

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 10, 2006

LEGETT & PLATT, INCORPORATED

(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction
of incorporation)

1-7845
(Commission File Number)

44-0324630
(IRS Employer
Identification No.)

No. 1 Leggett Road, Carthage, MO
(Address of principal executive offices)

64836
(Zip Code)

Registrant's telephone number, including area code 417-358-8131

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On May 10, 2006 the Company issued a press release announcing the Board's action to promote David S. Haffner from Chief Operating Officer to Chief Executive Officer. Mr. Haffner succeeds Felix E. Wright, who will continue to serve as an employee Chairman of the Board. The Board also promoted Karl G. Glassman to succeed Mr. Haffner as Chief Operating Officer.

The Company entered into an Employment Agreement and a Severance Benefit Agreement with both Mr. Haffner and Mr. Glassman on May 10, 2006. The material terms and conditions of the agreements are described below. The agreements are attached as Exhibits 10.1 through 10.4 and are incorporated by reference. The following descriptions are qualified in their entirety by reference to the agreements filed herewith.

The Company and Mr. Wright were parties to an employment agreement that expired by its terms on May 10, 2006. In his capacity as Chairman of the Board, Mr. Wright will be paid a base salary of \$700,000 and his target bonus percentage will be 60%. Mr. Wright will continue to serve the Company at the pleasure of the Board. An updated summary of cash compensation for the Company's named executive officers is attached as Exhibit 10.5 and is incorporated by reference. This exhibit updates Exhibit 10.2 to the Company's Form 10-Q filed on May 5, 2006.

Employment Agreements

Both Mr. Haffner's and Mr. Glassman's employment agreements have a 3-year term, expiring on the date of the 2009 Annual Meeting of Shareholders. Except as otherwise noted, benefits provided under the agreements are those generally available to executive officers and/or employees.

The Company may terminate the agreements without cause upon three months written notice to the executive. In that event, the Company's obligation to the executive continues for the term of the agreement.

The agreements subject the executives to non-competition restrictions for two years after termination of employment, unless the Company terminates the executive without cause. During the non-competition period, the Company will provide health and medical insurance to the executive and his dependents at least equal to the insurance provided before termination of employment.

Other material terms of the agreements are set forth below.

<u>Provision</u>	<u>Haffner</u>	<u>Glassman</u>
Position	Chief Executive Officer and President	Chief Operating Officer and Executive Vice President
Base Salary	\$775,000, subject to annual increases as determined by Compensation Committee	\$620,000, subject to annual increases as determined by Compensation Committee
Bonus	As determined under Key Officers Incentive Plan at 70% target percentage	As determined under Key Officers Incentive Plan at 60% target percentage
Stock Option Grant on May 10, 2006	<ul style="list-style-type: none">at-market stock options equal to \$2,325,000 divided by the closing stock price on May 10, 2006vest annually in 1/3 increments beginning 18 months after grant10-year termnot subject to forfeiture upon termination of employmentsubject to standard option terms and conditions	None

Executive's Option to Terminate

- upon 6 months written notice
- if not elected to continue as CEO
- if not elected as a director and member of the Board's Executive Committee unless not nominated by Board Nominating & Corporate Governance ("N&CG") committee for regulatory compliance reasons
- if executive does not receive a salary increase in any year, unless due to company-wide salary freeze
- if company is merged out of existence, sold or dissolved
- if working control of company is lost in proxy contest or tender offer

Termination by Company for Cause

- conviction of felony crime
- willful breach of Code of Business Conduct deemed by Board N&CG committee to cause significant injury to the company
- willful act or omission involving fraud, misappropriation, or dishonesty deemed by Board N&CG committee to cause significant injury to company
- willful violation of specific written directions of the Board following notice of such violation
- continuing, repeated, willful failure to substantially perform duties, following written notice from Board

Severance Benefit Agreements

The severance benefit agreements provide Mr. Haffner and Mr. Glassman with certain benefits upon a change-in-control of the Company. As defined in the agreements, a change-in-control is deemed to have occurred if:

- there is a change in control as contemplated by Item 6(e) of Schedule 14A, Regulation 14A or by Item 5.01 of Form 8-K of the Exchange Act

- any “person” (as defined in Sections 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner of 25% or more of the combined voting power of the Company’s outstanding voting securities
- the current directors or their “successors” (as defined in the agreement) cease to constitute a majority of the Board of Directors
- after a merger or consolidation with another corporation, less than 75% of the outstanding voting securities of the surviving corporation are owned by the former shareholders of the Company
- the Company liquidates, sells or otherwise transfers all or substantially all of its assets to a person not controlled by the Company both immediately prior to and after such sale

The severance benefit agreements have no fixed expiration dates. Any benefits provided under the agreements are in addition to, and not in lieu of, any benefits that may be provided under the executive’s employment agreement. The agreements entitle the covered executives to severance benefits if, during a specified period following a change-in-control of the Company, (the “*Protected Period*”), (i) the executive’s employment is terminated by the Company (except for “cause” or “disability”), or (ii) the executive terminates his employment for “good reason,” as defined in the agreements.

Additional terms of the agreements are described below.

Provision	Haffner	Glassman
Protected Period	36 months immediately following change in control	30 months immediately following change in control
Benefits upon Termination of Employment by Company (other than for Death, Disability or Cause) or by Executive for Good Reason	<ul style="list-style-type: none"> • base salary through date of termination • pro-rata bonus for year of termination • monthly severance payments equal to 170% of executive’s base salary multiplied by 3 payable monthly for 36 months • continuation of fringe benefits for up to 36 months, as permitted by IRS Code, or equivalent lump sum payment • lump sum additional retirement benefit (actuarial equivalent of additional 36 months of continuous service) • acceleration and immediate exercisability of all unexercised stock options or surrender for cash • repurchase of company shares owned by executive • option to purchase company car at lower of book or wholesale value 	<ul style="list-style-type: none"> • base salary through date of termination • pro-rata bonus for year of termination • monthly severance payments equal to 160% of executive’s base salary multiplied by 2.5 payable monthly for 30 months • continuation of fringe benefits for 30 months, as permitted by IRS Code, or equivalent lump sum payment • lump sum additional retirement benefit (actuarial equivalent of additional 30 months of continuous service) • acceleration and immediate exercisability of all unexercised stock options or surrender for cash • repurchase of company shares owned by executive • option to purchase company car at lower of book or wholesale value
Gross Up Payment	<ul style="list-style-type: none"> • Gross Up Payment of amount equal to excise taxes payable by executive plus all income, employment and excise taxes incurred on the Gross Up Payment • Gross Up Payment only made if benefits under the agreement exceed the 280G limit by 10% or more; if less than 10%, benefits capped at \$1 below 280G limit. 	<ul style="list-style-type: none"> • Gross Up Payment of amount equal to excise taxes payable by executive plus all income, employment and excise taxes incurred on the Gross Up Payment • Gross Up Payment only made if benefits under the agreement exceed the 280G limit by 10% or more; if less than 10%, benefits capped at \$1 below 280G limit.

Termination benefits provided under the agreements represent severance compensation to which the executive is entitled. The executive is not required to mitigate the amount of any termination benefit provided under the agreement, but any fringe benefits he may receive from a new job will reduce any fringe benefits the Company is then providing under the agreement.

The agreements further provide that, within one year following a change-in-control opposed by a majority of the directors, the executive may elect to terminate his employment for any reason and receive, in lieu of the benefits described above, a lump sum payment equal to 75% of the executive's cash compensation preceding the year of termination and certain fringe benefits for one year.

Item 1.02 Termination of a Material Definitive Agreement

The following agreements, which have been previously filed as exhibits to the Company's periodic reports filed with the SEC (File No. 001-07845) as indicated below, have been superseded by the new agreements described in Item 1.01 above and are incorporated herein by reference.

- a) Employment Agreement between the Company and David S. Haffner, dated July 30, 2001, filed October 31, 2001 as Exhibit 10 to the Company's 10-Q for the quarter ended September 30, 2001.
- b) Employment Agreement between the Company and Karl G. Glassman, dated November 1, 2005, filed November 3, 2005 as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2005.
- c) Severance Benefit Agreement between the Company and David S. Haffner, dated July 30, 2001, filed October 31, 2001 as Exhibit 10 to the Company's Form 10-Q for the quarter ended September 30, 2001
- d) Severance Benefit Agreement between the Company and Karl G. Glassman, dated November 1, 2005, filed November 3, 2005 as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2005.

A description of the material terms of each of the above agreements can be found in the Company's proxy statement filed March 31, 2006 (the "Proxy Statement"), under the heading "Employment Contracts and Change-in-Control Arrangements," which is incorporated herein by reference. The Company incurred no early termination penalties in connection with the termination of these agreements.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

(b) As described in Item 1.01, on May 10, 2006 the Board of Directors implemented its management succession plan and appointed David S. Haffner to succeed Felix E. Wright as Chief Executive Officer of the Company. Also on May 10, 2006, the Board appointed Mr. Wright as Chairman of the Board. The Company and Mr. Wright were parties to an employment agreement that expired by its terms on May 10, 2006. Mr. Wright will continue to serve the Company at the pleasure of the Board.

(c) As described in Item 1.01, on May 10, 2006 the Board of Directors appointed David S. Haffner to succeed Felix E. Wright as Chief Executive Officer of the Company. Also on May 10, 2006, the Board appointed Karl G. Glassman to succeed Mr. Haffner as Chief Operating Officer.

In connection with the promotions, the Company entered into employment and severance agreements with Messrs. Haffner and Glassman on May 10, 2006. These agreements are described in Item 1.01 and are incorporated herein by reference.

Mr. Haffner, age 53, was elected President of the Company in 2002 and Chief Operating Officer in 1999. He served as the Company's Executive Vice President from 1995 to 2002 and has served the Company in other capacities since 1983. Mr. Haffner has served as a director of the Company since 1995 and also serves as a director of Bemis Company, Inc., a manufacturer of flexible packaging and pressure sensitive materials.

Mr. Glassman, age 47, was elected Executive Vice President of the Company in 2002 and has served as President of the Residential Furnishings Segment since 1999. He previously served the Company as 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 has served as a director of the Company since 2002.

Mr. Haffner and Mr. Glassman have no family relationships with any other director or executive officer of the Company. In addition, there are no related party transactions between the Company and Messrs. Haffner and Glassman other than those described in the "Related Party Transactions" section of the Proxy Statement, which is incorporated by reference herein.

Item 7.01 Regulation FD Disclosure

Press release attached as Exhibit 99.1 and dated May 10, 2006 described in Item 1.01 is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibit No. Description

- 10.1 David S. Haffner Employment Agreement dated May 10, 2006
- 10.2 David S. Haffner Severance Benefit Agreement dated May 10, 2006
- 10.3 Karl G. Glassman Employment Agreement dated May 10, 2006
- 10.4 Karl G. Glassman Severance Benefit Agreement dated May 10, 2006
- 10.5 Summary Sheet for Executive Cash Compensation
- 99.1 Press Release, dated May 10, 2006

SIGNATURES

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

LEGGETT & PLATT, INCORPORATED

Date: May 10, 2006

By /s/ Ernest C. Jett

Ernest C. Jett

Senior Vice President, General Counsel and Secretary

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
10.1	David S. Haffner Employment Agreement dated May 10, 2006
10.2	David S. Haffner Severance Benefit Agreement dated May 10, 2006
10.3	Karl G. Glassman Employment Agreement dated May 10, 2006
10.4	Karl G. Glassman Severance Benefit Agreement dated May 10, 2006
10.5	Summary Sheet for Executive Cash Compensation
99.1	Press Release, dated May 10, 2006

**EMPLOYMENT AGREEMENT
BETWEEN
DAVID S. HAFFNER AND
LEGGETT & PLATT, INCORPORATED**

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EMPLOYMENT AGREEMENT

This Employment Agreement (the "*Agreement*") is made as of May 10, 2006 between Leggett & Platt, Incorporated, a Missouri corporation (the "*Company*"), and David S. Haffner (the "*Executive*").

RECITALS

The Company desires that the Executive remain in the employment of the Company. The Board of Directors (the "*Board*") at its meeting earlier today elected Executive as the Chief Executive Officer and President of the Company. The Executive will no longer be acting as the Chief Operating Officer of the Company. Accordingly, the Compensation Committee (the "*Compensation Committee*") of the Board has recommended the execution of this Agreement and the Board has authorized the execution of the same. This Agreement supercedes the Employment Agreement between the Company and the Executive dated July 30, 2001.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the Company and the Executive agree as follows:

1. Employment

The Company hereby confirms its employment of the Executive as its Chief Executive Officer and President, and the Executive hereby confirms his employment in that capacity.

The Executive's employment under this Agreement is subject to the terms and conditions set out below and will be carried out in Carthage, Missouri, at the Company's principal executive offices. However, the Executive acknowledges that the nature of his employment may require reasonable domestic and international travel from time to time.

2. Term

2.1 Term

The term of this Agreement shall commence on May 10, 2006 and shall end on the date of the Annual Meeting of Shareholders in 2009, unless terminated earlier in accordance with the provisions of this Agreement.

2.2 Early Termination

The term of this Agreement may be terminated prior to expiration by reason of any of the following:

- (a) by the Executive upon six months prior written notice;

- (b) in accordance with the Severance Benefit Agreement dated as of May 10, 2006, as amended from time to time (the "Severance Benefit Agreement"), a copy of which is attached as Exhibit A for information purposes only;
- (c) in accordance with Section 6 hereof, upon the Executive's Total Disability (as defined below);
- (d) by the Executive pursuant to Section 7 hereof;
- (e) by the Company pursuant to Section 8 hereof; or
- (f) for other causes as provided elsewhere in this Agreement.

3. Duties and Authority

The Executive shall devote his full business time to the affairs of the Company. However, this shall not be deemed to prevent the Executive from devoting such time (which shall not be substantial in the aggregate) to personal business interests that do not unreasonably interfere with the performance of the Executive's duties hereunder.

The Executive shall use his best efforts, skills and abilities to promote the Company's interests. The Executive shall serve as director if nominated by the Nominating & Corporate Governance Committee ("*N&CG Committee*") and if so elected by the shareholders of the Company; provided, however, the N&CG Committee may decide not to nominate the Executive if such nomination would violate the rules or regulations of the Securities and Exchange Commission or the New York Stock Exchange. The Executive shall perform such duties at the CEO/President level or above assigned to him by the Board.

4. Compensation

4.1 Base Salary

The Executive shall be paid a base salary at an annual rate of \$775,000. Beginning on or about April 1, 2007 and April 1 of each successive year during the term of this Agreement, the Compensation Committee shall appraise the Executive's performance during the previous calendar year, taking into account such factors as it deems appropriate. As a result of such appraisal, the then annual base salary of the Executive may be increased (but shall not be decreased) by such amount as the Compensation Committee determines is fair, just and equitable.

The Executive's base salary shall be paid in equal bi-weekly installments.

All salary increases under this section will be made as of the beginning of the first payroll period in which the Company's other salaried employees generally receive merit related annual salary adjustments.

4.2 Annual Cash Bonus

During the term of this Agreement, the Executive shall be entitled to earn a cash bonus computed in accordance with the Key Officers Incentive Plan, as amended from time to time (the "*Incentive Plan*"). The amount of the Executive's bonus shall be determined by applying a bonus formula approved by the Compensation Committee to a percentage of Executive's annual salary on December 31 of each year ("*target percentage*"). The Executive's target percentage is 70%. The Compensation Committee shall be entitled to amend or supplement the guidelines from time to time whenever the Committee deems this to be in the best interests of the shareholders of the Company.

If the Executive's employment under this Agreement is terminated before December 31 of any year, the Executive shall receive a prorated bonus for the year of termination. This prorated bonus shall bear the same ratio to the actual bonus the Executive would have earned with respect to the year under the Incentive Plan as the number of days this Agreement is in force during such year bears to 365.

4.3 Option Grant

The Executive shall be granted non-qualified options to purchase a number of shares of the Company's common stock equal to \$2,325,000 divided by the closing price of the Company's common stock on May 10, 2006. The options shall (i) have an exercise price equal to the closing price of the Company's common stock on the New York Stock Exchange on May 10, 2006, (ii) vest and become exercisable over a 42-month period (one-third on or after 18 months, two-thirds on or after 30 months, and the remaining shares on or after 42 months from the date of grant), (iii) have a 10-year term and, once the options are vested and become exercisable, may be exercised during such ten-year period even if the Executive is no longer employed by the Company, and (iv) shall be subject to such other terms and conditions as are contained in the Company's standard form of non-qualified option agreement. So long as the Executive continues to be employed by the Company during the term of the Agreement, he will participate in company wide stock option grants occurring after May 10, 2006.

4.4 Vacations; Other Benefits

The Executive shall be entitled to a reasonable annual vacation (not less than an aggregate of four weeks in any calendar year) with full pay, benefits and allowances.

In addition to the salary, bonus and other payments to be made under this Agreement, the Executive shall be entitled to participate (to the extent legally permitted) in any insurance, pension, profit sharing, stock bonus, stock option, stock purchase or other benefit plan of the Company now existing or hereafter adopted for the benefit of executive officers of the Company or the employees of the Company generally.

At the Company's expense, the Company shall provide office space, secretarial assistance, supplies and equipment fully adequate to enable the Executive to perform the services contemplated by this Agreement and at least comparable to that being provided to the Executive on the date hereof.

The Company shall provide the Executive with appropriate perquisites at least equal to such perquisites as are generally made available from time to time to the Company's other senior executive officers.

In addition to the payments provided for in this Section 4 and elsewhere in this Agreement, the Company may from time to time pay the Executive as a salary increase, a bonus or otherwise, such additional amounts as the Compensation Committee shall, in its discretion, determine.

Except as may be provided otherwise in this Agreement or to the extent required by law, no benefits referred to in this section or provided for in other sections of this Agreement shall be reduced by the Company as to the Executive without first securing his consent.

5. Expenses

The Company shall pay or reimburse the Executive for all transportation, hotel, living and related expenses incurred by the Executive on business trips away from the Company's principal office and for all other business and entertainment expenses reasonably incurred by him in connection with the business of the Company and its subsidiaries or affiliates.

6. Disability

6.1 Definition of "Total Disability"

The Executive shall be deemed to have a "Total Disability" if he is unable, for a continuous period of four or more months, to perform substantially all of the material personal services to be rendered by him under this Agreement. During the continuance of any Total Disability, the Company shall continue to provide the Executive's cash compensation and other benefits under this Agreement until 14 months from the first day of the period that culminated in the Total Disability ("Disability Termination Date"). If Executive continues to have a Total Disability on the Disability Termination Date, his employment under this Agreement shall be terminated.

6.2 Offset Payments

The Company's obligation to continue the Executive's cash compensation from the date of a Total Disability to the Disability Termination Date shall be reduced by (a) all amounts paid to Executive under disability income insurance policies made available to the Executive by the Company and (b) by all amounts received by the Executive from Social Security disability benefits.

7. Executive's Option to Terminate Agreement

Not later than six months after the occurrence of any of the following events the Executive may elect to terminate his employment under this Agreement by sending notice of termination to the Company:

- (a) The Executive shall not be elected and continue as the Chief Executive Officer, a

Director of the Company and a member of the Board's Executive Committee, unless his failure to serve on the Board or the Executive Committee resulted from the application of SEC or NYSE rules as stated in Section 3 of this Agreement;

- (b) The Company is merged or consolidated with another corporation and the Company is not the survivor;
- (c) The Company is dissolved;
- (d) Substantially all of the assets of the Company are sold to any other person;
- (e) A public tender offer is made for the shares of the Company and the offeror acquires at least 40% of the outstanding common shares of the Company;
- (f) A proxy contest is waged and the person waging the contest acquires working control of the Company; or
- (g) The Executive does not receive a salary increase for any year, unless the failure to receive a salary increase is due to a company-wide salary freeze applicable for such year.

The Executive's employment obligations under this Agreement shall terminate on the date of termination specified in the Executive's notice to the Company, which date must be within 60 days of the date of the notice.

8. Termination by the Company.

8.1 Termination For Cause

The Company may terminate the Executive's employment pursuant to this Agreement by discharging the Executive for cause. The term "*for cause*" shall be limited to the following events:

- (a) The Executive's conviction of any crime involving money or other property of the Company or any of its affiliates (including entering into any plea bargain admitting criminal guilt) or of any other crime (whether or not involving the Company or any of its affiliates) that constitutes a felony in the jurisdiction involved; or
- (b) The Executive's willful breach of the Company's Code of Business Conduct (or any successor policy) which, in the reasonable opinion of the N&CG Committee, causes injury to the Company that is not insignificant; or
- (c) The Executive's willful act or omission involving fraud, misappropriation, or dishonesty which, in the reasonable opinion of the N&CG Committee, causes injury to the Company that is not insignificant; or

- (d) The Executive's willful violation of specific written directions of the Company's Board which directions are consistent with this Agreement and the Executive's duties, and provided that such violation continues following the Executive's receipt of written notice by the Board specifying the specific acts or omissions alleged to constitute such violation and such violation continues after affording the Executive reasonable opportunity to remedy such failure after receipt of such notice; or
- (e) The Executive's continuing, repeated, willful failure to substantially perform his duties hereunder; provided, however, that no discharge shall be deemed for cause under this subsection (e) unless the Executive first receives written notice from the Board advising the Executive of the specific acts or omissions alleged to constitute a failure to perform his duties, and such failure continues after the Executive shall have had a reasonable opportunity to correct the acts or omissions so complained of.

8.2 Termination Without Cause

The Board, at any time and without cause, may relieve the Executive of his duties under this Agreement upon prior written notice to the Executive; provided that such action by the Board shall not relieve the Company of any of its financial obligations to the Executive as set forth in this Agreement. If the Executive is terminated without cause, he shall continue to receive the salary, bonus and other benefits provided for in this Agreement as though his employment had not been terminated. Notwithstanding the foregoing, if the Executive's employment is terminated without cause, the Company shall be relieved of any further financial obligations under this Agreement to the Executive or his estate that accrue after his death or after his Disability Termination Date (as defined in Section 6.1).

9. Confidential Information

The Executive shall not at any time (whether during the term of this Agreement or thereafter) disclose to any person any confidential information or trade secrets of the Company.

If any of the restrictions contained in this section or elsewhere in this Agreement shall be deemed unenforceable then the Executive and the Company contemplate that the appropriate court will enforce such restrictions in their reduced form.

10. Non-Compete

For two years after termination of employment with the Company (the "*Noncompete Period*"), the Employee will not (either individually or through any entity in which he may be an employee, agent, consultant, director, shareholder, partner or otherwise affiliated), in any part of the Territory (i) engage in any Competitive Activities, (ii) design, develop, manufacture, assemble, process distribute, market or sell any Covered Products, (iii) solicit orders from or seek to do business with any customer of the Company relating to Covered Products or Competitive Activities, or (iv) influence or attempt to influence any employee, representative or advisor of the Company to terminate their employment or relationship with the Company.

“Territory” means all of the United States and all other parts of the world to which the Company has sold any Covered Products. “Competitive Activities” means any manufacture, sale, distribution, engineering, design, promotion or other activity which competes with the business of the Company as conducted prior to the date hereof. “Covered Products” means any product which is of the type of, or which is competitive with or a substitute for, the products manufactured, assembled, distributed, marketed, sold or under development by the Company.

Company’s subsidiaries and affiliates (i) are third party beneficiaries of this Section, (ii) shall have all rights and remedies allowed in law or equity (including injunctive relief) to prevent further violations, and (iii) may also seek damages resulting from any violation. If this Section is found to be unenforceable, then the appropriate court may reform this Section so the restrictions are reasonable and enforceable.

During the Noncompete Period, the Company will provide health and medical insurance to Executive and his dependents that is at least equal to the insurance provided before termination of employment; provided, however, if Executive obtains less favorable insurance during the Noncompete Period through a subsequent employer, the Company will compensate Executive for any shortfall in coverage.

This Section 10 shall not apply if the Company terminates the Executive’s employment without cause.

11. Nonassignability

This Agreement and the benefits hereunder are personal to the Company and are not assignable by it; provided, however, this Agreement and the benefits hereunder may be assigned by the Company to any person acquiring all or substantially all of the assets of the Company or to any corporation into which the Company may be merged or consolidated. In the event of an assignment of this Agreement to any person acquiring all or substantially all of the assets of the Company or to any corporation into which the Company may be merged or consolidated, the title, responsibilities and duties assigned to the Executive by such successor person or corporation shall be the title, responsibilities and duties of a senior executive officer of such successor person or corporation.

The provisions of this Agreement shall be binding on and inure to the benefit of the Executive, his assignees, executors, and administrators.

12. Miscellaneous

12.1 Waivers

No waiver by either party of any breach or nonperformance of any provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach or nonperformance of the same or any other provision hereof.

12.2 Notices

All notices, waivers, designations or other communications (collectively "*notices*") that either party is required or permitted to give hereunder shall be in writing and delivered as follows:

If to the Executive:

David S. Haffner
2018 Morgan Heights Road
Carthage, Missouri 64836

If to the Company:

Leggett & Platt, Incorporated
No. 1 Leggett Road
Carthage, Missouri 64836
Attention: Secretary

subject to the right of either party at any time to designate a different location for the delivery of notices.

12.3 Survival of Provisions

Section 9 shall survive the expiration or termination of this Agreement, as shall all other provisions hereof which provide for or contemplate performance by either the Executive or the Company following the termination hereof.

IN WITNESS WHEREOF, the Company and the Executive have signed this Agreement as of the day and year first above written.

"EXECUTIVE"

"COMPANY"

LEGGETT & PLATT, INCORPORATED

/s/ David S. Haffner

David S. Haffner

By /s/ Felix E. Wright

Felix E. Wright
Chairman of the Board

SEVERANCE BENEFIT AGREEMENT

This Severance Benefit Agreement (the “*Agreement*”) is made as of May 10, 2006 between Leggett & Platt, Incorporated, No. 1 Leggett Road, Carthage, Missouri 64836 (the “*Company*”) and David S. Haffner (the “*Executive*”), residing at 2018 W. Morgan Heights Road, Carthage, Missouri 64836.

RECITALS

The Executive functions as Chief Executive Officer and President of the Company on the date hereof and is one of the key employees of the Company.

The Company considers the maintenance of sound and vital management essential to protecting and enhancing the best interests of the Company and its shareholders. In this connection, the Company recognizes that in today’s business environment the possibility of a change in control of the Company may exist in the future. The Company further recognizes that such possibility, and the uncertainty which it may raise among key executives, could result in the departure or distraction of key executives to the detriment of the Company and its shareholders. Accordingly, the Board of Directors of the Company (the “*Board*”) has determined that appropriate steps should be taken (i) to further induce the Executive to remain with the Company and (ii) to reinforce and encourage the continued attention and dedication of the Executive to his assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company. This Agreement supercedes the Severance Benefit Agreement between the Company and the Executive dated July 30, 2001.

NOW, THEREFORE, in consideration of the premises and for other good and valuable considerations, the receipt of which are hereby acknowledged, the Company and the Executive agree as follows:

1. Change in Control; Employment Agreement

1.1 *Change in Control*. The Company may be required to provide certain benefits to the Executive under this Agreement following each and every “*Change in Control*” of the Company.

A “*Change in Control*” of the Company shall be deemed to have occurred if:

- (a) There is any change in control as contemplated by (i) Item 6(e) of Schedule 14A, Regulation 14A, promulgated under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) or (ii) Item 5.01 of Form 8-K promulgated by the Securities and Exchange Commission under the Exchange Act; or
- (b) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 25% or more of the combined voting power of the Company’s then outstanding voting securities;
or

- (c) Those persons serving as directors of the Company on the date of this Agreement (the “*Original Directors*”) and/or their Successors do not constitute a majority of the whole Board of Directors of the Company (the term “*Successors*” shall mean those directors whose election or nomination for election by the Company’s shareholders has been approved by the vote of at least two-thirds of the Original Directors and previously qualified Successors serving as directors of the Company at the time of such election or nomination for election); or
- (d) The Company shall be a party to a merger or consolidation with another corporation and as a result of such merger or consolidation, less than 75% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation; or
- (e) The Company liquidates, sells, or otherwise transfers all or substantially all of its assets to a person not controlled by the Company both immediately prior to and immediately after such sale.

1.2 *Employment Agreement*. Any benefits provided to the Executive under this Agreement will, unless specifically stated otherwise in this Agreement, be in addition to and not in lieu of any benefits that may be provided the Executive under his Employment Agreement with the Company dated May 10, 2006 (this agreement, as amended, restated or superseded, is called the “*Employment Agreement*”).

This Agreement shall continue for the term provided in Section 8.6 and shall not be affected by any termination of the Employment Agreement.

2. Termination of Employment Following a Change in Control

2.1 *General*. During the 36 month period immediately following each and every Change in Control (the “*Protected Period*”), the Executive and the Company shall comply with all provisions of this Section 2 regarding termination of the Executive’s employment.

2.2 *Termination for Disability*. If the Employment Agreement is not in force, the Company may terminate the Executive’s employment for Disability. If the Employment Agreement is in force, the Company may terminate the Executive’s employment for disability only in accordance with the terms of the Employment Agreement. “*Disability*” as used in this Agreement, as distinguished from the Employment Agreement, shall mean the Executive’s absence from, and his inability to substantially perform, his duties with the Company for a continuous period of six or more months as a result of physical causes or mental illness. During any period prior to the termination of his employment that the Executive is absent from, and is unable to substantially perform, his duties with the Company as a result of physical causes or mental illness, the Company shall continue to pay the Executive his full base salary at the rate then in effect and any bonuses earned by the Executive under Company bonus plans until such

time as the Executive's employment is terminated by the Company for Disability. Following termination of employment under this Section 2.2, the Executive's benefits shall be determined in accordance with the Company's long term disability program as in effect on the date hereof, or any successor program then in effect.

2.3 Termination by Company for "Cause". If the Employment Agreement is not in force, the Company may terminate the Executive for Cause as defined in this Agreement. If the Employment Agreement is in force, the Company may terminate the Executive for cause only in accordance with the terms of the Employment Agreement.

Termination for "Cause" under this Agreement, as distinguished from the Employment Agreement, shall be limited to the following:

- (a) The Executive's 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
- (b) The Executive's willful breach of the Company's Code of Business Conduct (or any successor policy) which causes material injury to the Company; or
- (c) The Executive's 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 the Executive at the expense of the Company; or
- (d) The Executive's willful violation of specific written directions of the Board provided that such directions are consistent with this Agreement and the Executive's duties and do not constitute Company Action as defined in Section 2.4, and provided that such violation continues following the Executive's receipt of written notice by the Board specifying the specific acts or omissions alleged to constitute such violation and such violation continues after affording the Executive reasonable opportunity to remedy such failure after receipt of such notice; or
- (e) The Executive's continued, repeated, willful failure to substantially perform his duties; provided, however, that no discharge shall be deemed for Cause under this subsection (e) unless the Executive first receives written notice from the Board advising the Executive of specific acts or omissions alleged to constitute a failure to perform his duties, and such failure continues after the Executive has had a reasonable opportunity to correct the acts or omissions so complained of.

No act or failure to act on the Executive's part shall be considered "willful" unless done, or omitted to be done, by the Executive in bad faith and without reasonable belief that his action or omission was in the best interest of the Company. Moreover, the Executive shall not be terminated for Cause unless and until there shall have been delivered to the Executive a notice of termination duly adopted by the affirmative vote of at least a majority of the directors of the Board at a meeting of the Board (after reasonable notice to the Executive and an opportunity for the Executive, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of the conduct set forth in Section 2.3(a), (b), (c), (d) or (e) and specifying the particulars thereof in detail.

A termination shall not be deemed for Cause if, for example, the termination results from the Company's determination that the Executive's position is redundant or unnecessary or that the Executive's performance is unsatisfactory or if the termination stems from the Executive's refusal to agree to or accept any Company Action described in Section 2.4.

2.4 Termination by Executive for Good Reason. The Executive may, whether or not his Employment Agreement remains in force, terminate his employment for "Good Reason" by giving notice of termination to the Company following (i) any action or omission by the Company described in this Section 2.4 or (ii) receipt of notice from the Company of the Company's intention to take any such action or engage in any such omission. A termination of employment under this Section 2.4 shall be deemed a valid and proper termination of the Employment Agreement if then in force and, to this extent, the parties agree that the Employment Agreement is hereby amended.

The actions or omissions which may lead to a termination of employment for Good Reason (herein collectively and severally "Company Actions") are as follows:

- (a) A reduction by the Company in the Executive's base salary as in effect immediately prior to the Change in Control or a failure by the Company to increase the Executive's base salary each year during the Protected Period by an amount which at least equals, on a percentage basis, the annual increase in the Consumer Price Index for Urban Workers (CPI-U) for the applicable year; or
- (b) A change in the Executive's 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
- (c) The assignment to the Executive of any positions, duties or responsibilities inconsistent with the Executive's positions, duties and responsibilities with the Company immediately prior to the Change in Control or an expansion of such duties and responsibilities without the Executive's written consent; or
- (d) 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 the Executive as a participant in such plans on at least the same basis as the Executive participated in accordance with the plans immediately prior to the Change in Control; or

- (e) A requirement by the Company that the Executive be based or perform his duties anywhere other than at the Company's Corporate Office location immediately prior to the Change in Control, except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control or, if the Executive consents in writing to any relocation, the failure by the Company to pay (or reimburse the Executive for) all reasonable expenses incurred by him relating to a change of his principal residence in connection with such relocation and to indemnify the Executive against any loss realized on the sale of his principal residence in connection with any such change of residence (loss is defined as the difference between the actual sale price of such residence and the higher of (i) the aggregate investment in such residence (including improvements thereto) or (ii) the fair market value of such as determined by a real estate appraiser designated by the Executive and reasonably satisfactory to the Company); or
- (f) 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 the Executive is participating at the time of a Change in Control (or plans providing the Executive with substantially similar economic benefits), or the taking of any action which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any of such plans; or
- (g) The Company's failure to provide the Executive with the number of paid vacation days to which he is entitled in accordance with the Company's normal vacation practices with respect to the Executive at the time of the Change in Control; or
- (h) A failure by the Company to obtain the assumption agreement to perform this Agreement by any successor as contemplated by Section 7 of this Agreement; or
- (i) Any purported termination of the Executive's employment for Disability or for Cause that is not carried out (i) pursuant to a notice of termination which satisfies the requirements of Section 2.5 or (ii) in accordance with Section 2.3, if applicable; and for purposes of this Agreement, no such purported termination shall be effective.

2.5 Notice of Termination. Any purported termination by the Company of the Executive's employment under Section 2.2 (Disability) or 2.3 (for Cause) or by the Executive under Section 2.4 (for Good Reason) shall be communicated by notice of termination to the other party. A notice of termination shall mean a notice which includes the specific termination Section in this Agreement relied upon and shall set forth, in reasonable detail, the facts and circumstances claimed to provide a basis for termination of employment under the Section so indicated.

2.6 *Date of Termination*. The date the Executive's employment is terminated under Section 2 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 the Executive shall not have returned to the performance of his duties on a full-time basis during such 30 day period). If the Executive's employment is terminated for Cause, the Date of Termination shall be the date specified in the notice of termination. If the Executive's 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.

2.7 *Prior Notice Required of Company Actions*. During the Protected Period, the Company shall not terminate the Executive's employment (except for Disability or for Cause or pursuant to the Employment Agreement) or take any Company Action as defined in Section 2.4 without first giving the Executive at least three months' prior notice of termination or the planned Company Action, as the case may be.

3. Benefits upon Termination of Employment

3.1 *General*. If, during the Protected Period following each Change in Control, the Executive's employment is terminated either (i) by the Company (other than for Disability or Cause under this Agreement and other than for disability or cause under the Employment Agreement) or (ii) by the Executive for Good Reason, then the Executive, at his election, shall be entitled to the benefits provided in this Section 3 (collectively and severally "*Termination Benefits*"). If the Executive elects to receive Termination Benefits under this Agreement then he shall automatically forfeit his right, if any, under the Employment Agreement to render consulting services to the Company on the terms and conditions set out in the Employment Agreement and shall also automatically forfeit his right to receive the compensation and benefits provided for in Section 8 of the Employment Agreement.

3.2 *Base Salary Through Date of Termination*. The Company shall pay the Executive his full base salary through the Date of Termination under the Company's regular payroll procedures and at the rate in effect at the time notice of termination is given. The Company shall give the Executive credit for any vacation earned but not taken and pay such amount at the time that any earned but not yet paid bonus is paid under Section 3.3.

3.3 *Pro-Rata Bonus for Year of Termination*. The Company shall pay the Executive a pro-rata bonus for the year in which his employment terminates. The pro-rata bonus shall be equal to "*A*" divided by "*B*" with the quotient multiplied by "*C*" where:

- (a) "*A*" equals the number of days the Executive is employed by the Company in the year in which the termination of employment occurs (the "*Termination Year*");

- (b) "B" equals 365; and
- (c) "C" equals the maximum bonus the Executive would have been eligible for in the Termination Year under Section 4.2 of his Employment Agreement or under the Company's Key Officers Incentive Compensation Plan (or successor plans), whichever may be applicable.

The pro-rata bonus shall be paid by the Company in a lump sum, within 30 days after the bonus amount is determinable, except that if such payment is required to be delayed six months to conform to the requirements of Section 409A(a)(2)(B) of the Internal Revenue Code of 1986 (as amended) ("the Code"), such pro-rata bonus shall be paid at such later time.

3.4 Monthly Severance Payments. The Company shall pay the Executive the aggregate severance payments equal to (i) 170% of the Executive's annual base salary (notwithstanding any deferral of compensation) as of the date of the Change in Control or as of the Date of Termination, whichever is greater, multiplied by (ii) three. The 170% figure in this Section shall be appropriately increased or decreased as the Executive's target bonus amount (which is expressed as a percentage of his annual base salary and is currently 70%) is increased or decreased. Thus, for example, if Executive's target bonus is later increased to 75%, the 170% figure would be increased to 175%.

The severance payments in this Section 3.4 shall be made in 36 equal, consecutive monthly installments, with the first installment to be on the first day of the first month immediately following the Date of Termination, except that if such payment is required to be delayed six months to conform to the requirements of Section 409A(a)(2)(B) of the Code, such installments shall be delayed consistent with those requirements, at which time a single sum shall be paid equal to any installments that have not been paid and the remainder of the installment payments shall commence on a monthly basis thereafter.

3.5 Welfare Plans and Fringe Benefits.

(a) For purposes of this Section 3.5, welfare plans and fringe benefit programs include health, disability, life, salary continuance prior to disability, automobile usage, and any other fringe benefit or welfare plan arrangement in which the Executive was entitled to participate immediately prior to the Date of Termination.

(b) The Company shall maintain in full force, for the continued benefit of the Executive for 30 months after the Date of Termination, all welfare plans and fringe benefit programs (including health insurance, disability insurance, and life insurance) that may be provided to the to the Executive as a former employee on a tax-free basis under the Code.

(c) To the extent that any other welfare plan or fringe benefit program cannot be maintained under Section 3.5(b) above on a tax-free basis to the Executive under the applicable provisions of the Code, such benefits shall be continued for the period, if any, that is recognized under Code section 409A (including guidance issued thereunder) as not resulting in a deferral of compensation, but in no event beyond 36 months.

(d) To the extent any welfare plan or fringe benefits cannot be provided for 36 months from the Date of Termination under Sections 3.5(b) and (c) above, Executive shall be entitled to a lump sum payment that is reasonably determined to equal the cost of coverage or the value of benefits, as applicable, that would have been provided during such 36 month period. Such lump sum payment shall be delayed for six months to the extent required to conform to the requirements of Internal Revenue Code Section 409A(a)(2)(B). At the close of the 36 months period, any assignable insurance policy owned by the Company and relating specifically to the Executive shall be assigned to the Executive.

3.6 Retirement Plans.

(a) The Company shall pay the Executive an additional retirement benefit as specified in this Section 3.6. Such benefit shall be the actuarial equivalent of the additional benefit to which the Executive would have been entitled under the Company's Retirement Plans in effect immediately prior to a Change in Control had the Executive accumulated 36 additional months of continuous service (following the Date of Termination) under such Retirement Plans both for purposes of determining eligibility for benefits and for purposes of calculating the amount of such benefits. If any Retirement Plan requires contributions by participants, the amount of additional retirement benefit payable under this Section 3.6 shall be equitably adjusted to reflect the absence of contributions by the Executive and any matching contribution that would be contingent upon the Executive's contributions shall be calculated as if the Executive made the maximum contribution allowable under the terms of such Retirement Plan.

(b) For purposes of this Section 3.6, "Retirement Plans" are (i) any savings or retirement plan sponsored by the Company that is intended to be tax-qualified under Internal Revenue Code section 401(a), and any arrangements that make up benefits that are not provided under such tax-qualified plans because of compensation or benefit limits under the terms of such plans or the Internal Revenue Code, (ii) the Executive Stock Unit Program, and (iii) any deferred compensation program in which the Executive participates that is adopted after the effective date of this agreement that is intended to provide for retirement savings.

(c) The additional retirement benefit under this Section 3.6 shall be paid in a cash lump sum as of the date that the Executive receives or commences benefits under the terms of the Retirement Plan. With respect to the additional retirement benefit paid with respect to a tax-qualified plan, however, payment shall be made as of the later of 30 days following the Date of Termination or the date that the Executive attains normal retirement age under such plan. In all events, payments shall be delayed for six months to the extent required to conform to the requirements of Internal Revenue Code Section 409A(a)(2)(B).

3.7 Stock Options. Except for stock options not yet vested under the Company's Deferred Compensation Program, the Company shall accelerate and make immediately exercisable in full any unexercised stock options that are not fully exercisable and that the Executive then holds to acquire securities from the Company. The Executive may elect to surrender to the Company his rights in outstanding stock options during the period beginning with the notice of termination and ending three months after the Date of Termination (the

“*Option Election Period*”). Upon such surrender, the Company shall pay to the Executive an amount in cash per optioned share equal to the difference between (i) the option price of such share and (ii) the closing price of the Company’s shares on the date the options (or in the case of Section 3.10, the shares) are surrendered to the Company. If, as of such surrender date the option price of such share exceeds the closing price, the Company shall pay to the Executive an amount in cash per optioned share equal to the value of the option that is determined under the methodology for valuing stock options adopted pursuant to Section 3.11.

If, within six months of the taking of any Company Action under Section 2.4, the Executive dies while still employed by the Company, the Executive’s estate shall be entitled, upon notice to the Company within 90 days of the Executive’s death, to be paid an amount equal to the amount the Executive would have received had he surrendered all of his stock options under this Section as of the date preceding his death. Such amount shall be paid in cash by the Company within 45 days after receipt of the notice and the delivery of an instrument surrendering all rights the Executive’s estate may have held to the stock options.

3.8 Purchase of Company Car. The Company shall permit the Executive within 60 days from the Date of Termination, to purchase any Company automobile the Company was providing for the Executive’s use at the time notice of termination was given. The purchase price shall be the book or wholesale value at such time, whichever is lower.

3.9 Repurchase of Company Shares Owned by Executive. Any unvested securities of the Company that the Executive holds shall become fully vested (with the exception of stock units not yet vested under the Company’s Deferred Compensation Program). Upon Executive’s request during the Option Election Period, the Company shall purchase all Company shares owned by the Executive immediately prior to the Date of Termination. Within 45 days after the request is made, the Executive’s shares, properly endorsed and free of all claims, shall be delivered to the Company. Thereupon, the Company shall pay the purchase price in cash, determined under the method set forth in Section 3.7.

3.10 Termination Which Does Not Require Payment of Termination Benefits. No Termination Benefits shall be provided by the Company to the Executive under this Section 3 if the Executive’s employment is terminated:

- (a) By his death; or
- (b) By the Executive other than for Good Reason (e.g., by retirement); or
- (c) By the Company for Disability or for Cause under this Agreement or for disability or cause under the Employment Agreement.

As used herein, retirement by the Executive means termination of employment in accordance with the Company’s normal retirement policy, including early retirement, generally applicable to the Company’s salaried employees or in accordance with any special retirement arrangement jointly established by the Company and the Executive and mutually agreeable to both.

3.11 **Gross Up Payment.** If any payment or benefit received by the Executive under this Agreement or any other plan or agreement with the Company (a "Benefit") is subject to tax under Section 4999 of the Internal Revenue Code of 1986, as amended, or any interest or penalties are incurred by the Executive with respect to such tax (collectively, "Excise Tax"), the Company will pay the Executive an amount ("Gross Up Payment") that covers: all Excise Taxes payable by Executive because of any such Benefit and all income and employment taxes and Excise Taxes on the Gross Up Payment. It is the Company's intent that any payment under this Section 3.11 shall place the Executive in the same position that he would have been in had the Benefit not been subject to the Excise Tax. Any Gross Up Payment shall be made no later than the date the Excise Tax is payable by the Executive or the date it is withheld as provided below.

The Company shall determine whether or not any Benefit is subject to the Excise Tax and withhold the amount of the Excise Tax from any Benefit or other remuneration payable to the Executive. Any such determination shall be made in good faith and after consultation with the Company's independent certified public accountants or outside tax counsel. The Company shall also have the right, on behalf of the Executive, at its sole cost and expense, to contest any claim by the Internal Revenue Service ("Service") that any Benefit is subject to the Excise Tax or file and pursue a claim for refund of any Excise Tax previously paid. The Executive shall cooperate with the Company in any such proceeding and provide the Company with any notifications received by the Executive from the Service. If the Executive receives any refund of Excise Tax for which a Gross Up Payment has been made, the Executive shall pay such refund to the Company. Provided, however, that the Gross-Up Payment shall be made only to the extent that the total value of Benefits exceeds by 10 percent or more the dollar amount that is 3 times the Executive's "base amount" (as defined in Section 280G of the Code). If the total value of Benefits exceeds by less than 10 percent the dollar amount that is 3 times the Executive's "base amount," then no Gross-Up Payment shall be made and Benefits shall be capped at the amount that is \$1 less than 3 times the Executive's "base amount."

4. No Obligation to Mitigate

The Termination Benefits provided under Section 3 shall not be treated as damages, but rather shall be treated as severance compensation to which the Executive is entitled. The Executive shall not be required to mitigate the amount of any Termination Benefit provided under Section 3 by seeking other employment or otherwise; provided, however, any health welfare and fringe benefits that the Executive may receive from full time employment by a third person shall be applied against and reduce any such benefits thereafter to be made available to the Executive under Section 3.5.

5. Voluntary Termination of Employment by Executive After Certain Change in Control

The Executive may voluntarily terminate his employment with the Company for any reason (including retirement) within one year of any Change in Control. A termination of employment under this Section 5 shall be deemed a valid and proper termination of the Employment Agreement if then in force and to this extent the parties agree that the Employment

Agreement is hereby amended. Upon any such termination of employment the Executive may in his sole discretion elect to receive, and the Company shall provide, the following benefits and no others under this Agreement:

- (a) The Company shall promptly pay the Executive those salary, bonus and vacation payments provided for in Section 3.2.
- (b) The Company shall promptly pay the Executive the pro-rata bonus provided for in Section 3.3.
- (c) The Company shall promptly pay the Executive a non-forfeitable lump sum cash termination payment equal to 75% of the Executive's total cash compensation for the calendar year immediately preceding the Date of Termination of his employment.
- (d) The Company shall provide the Executive for one year with those benefits described in Section 3.5. The benefits provided under this subsection (d) shall be reduced by any such benefits the Executive thereafter receives from full time employment by a third person.

If the Executive does not elect to receive benefits under this Section 5, then he shall remain eligible to receive Termination Benefits in accordance with the provisions of Section 3. The benefits payable to the Executive under this Section 5 are in addition to all benefits provided to him under the Employment Agreement. However, if the Executive elects to receive benefits under this Section 5 then he shall automatically forfeit his option, if any, under the Employment Agreement to render consulting services to the Company on the terms and conditions set out in the Employment Agreement and shall also automatically forfeit his right to receive the compensations and benefits provided for in Section 8 of the Employment Agreement.

The only Change in Control that will permit an Executive to make an election under this Section 5 is a Change in Control that is opposed by a majority vote of the Board and in connection with such Change in Control or as a result thereof:

- (a) A majority of the whole Board becomes comprised of persons other than Original Directors or their Successors (as those terms are defined in Section 1.1(c)); or
- (b) Any person (as defined in Section 1.1(b)) becomes the beneficial owner, directly or indirectly, of 50% or more of the combined voting power of the Company's then outstanding voting securities.

6. Termination of Employment Prior to Change in Control

Prior to a Change in Control and if there is no Employment Agreement in force, the Executive shall not voluntarily terminate his employment with the Company except upon at least three months' prior notice. Similarly, the Company shall not terminate the Executive's employment other than for Cause except upon at least three months' prior notice. If the Employment Agreement is in force, termination of employment by the Executive or the Company shall be governed by the terms thereof.

7. Successor; Binding Agreement

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 (the assumption shall be by agreement in form and substance satisfactory to the Executive). Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive, at his election, to Termination Benefits from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if he terminated his employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such election becomes effective shall be deemed the Date of Termination. As used in the Agreement “*Company*” means the Company as previously defined and any successor to its business and/or assets which executes and delivers the agreement provided for in this Section 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

This Agreement shall inure to the benefit of and be enforceable by the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or, if there be no such designee, to his estate.

8. Miscellaneous

8.1 Notice. All notices, elections, waivers and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

8.2 No Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by the Executive and an officer of the Company. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

8.3 Enforceability. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

8.4 Disputes. Any dispute or controversy arising under or in connection with this Agreement shall be settled by arbitration in accordance with the Commercial Arbitration Rules procedures of the American Arbitration Association. If, at any time after 90 days from the date of the Executive's Termination of Employment, the Executive and the Company have not resolved any dispute or controversy arising under or in connection with this Agreement, either the Executive or the Company may notify the other of an intent to seek arbitration. Arbitration shall occur before a single arbitrator in the State of Missouri; provided, however, that if the parties cannot agree on the selection of such arbitrator within 30 days after the matter is referred to arbitration, each party shall select one arbitrator and those arbitrators shall jointly designate a third arbitrator to comprise a panel of three arbitrators. The decision of the arbitrator shall be rendered in writing, shall be final, and may be entered as a judgment in any court in the State of Missouri. Company and the Executive each irrevocably consent to the jurisdiction of the federal and state courts located in the State of Missouri for this purpose. The Company shall pay all costs and expenses in connection with any arbitration under this Section 8.4, including without limitation all reasonable legal fees incurred by Executive in connection with such arbitration; provided, however, the Company shall not be obligated to pay unless the Executive prevails on the majority of the dollar amount at issue in the dispute.

8.5 Sections; Captions. All references in this Agreement to Sections refer to the applicable Sections of this Agreement. References in this Agreement to a given Section (*e.g.*, Section 3) shall, unless the context requires otherwise, refer to all parts of such Section (*e.g.*, 3.1 through 3.12).

The captions have been placed in this Agreement for ease of reference only. They shall not be used in the interpretation of this Agreement.

8.6 Term of Agreement. This Agreement shall continue in force so long as the Executive remains employed by the Company or any successor and shall apply to any Change in Control that occurs while the Executive remains so employed, except as so modified by the parties from time to time, including modifications to take into account changes in law.

8.7 Limited Right of Offset. Effective upon a Change in Control, the Company waives, and will not assert, any right to set off the amount of any claims, liabilities, damages or losses the Company may have against the Executive under this Agreement or otherwise if (i) the Executive's employment is terminated by the Company without cause, or (ii) the Executive terminates his employment for "Good Reason" under Section 2.4.

8.8. Release. The payment of benefits under this Agreement are contingent upon the Executive's execution of a release, in a form reasonably acceptable to Executive's and Company's legal counsel, waiving all claims against the Company arising in connection with the Executive's employment and termination of employment with the Company.

8.9 Successive Changes in Control. A separate Change in Control shall be deemed to have occurred with each occurrence of any event described at subsections (a) through (e) of Section 1.1. This Agreement pertains to each and every Change in Control, including successive Changes in Control involving the same controlling person(s).

8.10 Interpretation of Agreement and Application of Code Section 409A. In the event of any ambiguity, vagueness or other matter involving the interpretation or meaning of this Agreement, this Agreement shall be liberally construed so as to provide to the Executive the full benefits set out herein. Nothing in this Agreement is intended, however, to pay a benefit in a form or manner that would result in taxation to the Executive under Code section 409A and this Agreement shall be interpreted accordingly.

8.11 Withholding. The Company may withhold all federal, state, and local income and employment taxes as required under applicable laws and regulations.

IN WITNESS WHEREOF, this Agreement has been signed as of the day and year first above written.

EXECUTIVE:

LEGGETT & PLATT, INCORPORATED

/s/ David S. Haffner

David S. Haffner

By: /s/ Felix E. Wright

Felix E. Wright
Chairman of the Board

**EMPLOYMENT AGREEMENT
BETWEEN
KARL G. GLASSMAN AND
LEGGETT & PLATT, INCORPORATED**

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EMPLOYMENT AGREEMENT

This Employment Agreement (the "*Agreement*") is made as of May 10, 2006 between Leggett & Platt, Incorporated, a Missouri corporation (the "*Company*"), and Karl G. Glassman (the "*Executive*").

RECITALS

The Company desires that the Executive remain in the employment of the Company. The Board of Directors (the "*Board*") at its meeting earlier today elected Executive as the Chief Operating Officer of the Company. Accordingly, the Compensation Committee (the "*Compensation Committee*") of the Board has recommended the execution of this Agreement and the Board has authorized the execution of the same. This Agreement supercedes the Employment Agreement between the Company and the Executive dated November 1, 2005.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the Company and the Executive agree as follows:

1. Employment

The Company hereby confirms its employment of the Executive as its Chief Operating Officer and Executive Vice President, and the Executive hereby confirms his employment in that capacity. Executive will also serve the Company in such other executive capacities, at the Executive Vice President level or above, as may be determined by the Board from time to time.

The Executive's employment under this Agreement is subject to the terms and conditions set out below and will be carried out in Carthage, Missouri, at the Company's principal executive offices. However, the Executive acknowledges that the nature of his employment may require reasonable domestic and international travel from time to time.

2. Term

2.1 Term

The term of this Agreement shall commence on May 10, 2006 and shall end on the date of the Annual Meeting of Shareholders in 2009, unless terminated earlier in accordance with the provisions of this Agreement.

2.2 Early Termination

The term of this Agreement may be terminated prior to expiration by reason of any of the following:

- (a) by the Executive upon six months prior written notice;

- (b) in accordance with the Severance Benefit Agreement dated as of May 10, 2006, as amended from time to time (the "Severance Benefit Agreement"), a copy of which is attached as Exhibit A for information purposes only;
- (c) in accordance with Section 6 hereof, upon the Executive's Total Disability (as defined below);
- (d) by the Executive pursuant to Section 7 hereof;
- (e) by the Company pursuant to Section 8 hereof; or
- (f) for other causes as provided elsewhere in this Agreement.

3. Duties and Authority

The Executive shall devote his full business time to the affairs of the Company. However, this shall not be deemed to prevent the Executive from devoting such time (which shall not be substantial in the aggregate) to personal business interests that do not unreasonably interfere with the performance of the Executive's duties hereunder.

The Executive shall use his best efforts, skills and abilities to promote the Company's interests. The Executive shall serve as director if nominated by the Nominating & Corporate Governance Committee ("*N&CG Committee*") and if so elected by the shareholders of the Company; provided, however, the N&CG Committee may decide not to nominate the Executive if (i) such nomination would violate the rules or regulations of the Securities and Exchange Commission or the New York Stock Exchange, or (ii) for good corporate governance reasons the N&CG Committee and the Board believe there is a need to reduce the number of inside directors serving on the Board. The Executive shall perform such duties at the Executive Vice President level or above assigned to him by the Board, the Chief Executive Officer, or the President. The Executive shall report to the Chief Executive Officer of the Company.

4. Compensation

4.1 Base Salary

The Executive shall be paid a base salary at an annual rate of \$620,000. Beginning on or about April 1, 2007 and April 1 of each successive year during the term of this Agreement, the Compensation Committee shall appraise the Executive's performance during the previous calendar year, taking into account such factors as it deems appropriate. As a result of such appraisal, the then annual base salary of the Executive may be increased (but shall not be decreased) by such amount as the Compensation Committee determines is fair, just and equitable.

The Executive's base salary shall be paid in equal bi-weekly installments.

All salary increases under this section will be made as of the beginning of the first payroll period in which the Company's other salaried employees generally receive merit related annual salary adjustments.

4.2 Annual Cash Bonus

During the term of this Agreement, the Executive shall be entitled to earn a cash bonus computed in accordance with the Key Officers Incentive Plan, as amended from time to time (the "*Incentive Plan*"). The amount of the Executive's bonus shall be determined by applying a bonus formula approved by the Compensation Committee to a percentage of Executive's annual salary on December 31 of each year ("*target percentage*"). The Executive's target percentage is 60%. The Compensation Committee shall be entitled to amend or supplement the guidelines from time to time whenever the Committee deems this to be in the best interests of the shareholders of the Company.

If the Executive's employment under this Agreement is terminated before December 31 of any year, the Executive shall receive a prorated bonus for the year of termination. This prorated bonus shall bear the same ratio to the actual bonus the Executive would have earned with respect to the year under the Incentive Plan as the number of days this Agreement is in force during such year bears to 365.

4.3 Vacations; Other Benefits

The Executive shall be entitled to a reasonable annual vacation (not less than an aggregate of four weeks in any calendar year) with full pay, benefits and allowances.

In addition to the salary, bonus and other payments to be made under this Agreement, the Executive shall be entitled to participate (to the extent legally permitted) in any insurance, pension, profit sharing, stock bonus, stock option, stock purchase or other benefit plan of the Company now existing or hereafter adopted for the benefit of executive officers of the Company or the employees of the Company generally.

At the Company's expense, the Company shall provide office space, secretarial assistance, supplies and equipment fully adequate to enable the Executive to perform the services contemplated by this Agreement and at least comparable to that being provided to the Executive on the date hereof.

The Company shall provide the Executive with appropriate perquisites at least equal to such perquisites as are generally made available from time to time to the Company's other senior executive officers.

In addition to the payments provided for in this Section 4 and elsewhere in this Agreement, the Company may from time to time pay the Executive as a salary increase, a bonus or otherwise, such additional amounts as the Compensation Committee shall, in its discretion, determine.

Except as may be provided otherwise in this Agreement or to the extent required by law, no benefits referred to in this section or provided for in other sections of this Agreement shall be reduced by the Company as to the Executive without first securing his consent.

5. Expenses

The Company shall pay or reimburse the Executive for all transportation, hotel, living and related expenses incurred by the Executive on business trips away from the Company's principal office and for all other business and entertainment expenses reasonably incurred by him in connection with the business of the Company and its subsidiaries or affiliates.

6. Disability

6.1 Definition of "Total Disability"

The Executive shall be deemed to have a "Total Disability" if he is unable, for a continuous period of four or more months, to perform substantially all of the material personal services to be rendered by him under this Agreement. During the continuance of any Total Disability, the Company shall continue to provide the Executive's cash compensation and other benefits under this Agreement until 14 months from the first day of the period that culminated in the Total Disability ("Disability Termination Date"). If Executive continues to have a Total Disability on the Disability Termination Date, his employment under this Agreement shall be terminated.

6.2 Offset Payments

The Company's obligation to continue the Executive's cash compensation from the date of a Total Disability to the Disability Termination Date shall be reduced by (a) all amounts paid to Executive under disability income insurance policies made available to the Executive by the Company and (b) by all amounts received by the Executive from Social Security disability benefits.

7. Executive's Option to Terminate Agreement

Not later than six months after the occurrence of any of the following events the Executive may elect to terminate his employment under this Agreement by sending notice of termination to the Company:

- (a) The Executive shall not be elected and continue as director of the Company, unless his failure to serve on the Board resulted from the application of Section 3 of this Agreement;
- (b) The Company is merged or consolidated with another corporation and the Company is not the survivor;
- (c) The Company is dissolved;
- (d) Substantially all of the assets of the Company are sold to any other person;
- (e) A public tender offer is made for the shares of the Company and the offeror acquires at least 40% of the outstanding common shares of the Company;

- (f) A proxy contest is waged and the person waging the contest acquires working control of the Company; or
- (g) The Executive does not receive a salary increase for any year, unless the failure to receive a salary increase is due to a company-wide salary freeze applicable for such year.

The Executive's employment obligations under this Agreement shall terminate on the date of termination specified in the Executive's notice to the Company, which date must be within 60 days of the date of the notice.

8. Termination by the Company

8.1 Termination For Cause

The Company may terminate the Executive's employment pursuant to this Agreement by discharging the Executive for cause. The term "*for cause*" shall be limited to the following events:

- (a) The Executive's conviction of any crime involving money or other property of the Company or any of its affiliates (including entering into any plea bargain admitting criminal guilt) or of any other crime (whether or not involving the Company or any of its affiliates) that constitutes a felony in the jurisdiction involved; or
- (b) The Executive's willful breach of the Company's Code of Business Conduct (or any successor policy) which causes material injury to the Company; or
- (c) The Executive's 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 the Executive at the expense of the Company; or
- (d) The Executive's willful violation of specific written directions of the Company's Board or the Chief Executive Officer which directions are consistent with this Agreement and the Executive's duties, and provided that such violation continues following the Executive's receipt of written notice by the Board or the Company's Chief Executive Officer specifying the specific acts or omissions alleged to constitute such violation and such violation continues after affording the Executive reasonable opportunity to remedy such failure after receipt of such notice; or
- (e) The Executive's continuing, repeated, willful failure to substantially perform his duties hereunder; provided, however, that no discharge shall be deemed for cause under this subsection (e) unless the Executive first receives written notice from the Board advising the Executive of the specific acts or omissions alleged to constitute a failure to perform his duties, and such failure continues after the Executive shall have had a reasonable opportunity to correct the acts or omissions so complained of.

8.2 Termination Without Cause

The Board, at any time and without cause, may relieve the Executive of his duties under this Agreement upon prior written notice to the Executive; provided that such action by the Board shall not relieve the Company of any of its financial obligations to the Executive as set forth in this Agreement. If the Executive is terminated without cause, he shall continue to receive the salary, bonus and other benefits provided for in this Agreement as though his employment had not been terminated. Notwithstanding the foregoing, if the Executive's employment is terminated without cause, the Company shall be relieved of any further financial obligations under this Agreement to the Executive or his estate that accrue after his death or after his Disability Termination Date (as defined in Section 6.1).

9. Confidential Information

The Executive shall not at any time (whether during the term of this Agreement or thereafter) disclose to any person any confidential information or trade secrets of the Company.

If any of the restrictions contained in this section or elsewhere in this Agreement shall be deemed unenforceable then the Executive and the Company contemplate that the appropriate court will enforce such restrictions in their reduced form.

10. Non-Compete

For two years after termination of employment with the Company (the "*Noncompete Period*"), the Employee will not (either individually or through any entity in which he may be an employee, agent, consultant, director, shareholder, partner or otherwise affiliated), in any part of the Territory (i) engage in any Competitive Activities, (ii) design, develop, manufacture, assemble, process, distribute, market or sell any Covered Products, (iii) solicit orders from or seek to do business with any customer of the Company relating to Covered Products or Competitive Activities, or (iv) influence or attempt to influence any employee, representative or advisor of the Company to terminate their employment or relationship with the Company.

"*Territory*" means all of the United States and all other parts of the world to which the Company has sold any Covered Products. "*Competitive Activities*" means any manufacture, sale, distribution, engineering, design, promotion or other activity which competes with the business of the Company as conducted prior to the date hereof. "*Covered Products*" means any product which is of the type of, or which is competitive with or a substitute for, the products manufactured, assembled, distributed, marketed, sold or under development by the Company.

Company's subsidiaries and affiliates (i) are third party beneficiaries of this Section, (ii) shall have all rights and remedies allowed in law or equity (including injunctive relief) to prevent further violations, and (iii) may also seek damages resulting from any violation. If this Section is found to be unenforceable, then the appropriate court may reform this Section so the restrictions are reasonable and enforceable.

During the Noncompete Period, the Company will provide health and medical insurance to Executive and his dependents that is at least equal to the insurance provided before termination of employment; provided, however, if Executive obtains less favorable insurance during the Noncompete Period through a subsequent employer, the Company will compensate Executive for any shortfall in coverage.

This Section 10 shall not apply if the Company terminates the Executive's employment without cause.

11. Nonassignability

This Agreement and the benefits hereunder are personal to the Company and are not assignable by it; provided, however, this Agreement and the benefits hereunder may be assigned by the Company to any person acquiring all or substantially all of the assets of the Company or to any corporation into which the Company may be merged or consolidated. In the event of an assignment of this Agreement to any person acquiring all or substantially all of the assets of the Company or to any corporation into which the Company may be merged or consolidated, the title, responsibilities and duties assigned to the Executive by such successor person or corporation shall be the title, responsibilities and duties of a senior executive officer of such successor person or corporation.

The provisions of this Agreement shall be binding on and inure to the benefit of the Executive, his assignees, executors, and administrators.

12. Miscellaneous

12.1 Waivers

No waiver by either party of any breach or nonperformance of any provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach or nonperformance of the same or any other provision hereof.

12.2 Notices

All notices, waivers, designations or other communications (collectively "notices") that either party is required or permitted to give hereunder shall be in writing and delivered as follows:

If to the Executive:

Karl G. Glassman
9732 Early Lane
Carthage, Missouri 64836

If to the Company:

Leggett & Platt, Incorporated
No. 1 Leggett Road
Carthage, Missouri 64836
Attention: Secretary

subject to the right of either party at any time to designate a different location for the delivery of notices.

12.3 Survival of Provisions

Section 9 shall survive the expiration or termination of this Agreement, as shall all other provisions hereof which provide for or contemplate performance by either the Executive or the Company following the termination hereof.

IN WITNESS WHEREOF, the Company and the Executive have signed this Agreement as of the day and year first above written.

“EXECUTIVE”

“COMPANY”

LEGGETT & PLATT, INCORPORATED

/s/ Karl G. Glassman

Karl G. Glassman

By /s/ David S. Haffner

David S. Haffner

Chief Executive Officer and President

SEVERANCE BENEFIT AGREEMENT

This Severance Benefit Agreement (the “*Agreement*”) is made as of May 10, 2006 between Leggett & Platt, Incorporated, No. 1 Leggett Road, Carthage, Missouri 64836 (the “*Company*”) and Karl G. Glassman (the “*Executive*”), residing at 9732 Early Lane, Carthage, Missouri 64836.

RECITALS

The Executive functions as the Chief Operating Officer and Executive Vice President of the Company on the date hereof and is one of the key employees of the Company.

The Company considers the maintenance of sound and vital management essential to protecting and enhancing the best interests of the Company and its shareholders. In this connection, the Company recognizes that in today’s business environment the possibility of a change in control of the Company may exist in the future. The Company further recognizes that such possibility, and the uncertainty which it may raise among key executives, could result in the departure or distraction of key executives to the detriment of the Company and its shareholders. Accordingly, the Board of Directors of the Company (the “*Board*”) has determined that appropriate steps should be taken (i) to further induce the Executive to remain with the Company and (ii) to reinforce and encourage the continued attention and dedication of the Executive to his assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company. This Agreement supersedes the Severance Benefit Agreement between the Company and the Executive dated November 1, 2005.

NOW, THEREFORE, in consideration of the premises and for other good and valuable considerations, the receipt of which are hereby acknowledged, the Company and the Executive agree as follows:

1. Change in Control; Employment Agreement

1.1 Change in Control. The Company may be required to provide certain benefits to the Executive under this Agreement following each and every “*Change in Control*” of the Company.

A “*Change in Control*” of the Company shall be deemed to have occurred if:

- (a) There is any change in control as contemplated by (i) Item 6(e) of Schedule 14A, Regulation 14A, promulgated under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) or (ii) Item 5.01 of Form 8-K promulgated by the Securities and Exchange Commission under the Exchange Act; or
- (b) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 25% or more of the combined voting power of the Company’s then outstanding voting securities;
or

- (c) Those persons serving as directors of the Company on the date of this Agreement (the “*Original Directors*”) and/or their Successors do not constitute a majority of the whole Board of Directors of the Company (the term “*Successors*” shall mean those directors whose election or nomination for election by the Company’s shareholders has been approved by the vote of at least two-thirds of the Original Directors and previously qualified Successors serving as directors of the Company at the time of such election or nomination for election); or
- (d) The Company shall be a party to a merger or consolidation with another corporation and as a result of such merger or consolidation, less than 75% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation; or
- (e) The Company liquidates, sells, or otherwise transfers all or substantially all of its assets to a person not controlled by the Company both immediately prior to and immediately after such sale.

1.2 *Employment Agreement*. Any benefits provided to the Executive under this Agreement will, unless specifically stated otherwise in this Agreement, be in addition to and not in lieu of any benefits that may be provided the Executive under his Employment Agreement with the Company dated May 10, 2006 (this agreement, as amended, restated or superseded, is called the “*Employment Agreement*”).

This Agreement shall continue for the term provided in Section 8.6 and shall not be affected by any termination of the Employment Agreement.

2. Termination of Employment Following a Change in Control

2.1 *General*. During the 30 month period immediately following each and every Change in Control (the “*Protected Period*”), the Executive and the Company shall comply with all provisions of this Section 2 regarding termination of the Executive’s employment.

2.2 *Termination for Disability*. If the Employment Agreement is not in force, the Company may terminate the Executive’s employment for Disability. If the Employment Agreement is in force, the Company may terminate the Executive’s employment for disability only in accordance with the terms of the Employment Agreement. “*Disability*” as used in this Agreement, as distinguished from the Employment Agreement, shall mean the Executive’s absence from, and his inability to substantially perform, his duties with the Company for a continuous period of six or more months as a result of physical causes or mental illness. During any period prior to the termination of his employment that the Executive is absent from, and is unable to substantially perform, his duties with the Company as a result of physical causes or mental illness, the Company shall continue to pay the Executive his full base salary at the rate then in effect and any bonuses earned by the Executive under Company bonus plans until such

time as the Executive's employment is terminated by the Company for Disability. Following termination of employment under this Section 2.2, the Executive's benefits shall be determined in accordance with the Company's long term disability program as in effect on the date hereof, or any successor program then in effect.

2.3 Termination by Company for "Cause". If the Employment Agreement is not in force, the Company may terminate the Executive for Cause as defined in this Agreement. If the Employment Agreement is in force, the Company may terminate the Executive for cause only in accordance with the terms of the Employment Agreement.

Termination for "Cause" under this Agreement, as distinguished from the Employment Agreement, shall be limited to the following:

- (a) The Executive's 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
- (b) The Executive's willful breach of the Company's Code of Business Conduct (or any successor policy) which causes material injury to the Company; or
- (c) The Executive's 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 the Executive at the expense of the Company; or
- (d) The Executive's willful violation of specific written directions of the Board or the Company's Chief Executive Officer provided that such directions are consistent with this Agreement and the Executive's duties and do not constitute Company Action as defined in Section 2.4, and provided that such violation continues following the Executive's receipt of written notice by the Board or the Company's Chief Executive Officer specifying the specific acts or omissions alleged to constitute such violation and such violation continues after affording the Executive reasonable opportunity to remedy such failure after receipt of such notice; or
- (e) The Executive's continued, repeated, willful failure to substantially perform his duties; provided, however, that no discharge shall be deemed for Cause under this subsection (e) unless the Executive first receives written notice from the Board or the Company's Chief Executive Officer advising the Executive of specific acts or omissions alleged to constitute a failure to perform his duties, and such failure continues after the Executive has had a reasonable opportunity to correct the acts or omissions so complained of.

No act or failure to act on the Executive's part shall be considered "willful" unless done, or omitted to be done, by the Executive in bad faith and without reasonable belief that his action or omission was in the best interest of the Company. Moreover, the Executive shall not be terminated for Cause unless and until there shall have been delivered to the Executive a notice of termination duly adopted by the affirmative vote of at least a majority of the directors of the Board at a meeting of the Board (after reasonable notice to the Executive and an opportunity for the Executive, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of the conduct set forth in Section 2.3(a), (b), (c), (d) or (e) and specifying the particulars thereof in detail.

A termination shall not be deemed for Cause if, for example, the termination results from the Company's determination that the Executive's position is redundant or unnecessary or that the Executive's performance is unsatisfactory or if the termination stems from the Executive's refusal to agree to or accept any Company Action described in Section 2.4.

2.4 Termination by Executive for Good Reason. The Executive may, whether or not his Employment Agreement remains in force, terminate his employment for "Good Reason" by giving notice of termination to the Company following (i) any action or omission by the Company described in this Section 2.4 or (ii) receipt of notice from the Company of the Company's intention to take any such action or engage in any such omission. A termination of employment under this Section 2.4 shall be deemed a valid and proper termination of the Employment Agreement if then in force and, to this extent, the parties agree that the Employment Agreement is hereby amended.

The actions or omissions which may lead to a termination of employment for Good Reason (herein collectively and severally "Company Actions") are as follows:

- (a) A reduction by the Company in the Executive's base salary as in effect immediately prior to the Change in Control or a failure by the Company to increase the Executive's base salary each year during the Protected Period by an amount which at least equals, on a percentage basis, the annual increase in the Consumer Price Index for Urban Workers (CPI-U) for the applicable year; or
- (b) A change in the Executive's 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
- (c) The assignment to the Executive of any positions, duties or responsibilities inconsistent with the Executive's positions, duties and responsibilities with the Company immediately prior to the Change in Control or an expansion of such duties and responsibilities without the Executive's written consent; or
- (d) 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 the Executive as a participant in such plans on at least the same basis as the Executive participated in accordance with the plans immediately prior to the Change in Control; or

- (e) A requirement by the Company that the Executive be based or perform his duties anywhere other than at the Company's Corporate Office location immediately prior to the Change in Control, except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control or, if the Executive consents in writing to any relocation, the failure by the Company to pay (or reimburse the Executive for) all reasonable expenses incurred by him relating to a change of his principal residence in connection with such relocation and to indemnify the Executive against any loss realized on the sale of his principal residence in connection with any such change of residence (loss is defined as the difference between the actual sale price of such residence and the higher of (i) the aggregate investment in such residence (including improvements thereto) or (ii) the fair market value of such as determined by a real estate appraiser designated by the Executive and reasonably satisfactory to the Company); or
- (f) 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 the Executive is participating at the time of a Change in Control (or plans providing the Executive with substantially similar economic benefits), or the taking of any action which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any of such plans; or
- (g) The Company's failure to provide the Executive with the number of paid vacation days to which he is entitled in accordance with the Company's normal vacation practices with respect to the Executive at the time of the Change in Control; or
- (h) A failure by the Company to obtain the assumption agreement to perform this Agreement by any successor as contemplated by Section 7 of this Agreement; or
- (i) Any purported termination of the Executive's employment for Disability or for Cause that is not carried out (i) pursuant to a notice of termination which satisfies the requirements of Section 2.5 or (ii) in accordance with Section 2.3, if applicable; and for purposes of this Agreement, no such purported termination shall be effective.

2.5 Notice of Termination. Any purported termination by the Company of the Executive's employment under Section 2.2 (Disability) or 2.3 (for Cause) or by the Executive under Section 2.4 (for Good Reason) shall be communicated by notice of termination to the other party. A notice of termination shall mean a notice which includes the specific termination Section in this Agreement relied upon and shall set forth, in reasonable detail, the facts and circumstances claimed to provide a basis for termination of employment under the Section so indicated.

2.6 *Date of Termination*. The date the Executive's employment is terminated under Section 2 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 the Executive shall not have returned to the performance of his duties on a full-time basis during such 30 day period). If the Executive's employment is terminated for Cause, the Date of Termination shall be the date specified in the notice of termination. If the Executive's 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.

2.7 *Prior Notice Required of Company Actions*. During the Protected Period, the Company shall not terminate the Executive's employment (except for Disability or for Cause or pursuant to the Employment Agreement) or take any Company Action as defined in Section 2.4 without first giving the Executive at least three months' prior notice of termination or the planned Company Action, as the case may be.

3. Benefits upon Termination of Employment

3.1 *General*. If, during the Protected Period following each Change in Control, the Executive's employment is terminated either (i) by the Company (other than for Disability or Cause under this Agreement and other than for disability or cause under the Employment Agreement) or (ii) by the Executive for Good Reason, then the Executive, at his election, shall be entitled to the benefits provided in this Section 3 (collectively and severally "*Termination Benefits*"). If the Executive elects to receive Termination Benefits under this Agreement then he shall automatically forfeit his right, if any, under the Employment Agreement to render consulting services to the Company on the terms and conditions set out in the Employment Agreement and shall also automatically forfeit his right to receive the compensation and benefits provided for in Section 8 of the Employment Agreement.

3.2 *Base Salary Through Date of Termination*. The Company shall pay the Executive his full base salary through the Date of Termination under the Company's regular payroll procedures and at the rate in effect at the time notice of termination is given. The Company shall give the Executive credit for any vacation earned but not taken and pay such amount at the time that any earned but not yet paid bonus is paid under Section 3.3.

3.3 *Pro-Rata Bonus for Year of Termination*. The Company shall pay the Executive a pro-rata bonus for the year in which his employment terminates. The pro-rata bonus shall be equal to "*A*" divided by "*B*" with the quotient multiplied by "*C*" where:

- (a) "*A*" equals the number of days the Executive is employed by the Company in the year in which the termination of employment occurs (the "*Termination Year*");

- (b) "B" equals 365; and
- (c) "C" equals the maximum bonus the Executive would have been eligible for in the Termination Year under Section 4.2 of his Employment Agreement or under the Company's Key Officers Incentive Compensation Plan (or successor plans), whichever may be applicable.

The pro-rata bonus shall be paid by the Company in a lump sum, within 30 days after the bonus amount is determinable, except that if such payment is required to be delayed six months to conform to the requirements of Section 409A(a)(2)(B) of the Internal Revenue Code of 1986 (as amended) ("the Code"), such pro-rata bonus shall be paid at such later time.

3.4 Monthly Severance Payments. The Company shall pay the Executive the aggregate severance payments equal to (i) 160% of the Executive's annual base salary (notwithstanding any deferral of compensation) as of the date of the Change in Control or as of the Date of Termination, whichever is greater, multiplied by (ii) 2.5. The 160% figure in this Section shall be appropriately increased or decreased as the Executive's target bonus amount (which is expressed as a percentage of his annual base salary and is currently 60%) is increased or decreased. Thus, for example, if Executive's target bonus is later increased to 70%, the 160% figure would be increased to 170%.

The severance payments in this Section 3.4 shall be made in 30 equal, consecutive monthly installments, with the first installment to be on the first day of the first month immediately following the Date of Termination, except that if such payment is required to be delayed six months to conform to the requirements of Section 409A(a)(2)(B) of the Code, such installments shall be delayed consistent with those requirements, at which time a single sum shall be paid equal to any installments that have not been paid and the remainder of the installment payments shall commence on a monthly basis thereafter.

3.5 Welfare Plans and Fringe Benefits.

(a) For purposes of this Section 3.5, welfare plans and fringe benefit programs include health, disability, life, salary continuance prior to disability, automobile usage, and any other fringe benefit or welfare plan arrangement in which the Executive was entitled to participate immediately prior to the Date of Termination.

(b) The Company shall maintain in full force, for the continued benefit of the Executive for 30 months after the Date of Termination, all welfare plans and fringe benefit programs (including health insurance, disability insurance, and life insurance) that may be provided to the Executive as a former employee on a tax-free basis under the Code.

(c) To the extent that any other welfare plan or fringe benefit program cannot be maintained under Section 3.5(b) above on a tax-free basis to the Executive under the applicable provisions of the Code, such benefits shall be continued for the period, if any, that is recognized under Code section 409A (including guidance issued thereunder) as not resulting in a deferral of compensation, but in no event beyond 30 months.

(d) To the extent any welfare plan or fringe benefits cannot be provided for 30 months from the Date of Termination under Sections 3.5(b) and (c) above, Executive shall be entitled to a lump sum payment that is reasonably determined to equal the cost of coverage or the value of benefits, as applicable, that would have been provided during such 30 month period. Such lump sum payment shall be delayed for six months to the extent required to conform to the requirements of Internal Revenue Code Section 409A(a)(2)(B). At the close of the 30 months period, any assignable insurance policy owned by the Company and relating specifically to the Executive shall be assigned to the Executive.

3.6 Retirement Plans.

(a) The Company shall pay the Executive an additional retirement benefit as specified in this Section 3.6. Such benefit shall be the actuarial equivalent of the additional benefit to which the Executive would have been entitled under the Company's Retirement Plans in effect immediately prior to a Change in Control had the Executive accumulated 30 additional months of continuous service (following the Date of Termination) under such Retirement Plans both for purposes of determining eligibility for benefits and for purposes of calculating the amount of such benefits. If any Retirement Plan requires contributions by participants, the amount of additional retirement benefit payable under this Section 3.6 shall be equitably adjusted to reflect the absence of contributions by the Executive and any matching contribution that would be contingent upon the Executive's contributions shall be calculated as if the Executive made the maximum contribution allowable under the terms of such Retirement Plan.

(b) For purposes of this Section 3.6, "Retirement Plans" are (i) any savings or retirement plan sponsored by the Company that is intended to be tax-qualified under Internal Revenue Code section 401(a), and any arrangements that make up benefits that are not provided under such tax-qualified plans because of compensation or benefit limits under the terms of such plans or the Internal Revenue Code, (ii) the Executive Stock Unit Program, and (iii) any deferred compensation program in which the Executive participates that is adopted after the effective date of this agreement that is intended to provide for retirement savings and that is designated by the Board or Compensation Committee as a Retirement Plan.

(c) The additional retirement benefit under this Section 3.6 shall be paid in a cash lump sum as of the date that the Executive receives or commences benefits under the terms of the Retirement Plan. With respect to the additional retirement benefit paid with respect to a tax-qualified plan, however, payment shall be made as of the later of 30 days following the Date of Termination or the date that the Executive attains normal retirement age under such plan. In all events, payments shall be delayed for six months to the extent required to conform to the requirements of Internal Revenue Code Section 409A(a)(2)(B).

3.7 Stock Options. Except for stock options not yet vested under the Company's Deferred Compensation Program, the Company shall accelerate and make immediately exercisable in full any unexercised stock options that are not fully exercisable and that the Executive then holds to acquire securities from the Company. The Executive may elect to surrender to the Company his rights in outstanding stock options during the period beginning

with the notice of termination and ending three months after the Date of Termination (the “*Option Election Period*”). Upon such surrender, the Company shall pay to the Executive an amount in cash per optioned share equal to the difference between (i) the option price of such share and (ii) the closing price of the Company’s shares on the date the options (or in the case of Section 3.10, the shares) are surrendered to the Company. If, as of such surrender date the option price of such share exceeds the closing price, the Company shall pay to the Executive an amount in cash per optioned share equal to the value of the option that is determined under the methodology for valuing stock options adopted pursuant to Section 3.11.

If, within six months of the taking of any Company Action under Section 2.4, the Executive dies while still employed by the Company, the Executive’s estate shall be entitled, upon notice to the Company within 90 days of the Executive’s death, to be paid an amount equal to the amount the Executive would have received had he surrendered all of his stock options under this Section as of the date preceding his death. Such amount shall be paid in cash by the Company within 45 days after receipt of the notice and the delivery of an instrument surrendering all rights the Executive’s estate may have held to the stock options.

3.8 Purchase of Company Car. The Company shall permit the Executive within 60 days from the Date of Termination, to purchase any Company automobile the Company was providing for the Executive’s use at the time notice of termination was given. The purchase price shall be the book or wholesale value at such time, whichever is lower.

3.9 Repurchase of Company Shares Owned by Executive. Any unvested securities of the Company that the Executive holds shall become fully vested (with the exception of stock units not yet vested under the Company’s Deferred Compensation Program). Upon Executive’s request during the Option Election Period, the Company shall purchase all Company shares owned by the Executive immediately prior to the Date of Termination. Within 45 days after the request is made, the Executive’s shares, properly endorsed and free of all claims, shall be delivered to the Company. Thereupon, the Company shall pay the purchase price in cash, determined under the method set forth in Section 3.7.

3.10 Termination Which Does Not Require Payment of Termination Benefits. No Termination Benefits shall be provided by the Company to the Executive under this Section 3 if the Executive’s employment is terminated:

- (a) By his death; or
- (b) By the Executive other than for Good Reason (e.g., by retirement); or
- (c) By the Company for Disability or for Cause under this Agreement or for disability or cause under the Employment Agreement.

As used herein, retirement by the Executive means termination of employment in accordance with the Company’s normal retirement policy, including early retirement, generally applicable to the Company’s salaried employees or in accordance with any special retirement arrangement jointly established by the Company and the Executive and mutually agreeable to both.

3.11 *Gross Up Payment*. If any payment or benefit received by the Executive under this Agreement or any other plan or agreement with the Company (a "Benefit") is subject to tax under Section 4999 of the Internal Revenue Code of 1986, as amended, or any interest or penalties are incurred by the Executive with respect to such tax (collectively, "Excise Tax"), the Company will pay the Executive an amount ("Gross Up Payment") that covers: all Excise Taxes payable by Executive because of any such Benefit and all income and employment taxes and Excise Taxes on the Gross Up Payment. It is the Company's intent that any payment under this Section 3.11 shall place the Executive in the same position that he would have been in had the Benefit not been subject to the Excise Tax. Any Gross Up Payment shall be made no later than the date the Excise Tax is payable by the Executive or the date it is withheld as provided below.

The Company shall determine whether or not any Benefit is subject to the Excise Tax and withhold the amount of the Excise Tax from any Benefit or other remuneration payable to the Executive. Any such determination shall be made in good faith and after consultation with the Company's independent certified public accountants or outside tax counsel. The Company shall also have the right, on behalf of the Executive, at its sole cost and expense, to contest any claim by the Internal Revenue Service ("Service") that any Benefit is subject to the Excise Tax or file and pursue a claim for refund of any Excise Tax previously paid. The Executive shall cooperate with the Company in any such proceeding and provide the Company with any notifications received by the Executive from the Service. If the Executive receives any refund of Excise Tax for which a Gross Up Payment has been made, the Executive shall pay such refund to the Company. Provided, however, that the Gross-Up Payment shall be made only to the extent that the total value of Benefits exceeds by 10 percent or more the dollar amount that is 3 times the Executive's "base amount" (as defined in Section 280G of the Code). If the total value of Benefits exceeds by less than 10 percent the dollar amount that is 3 times the Executive's "base amount," then no Gross-Up Payment shall be made and Benefits shall be capped at the amount that is \$1 less than 3 times the Executive's "base amount."

4. No Obligation to Mitigate

The Termination Benefits provided under Section 3 shall not be treated as damages, but rather shall be treated as severance compensation to which the Executive is entitled. The Executive shall not be required to mitigate the amount of any Termination Benefit provided under Section 3 by seeking other employment or otherwise; provided, however, any health welfare and fringe benefits that the Executive may receive from full time employment by a third person shall be applied against and reduce any such benefits thereafter to be made available to the Executive under Section 3.5.

5. Voluntary Termination of Employment by Executive After Certain Change in Control

The Executive may voluntarily terminate his employment with the Company for any reason (including retirement) within one year of any Change in Control. A termination of employment under this Section 5 shall be deemed a valid and proper termination of the Employment Agreement if then in force and to this extent the parties agree that the Employment Agreement is hereby amended. Upon any such termination of employment the Executive may in his sole discretion elect to receive, and the Company shall provide, the following benefits and no others under this Agreement:

- (a) The Company shall promptly pay the Executive those salary, bonus and vacation payments provided for in Section 3.2.
- (b) The Company shall promptly pay the Executive the pro-rata bonus provided for in Section 3.3.
- (c) The Company shall promptly pay the Executive a non-forfeitable lump sum cash termination payment equal to 75% of the Executive's total cash compensation for the calendar year immediately preceding the Date of Termination of his employment.
- (d) The Company shall provide the Executive for one year with those benefits described in Section 3.5. The benefits provided under this subsection (d) shall be reduced by any such benefits the Executive thereafter receives from full time employment by a third person.

If the Executive does not elect to receive benefits under this Section 5, then he shall remain eligible to receive Termination Benefits in accordance with the provisions of Section 3. The benefits payable to the Executive under this Section 5 are in addition to all benefits provided to him under the Employment Agreement. However, if the Executive elects to receive benefits under this Section 5 then he shall automatically forfeit his option, if any, under the Employment Agreement to render consulting services to the Company on the terms and conditions set out in the Employment Agreement and shall also automatically forfeit his right to receive the compensations and benefits provided for in Section 8 of the Employment Agreement.

The only Change in Control that will permit an Executive to make an election under this Section 5 is a Change in Control that is opposed by a majority vote of the Board and in connection with such Change in Control or as a result thereof:

- (a) A majority of the whole Board becomes comprised of persons other than Original Directors or their Successors (as those terms are defined in Section 1.1(c)); or
- (b) Any person (as defined in Section 1.1(b)) becomes the beneficial owner, directly or indirectly, of 50% or more of the combined voting power of the Company's then outstanding voting securities.

6. Termination of Employment Prior to Change in Control

Prior to a Change in Control and if there is no Employment Agreement in force, the Executive shall not voluntarily terminate his employment with the Company except upon at least three months' prior notice. Similarly, the Company shall not terminate the Executive's employment other than for Cause except upon at least three months' prior notice. If the Employment Agreement is in force, termination of employment by the Executive or the Company shall be governed by the terms thereof.

7. Successor; Binding Agreement

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 (the assumption shall be by agreement in form and substance satisfactory to the Executive). Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive, at his election, to Termination Benefits from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if he terminated his employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such election becomes effective shall be deemed the Date of Termination. As used in the Agreement "*Company*" means the Company as previously defined and any successor to its business and/or assets which executes and delivers the agreement provided for in this Section 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or, if there be no such designee, to his estate.

8. Miscellaneous

8.1 *Notice*. All notices, elections, waivers and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

8.2 *No Waiver*. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by the Executive and an officer of the Company. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be

performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

8.3 *Enforceability*. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

8.4 *Disputes*. Any dispute or controversy arising under or in connection with this Agreement shall be settled by arbitration in accordance with the Commercial Arbitration Rules procedures of the American Arbitration Association. If, at any time after 90 days from the date of the Executive's Termination of Employment, the Executive and the Company have not resolved any dispute or controversy arising under or in connection with this Agreement, either the Executive or the Company may notify the other of an intent to seek arbitration. Arbitration shall occur before a single arbitrator in the State of Missouri; provided, however, that if the parties cannot agree on the selection of such arbitrator within 30 days after the matter is referred to arbitration, each party shall select one arbitrator and those arbitrators shall jointly designate a third arbitrator to comprise a panel of three arbitrators. The decision of the arbitrator shall be rendered in writing, shall be final, and may be entered as a judgment in any court in the State of Missouri. Company and the Executive each irrevocably consent to the jurisdiction of the federal and state courts located in the State of Missouri for this purpose. The Company shall pay all costs and expenses in connection with any arbitration under this Section 8.4, including without limitation all reasonable legal fees incurred by Executive in connection with such arbitration; provided, however, the Company shall not be obligated to pay unless the Executive prevails on the majority of the dollar amount at issue in the dispute.

8.5 *Sections; Captions*. All references in this Agreement to Sections refer to the applicable Sections of this Agreement. References in this Agreement to a given Section (e.g., Section 3) shall, unless the context requires otherwise, refer to all parts of such Section (e.g., 3.1 through 3.12).

The captions have been placed in this Agreement for ease of reference only. They shall not be used in the interpretation of this Agreement.

8.6 *Term of Agreement*. This Agreement shall continue in force so long as the Executive remains employed by the Company or any successor and shall apply to any Change in Control that occurs while the Executive remains so employed, except as so modified by the parties from time to time, including modifications to take into account changes in law¹.

8.7 *Limited Right of Offset*. Effective upon a Change in Control, the Company waives, and will not assert, any right to set off the amount of any claims, liabilities, damages or losses the Company may have against the Executive under this Agreement or otherwise if (i) the Executive's employment is terminated by the Company without cause, or (ii) the Executive terminates his employment for "Good Reason" under Section 2.4.

8.8. Release. The payment of benefits under this Agreement are contingent upon the Executive's execution of a release, in a form reasonably acceptable to Executive's legal counsel, waiving all claims against the Company arising in connection with the Executive's employment and termination of employment with the Company.

8.9 Successive Changes in Control. A separate Change in Control shall be deemed to have occurred with each occurrence of any event described at subsections (a) through (e) of Section 1.1. This Agreement pertains to each and every Change in Control, including successive Changes in Control involving the same controlling person(s).

8.10 Interpretation of Agreement and Application of Code Section 409A. In the event of any ambiguity, vagueness or other matter involving the interpretation or meaning of this Agreement, this Agreement shall be liberally construed so as to provide to the Executive the full benefits set out herein. Nothing in this Agreement is intended, however, to pay a benefit in a form or manner that would result in taxation to the Executive under Code section 409A and this Agreement shall be interpreted accordingly.

8.11 Withholding. The Company may withhold all federal, state, and local income and employment taxes as required under applicable laws and regulations.

IN WITNESS WHEREOF, this Agreement has been signed as of the day and year first above written.

EXECUTIVE:

LEGETT & PLATT, INCORPORATED

/s/ Karl G. Glassman

By: /s/ David S. Haffner

Karl G. Glassman

David S. Haffner

Chief Executive Officer and President

SUMMARY SHEET FOR EXECUTIVE CASH COMPENSATION

The following table sets forth the current base salaries provided to the Company's CEO and four most highly compensated executive officers.

<u>Executive Officer</u>	<u>Current Salary</u>
David S. Haffner	775,000
Felix E. Wright	700,000
Karl G. Glassman	620,000
Jack D. Crusa	275,000
Joseph D. Downes, Jr.	250,000

Executive officers are also eligible to receive a bonus each year under the Company's 2004 Key Officers Incentive Plan (filed as Exhibit 10.13 to the Company's Form 10-K for the year ended December 31, 2005). Bonuses are calculated pursuant to the Award Formula filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2006. The target percentages under this plan for the Company's CEO and four most highly compensated executive officers are as shown in the following table.

<u>Executive Officer</u>	<u>Target Percentage</u>
David S. Haffner	70%
Felix E. Wright	60%
Karl G. Glassman	60%
Jack D. Crusa	44%
Joseph D. Downes, Jr.	44%



FOR IMMEDIATE RELEASE: MAY 10, 2006

**LEGGETT ANNOUNCES MANAGEMENT PROMOTIONS, DIVIDEND INCREASE,
AND RESULTS OF ANNUAL MEETING**

Carthage, MO, May 10, 2006 —

- David S. Haffner becomes CEO; Karl G. Glassman becomes COO.
- 2Q dividend is \$.17 per share, a 6.3% increase over \$.16 dividend in 1Q 2006.
- 35 consecutive annual dividend increases, averaging 14% annual growth.

Management Promotions

Diversified manufacturer Leggett & Platt's Board of Directors announced the promotion of two executives. For only the fourth time in the last 70 years, Leggett named a new Chief Executive Officer, promoting David S. Haffner, President, to the position. Mr. Haffner succeeds Felix E. Wright, who will continue to serve as an active employee Chairman of the Board. Karl G. Glassman, Executive Vice President, succeeds Mr. Haffner as Chief Operating Officer.

35th Annual Dividend Increase

The Board of Directors declared a second quarter dividend of \$.17 per share today. This is a 6.3% increase over this year's first quarter dividend of \$.16 per share. The dividend will be paid on July 14, 2006 to shareholders of record on June 15, 2006.

Leggett's dividends have increased annually for 35 consecutive years, at an average compound growth rate of better than 14%. The company knows of only one other Fortune 500 company that has achieved as long a string of consecutive annual increases at the growth rate Leggett has sustained.

Annual Meeting Results

The annual meeting of Leggett & Platt shareholders was held in Carthage this morning. Shareholders elected as directors the 12 nominees proposed by the Board; ratified the selection of PricewaterhouseCoopers as the company's independent accountants; and rejected a shareholder proposal regarding the company's non-discrimination policy. No other proposals were presented at the meeting.

FOR MORE INFORMATION: Visit Leggett's website at www.leggett.com.

COMPANY DESCRIPTION: Leggett & Platt (NYSE: LEG) is a FORTUNE 500 diversified manufacturer that conceives, designs and produces a broad variety of engineered components and products that can be found in virtually every home, office, retail store, and automobile. The company serves a broad suite of customers that comprise a "Who's Who" of U.S. manufacturers and retailers. The 123-year-old firm is composed of 29 business units, 34,000 employee-partners, and more than 300 facilities located in over 20 countries.

Leggett & Platt is North America's leading independent manufacturer of: a) components for residential furniture and bedding; b) retail store fixtures and point of purchase displays; c) components for office furniture; d) non-automotive aluminum die castings; e) drawn steel wire; f) automotive seat support and lumbar systems; g) carpet underlay; h) adjustable beds; and i) bedding industry machinery for wire forming, sewing and quilting. Primary raw materials include steel and aluminum. Main operations include metal stamping, forming, casting, machining, coating, welding, wire drawing, and assembly.

CONTACT: Investor Relations, (417) 358-8131 or invest@leggett.com
Susan R. McCoy, Director

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