatile than specialized companies," said Susan McCoy, Staff VP of Investor Relations. "But what truly sets us apart from the crowd are our excellent dividend returns which have increased 40 years in a row."

Through our dividends, Leggett provides a cash return to our shareholders each quarter (currently 28 cents per share). "Most companies offer dividends based on the current economic climate," explained Susan, "but Leggett has proven its dedication to returning cash to stockholders year in and year out."

As a group, our employees are one of our largest shareholders. "Employees reinvest \$25-30 million of their pay into our stock plans each year. They have purchased 18 million shares through the Discount Stock Plan alone," said Matt Flanigan, Chief Financial Officer. "Leggett employees, retirees, directors and merger partners own about 15% of the Company. This impressive total reflects the pride and ownership individuals feel when they become associated with Leggett & Platt."

LEGGETT'S DIVIDEND HISTORY

Leggett's 2011 dividend is 10 times the amount we paid 20 years ago. Only two other companies in the S&P 500 can match our dividend performance over the last 40 years.



TRAINING PROGRAMS PAYING OFF

L&P investing in employees helps us stay competitive.

Improvement is more than just change. To improve, we have to make changes based on data and analysis. The Wire Group has been teaching employees the Six Sigma method of problem-solving for over six years. As the Group's lead trainer, Steve Foust says, "We don't treat the symptoms of a problem, we cure the disease."

Their program takes hourly and salaried volunteers with the necessary skills and leadership potential. During the two-week sessions held in Carthage, participants focus on problem-solving and work with statistical software to make data-driven decisions. To get certified, they have to apply what they've learned to an improvement project that saves at least \$50,000.

These projects add up to huge savings. More than 30 partners have completed the training, leading to over \$2 million in savings. Projects range from increasing quality to streamlining processes, from reducing scrap to improving machine efficiencies.

Leggett's improvement efforts aren't limited to the Wire Group. Corporate's Continuous Process Improvement (CPI) team offers training to operators from all segments. In the last two years, nearly 50 employees have learned team-building skills and process tools such as Six Sigma and Lean Manufacturing.

"Managers in the field feel this investment in their people yields significant benefits for the Company," noted CPI's leader, Steve Willis.

In addition to the money Leggett saves from these employee-driven projects, our partners gain valuable knowledge and a certification that makes them more promotable. Branch operations and quality managers are on the lookout for motivated employees to volunteer for these problem-solving teams.



Our Linwood, North Carolina, plant recently completed a project to evaluate outsourcing and potential vendors for pre-punched steel angle, rather than punching the materials in-house. The shift cut inventories by \$400,000 at the outset and lowered overall expenses by \$800,000 a year.

Pictured (left to right): Kenny Campbell, Rob Bartelsmeyer and Tim Zander



CUTTING THE CROP

Scrapped materials, even those that can be recycled, cut into the bottom line. For our wire mills, which draw 500,000 tons of steel rod into spools of wire each year, cutting waste by even the smallest percentage makes a big difference.

Metrock Steel & Wire in Alabama wasn't satisfied with their rod scrap rate. Using Six Sigma, their team discovered several factors contributing to excess "cropped" rod.

The team revamped the standards for cropping the ends of the rod and worked with Leggett partners at Sterling Steel to optimize the rod's chemistry and production. They also collaborated with their railroad carriers to reduce transportation damage.

Metrock's improvements dropped their rod scrap by 900,000 pounds annually, saving more than \$225,000 each year.



GETTING CLOSER TO CONSUMERS

People have enjoyed Leggett & Platt products for decades in their homes, cars and offices. But we haven't had much direct contact with consumers. Traditionally, we've been "the components people" that provide engineered parts to our customers who, in turn, offer finished goods to end consumers.

In several areas, Leggett is moving closer to the consumer as we seek growth opportunities and higher margins. We're researching consumer preferences to add value to our components and drive sales of our customers' products. We're interacting more with the marketplace and using our components expertise to offer more finished goods.

Helping Retailers Promote Our Products

LP Carpet Cushion recently created a line of premium carpet underlay called Microblend as part of the Advanced Comfort System cushion brand. Our ACS Microblend products are more comfortable and durable than typical foam carpet padding and offer long-term savings to consumers by extending the life of their carpeting.

Microblend is superior underlay, but that message wasn't getting through to consumers on the retail sales floor. "Our research showed consumers care about comfort and durability, but the retailers were selling based on price and warranty," explained Randy Dye, Marketing & Product Manager. "Homeowners are willing to pay a little extra if they can see the benefit. Without premium cushion being promoted, consumers didn't understand the added value."

LP Carpet Cushion took the initiative to eliminate this roadblock and align the marketing message with consumer preferences. Working with Creative Services, they designed an interactive display for shoppers to learn about and experience the difference.

The display has been tested with select retailers, and according to Randy, "The response has been incredible. Dealers are promoting premium carpet cushion and using our consumer-oriented messaging to convince their customers to trade up."



The Advanced Comfort System display invites shoppers to feel the difference in the grades of carpet underlay as they read about the benefits of ACS. Not only does ACS premium cushion make the carpet look better longer, it offers anti-microbial protection against mold and odors, it's spill resistant, hypoallergenic and recyclable.



Jofco

Expanding from Components to Finished Goods

Our Office Furniture Components business unit supplies parts to manufacturers around the world. We've recently had success extending our customer relationships by offering fully assembled chairs that feature Leggett components. Genesis Seating's production of the Collective Series chair for Jofco grew from a conversation about a single component.

"Jofco initially wanted to know if we could manufacturer the ribbed lumbar section for the chair back," said Dave Dupon, Group VP Sales & Marketing. "Rather than focusing only on that narrow request, we provided a design solution for the entire chair using a combination of standard products and custom components from several Leggett companies."

The project for Jofco and LP Carpet Cushion's retail efforts show that we do more than manufacture components, we supply our customers with solutions they need.

Jofco's Collective Series chair contains 10 components from 6 Leggett companies.

- | | |
|--|--------------------------------------|
| 1. Lumbar Support – Schukra | 6. Sytex Inner Support – Matrex |
| 2. Proprietary Aluminum Die – Cincro | 7. IRT Upholstery Arm Pad – Davidson |
| 3. Molded Plywood Seat – Davidson | 8. RF Upholstery Pressing – Genesis |
| 4. Refresh Chair Base – Cincro | 9. Revo Mechanism – Gordon |
| 5. Outer Chair Back – Davidson's IRT Plastic | 10. Gas Lift – Cincro |

ADJUSTING TO A DYNAMIC MARKET



The market for adjustable beds is booming. Widespread marketing and word-of-mouth combine to tell more people about perks that go beyond just a “better night’s sleep.”



Evolution of the Product with the Consumer

Leggett started making adjustables 30 years ago. Our early sales grew with Craftmatic, and the product was function-focused and targeted for people with physical infirmities. We sold that classic adjustable base to bedding manufacturers for years. Our product developers made improvements along the way, redesigning the base so it looks like a traditional box spring and adding a “wall-hugger” feature that keeps the end of the bed near the headboard at all times.

In the past couple of years, the demand for adjustables has spiked as manufacturers have targeted a more mainstream audience. The crossroads between improved technology and broad marketing has turned adjustables into a lifestyle product. People are buying because they want it, rather than because their doctor says they need it.

Younger consumers spend considerable time in bed watching TV, reading, and working from laptops. They want “techie” features that adjustable bases offer, like MP3 docks and remote-control smart phone applications. Rounding out the market, the baby-boomer generation likes the comfort offered by the enhanced massage functions.

Adjustable Comfort for a Custom Lifestyle



flat / sleep



head only



feet only



zero-gravity



dual massage

Aligning Our Business with the Market

For the past several years, adjustables were part of the product line-up in our Consumer Products Group, along with bed frames, headboards and bedding accessories. We sold most of our adjustable bases directly to furniture and mattress stores.

Much of the recent growth in the adjustable market is driven by bedding manufacturers who are pairing up their mattresses with adjustable bases for sale as a sleep system. In light of this trend, Leggett recently reorganized Adjustable Bed as a separate Business Unit to capitalize on the changing market dynamics.

“Leggett has a great position in the industry,” says business unit President, Jay Thompson. “However, we have some work to do in terms of product development, and a consumer-focused process will show us how we can be even better.” Style matters more to consumers than ever. Bedding manufacturers want unique features to make their adjustables distinct. And naturally, everyone wants the price as low as possible.

“We believe we can expand on our past success with product quality, an unsurpassed warranty and customer service to be a key player in the revitalized market for adjustable beds,” said Karl Glassman. “We’ve put a great team in place with resources behind them to make it happen.”



FROM LEFT:
Paul Hauser
Eric Rhea
Perry Davis
Kevin Stout

When a leader retires from Leggett, we typically enjoy a smooth transition as another experienced partner steps into place. That's true now, as Perry Davis prepares to follow Paul Hauser as President of the Residential Furnishings Segment. Developing an employee team with the strength and flexibility to provide uninterrupted leadership is vital to Leggett's success.

Paul Hauser's upcoming retirement shows the importance of having qualified people ready to move up. As the Residential Segment President, Paul oversees half of the Company: 8,000 employees, 130 locations and 50% of sales through our bedding, home furniture, fabric and carpet pad businesses.

Perry Davis, the Bedding Group President since 2006, has the experience to meet the demands of the Segment's top job. He and Paul share similar backgrounds and joined Leggett within six months of each other in the early 1980s. Paul began in sales and Perry in customer service, but each progressed through sales, operations and leadership positions. Paul confirmed, "Perry was the clear choice for Segment President."

Karl Glassman agrees. "Perry is well-suited to follow Paul. They understand our customers' needs because of their backgrounds in sales and customer service. They're people-builders, and they also have remarkable analytical strengths which enable them to sort out complex operational and financial data and come to good decisions."

Gearing up to meet increasing leadership demands

Not every job transition is as simple as the succession from Paul to Perry. It can be quite challenging to identify and prepare people for future roles while they continue fulfilling current responsibilities. In addition, Leggett will face a greater number of transitions over the next decade as 70% of our current North American workforce

reaches age 50 or older. As these employees move into senior positions or begin to retire, Leggett must maintain a solid base of employees to fill their previous jobs.

To meet these challenges, the Company is taking a more structured approach to develop and deploy employees. To support our managers' efforts to prepare the next group of leaders, Leggett established the Team Talent initiative. In the next few years, our Talent professionals will work with each Business Unit to identify personnel gaps and people with potential to fill them.

This planning will help Leggett address the succession domino effect, where one departure often leads to a series of job openings. When Perry Davis becomes President of Residential Furnishings, Eric Rhea will take his place as President of the Bedding Group, and in turn, Kevin Stout will replace Eric as leader of the Bedding Group's Central Division. Eric and Kevin each have more than 20 years of experience at Leggett, spanning a series of jobs and mentors that have prepared them for their new responsibilities.

Many career opportunities are on the horizon at Leggett. But these opportunities are not simply for the taking, they're for the willing and able. Kevin Stout summed it up well, "Leggett's been very good to me, but I've also worked hard and have relocated four times. Sometimes, you have to make hard choices if you want to reach a certain place. I'm glad to see the Company focused on providing development and career opportunities today—it's needed. But we all have to be willing to work for those opportunities, too."