

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from \_\_\_\_\_ to \_\_\_\_\_ .

Commission File Number 1-7845

LEGGETT & PLATT, INCORPORATED  
(Exact name of Registrant as specified in its charter)

Missouri 44-0324630  
(State or other jurisdiction of  
incorporation or organization) (I.R.S. employer  
identification no.)

No. 1 Leggett Road  
Carthage, Missouri 64836  
(Address of principal executive offices) (Zip code)

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

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

The aggregate market value of the voting stock held by nonaffiliates of the Registrant was approximately \$4,563,830,202 on March 5, 2002.

There were 196,308,943 shares of the Registrant's common stock outstanding as of March 5, 2002.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders to be held May 8, 2002, are incorporated by reference into Part III of this report.

PART I

Item 1. Business.

The Company is a diversified manufacturer of a wide range of engineered products. It was incorporated in 1901 as the successor to a partnership formed in 1883 at Carthage, Missouri. That partnership was a pioneer in the development of steel coil bedsprings. The Company today serves markets for:

- . Residential Furnishings--components for bedding, furniture and other furnishings, as well as related consumer products.
- . Commercial Furnishings--retail store fixtures, displays, storage and material handling systems, components for office and institutional furnishings and plastic components.
- . Aluminum Products--die castings, custom tooling and dies, machining, coating and other value added processes and smelting of aluminum ingot.
- . Industrial Materials--drawn steel wire, specialty wire products and welded steel tubing.
- . Specialized Products--automotive seating suspensions, control cable systems, and lumbar supports for automotive, office and residential applications, and specialized machinery and manufacturing equipment.

The term "Company," unless the context requires otherwise, refers to Leggett & Platt, Incorporated and its majority owned subsidiaries.

General Development of Business. The Company acquired 10 businesses during the year ended December 31, 2001 representing annualized sales of approximately \$160 million. These acquired businesses had annualized sales within the Company's business segments as follows: Residential Furnishings--approximately \$30 million, Commercial Furnishings--approximately \$80 million, Industrial Materials--approximately \$50 million and Specialized Products--approximately \$1 million.

Reference is also made to Note B of the Notes to Consolidated Financial Statements for further information about the Company's acquisitions.

Residential Furnishings. The Company's residential furnishings products include a broad line of components used by manufacturers to make finished bedding and residential furniture products. Examples of residential furnishings components manufactured by the Company include (i) innerspring units for mattresses, and wood frames, coils and modules for boxsprings; (ii) foam, textile and fiber cushioning materials, woven and non-woven construction fabrics for bedding, home furnishings and industrial applications; (iii) springs and seating suspensions for chairs, sofas and other residential furniture; (iv) steel mechanisms and hardware for reclining chairs, sleeper sofas and other types of motion furniture; and (v) other furniture supplies and cut-to-size dimension lumber.

The Company also manufactures or distributes finished residential furnishings. These finished products include bed frames, daybeds, headboards, adjustable electric beds, fashion beds, carpet underlay and non-slip coated fabrics.

Most of the Company's customers for residential furnishings manufacture finished bedding (mattresses and boxsprings) or upholstered and non-upholstered furniture for residential use. Finished residential furnishings are sold to bedding and furniture manufacturers for resale, or directly to retailers and distributors.

The Company's diverse range of components gives its residential furnishings manufacturer-customers access to a single source for most of their component needs. For example, a manufacturer of bedding can come to the Company for almost every component part of a mattress and boxspring, except the outer upholstery fabric.

This same principle holds true for manufacturers of other residential furnishings such as upholstered recliner chairs, sofas and loveseats. Because the Company has the advantage of long production runs and numerous production and assembly locations, it can generally produce component products more efficiently than its customers. Therefore, components customers can focus on the design, style and marketing of their various residential furnishings products, rather than the production of components.

**Commercial Furnishings.** The Company manufactures a variety of commercial furnishings products, including both finished products and components.

Finished commercial furnishings include point-of-purchase displays, store fixtures and shelving, racking, counters and carts used to store and handle materials and utility vehicle rack systems. Point-of-purchase displays and store fixtures, made of wood, metal, wire and plastics, are used by a wide range of customers, including manufacturers, distributors and retailers of branded consumer products. The Company has the ability to provide custom designed full store fixture packages as well as standardized shelving used by large retailers, grocery stores, discount chains and the like. Commercial storage products provide for the efficient storage, organization and handling of materials used in food service, health care and other applications. Customers for these storage products include retailers, restaurants, light industrial, and many other diverse businesses.

Commercial furnishings components include chair controls (devices which allow office chairs to be adjusted to height, tilt and swivel), chair bases, columns, backrests, casters and other components used by customers that manufacture office, institutional and other commercial furnishings. The Company also produces plastic components for commercial furnishings customers as well as customers that make lawn care products, power tools, and other consumer or commercial products.

**Aluminum Products.** The Company die casts aluminum components for use in a number of different industries primarily for non-automotive applications. Some zinc and magnesium die castings are also produced.

The Company's die casting products are sold to a diverse group of customers that manufacture industrial and consumer products. The Company's customers use these components in their production of gas barbecue grills, outdoor lighting fixtures, cable line amplifiers, wireless communications systems and other cable and telecommunication products, computer and electronics products, electric motors, consumer appliances, power tools, small to mid-size gasoline engines, mid-to-large size diesel engines, motorcycles, snowmobiles, ATVs, trucks and automobiles.

The Company also manufactures and refurbishes dies (also known as molds or tools) for all types and sizes of die casting machines. These complementary products are sold to customers that buy the Company's die castings and to others. The Company also provides extensive secondary machining, coating, sub-assembly and other value-added services.

In addition, the Company operates an aluminum smelting plant where aluminum ingot is produced from aluminum scrap. Some of this aluminum is used by the Company's die casting operations and the balance is sold to unaffiliated customers.

**Industrial Materials.** The Company produces drawn steel wire and welded steel tubing as well as specialty wire products. Drawn wire and welded steel tubing are important raw materials used widely in manufacturing the Company's products. For example, wire is used to make bedding and furniture components, commercial furnishings, automotive seating components and other products. Welded steel tubing is used in many of the same types of products, including furniture actuation mechanisms, store fixtures, displays, shelving and storage products and finished residential furnishings.

In addition to supplying a portion of the Company's needs for important materials, the Company sells drawn wire and welded steel tubing to a diverse group of industrial customers such as manufacturers of lawn and garden equipment, recreational equipment, mechanical springs, automotive interiors and other products.

Specialty wire products using wire drawn by the Company include wire ties that secure cotton bales and solid waste materials. Customers for these products include cotton gins, textile companies, recyclers and solid waste removal businesses. The Company also manufactures and sells tying heads of various types which customers use to tie wire.

Specialized Products. Two smaller business units are engaged in manufacturing specialized products. One concentrates on manufacturing components primarily for automotive interior applications. The other business unit designs, builds and sells specialized machinery and equipment. In the automotive area the Company manufactures seating suspensions, lumbar support and control cable systems. Subcontractors to automobile manufacturers as well as the manufacturers themselves are the primary customers for these products. In the machinery area the Company manufactures highly automated quilting machines for fabrics used to cover mattresses and in other home furnishings applications, coilers used to fabricate springs of various types, industrial sewing machines and other equipment designed primarily for the assembly of bedding, including material handling systems and other products for factory automation. While manufacturers of bedding are the primary customers for the Company's machinery, the Company also designs and produces some of these specialized products for its own use.

The Company's products are sold and distributed primarily through its own sales personnel.

Reference is made to Note J of the Notes to Consolidated Financial Statements for further information concerning external sales to customers, external sales by product line, earnings before interest and taxes, and total assets of each of the Company's business segments.

Foreign Operations. The majority of the Company's international operations are in Canada and Mexico. The Canadian operations primarily manufacture commercial furnishings and components for the Company's residential furnishings customers and lumbar supports primarily for the automotive industry. The Mexican operations primarily manufacture aluminum die castings, bedding components, commercial furnishings and control cable systems. The Company's other international operations are primarily located in Europe and involve (i) the sale of machinery and equipment designed to manufacture innersprings and other bedding related components, and (ii) the production of bedding components, seating components, lumbar support products, and commercial furnishings. In 2001, the Company added additional facilities in the United Kingdom and Mexico, and new facilities in Greece and Italy.

Reference is made to Note J of the Notes to Consolidated Financial Statements for further information concerning the Company's long-lived assets and external sales outside of the United States.

Raw Materials. The Company uses a variety of raw materials in manufacturing its products. Some of the Company's most important raw materials include steel rod, from which steel wire is drawn, woven and nonwoven fabrics, aluminum ingot, aluminum scrap, angle iron, coil and sheet steel, dimension lumber, textile scrap, foam chemicals, foam scrap, and plastic resin. Substantially all of the Company's requirements for steel wire, an important material in many of the Company's products, are supplied by Company-owned wire drawing mills. Examples of products produced using steel wire include residential furnishings such as innersprings and box springs, commercial furnishings such as displays, shelving and racks and automotive seating systems. The Company also produces, at various locations, for its own consumption and for sale to customers not affiliated with the Company, welded steel tubing, textile fibers, dimension lumber and aluminum ingot from scrap aluminum. Numerous supply sources for the raw materials used by the Company are available. The Company did not experience any significant shortages of raw materials during the past year.

Patents and Trademarks. The Company holds numerous patents concerning its various product lines. No single patent or group of patents is material to the Company's business as a whole. Examples of the Company's more significant trademarks include SEMI-FLEX, LOK-Fast(R) and DYNA-Lock(R) (boxspring components and foundations); Mira-Coil(R) and Superlastic(R) (mattress innersprings); Nova-Bond(R) and Rollout(R) (insulators for

mattresses); ADJUSTAMAGIC(R) (adjustable electric beds); Wallhugger(R) (recliner chairs); SUPER SAGLESS(R) (motion and sofa sleeper mechanisms) and No-Sag(R) (sinuous wire), Tack & Jump(R) and Patternlink(R) (quilting machines); Hanes(R) (fiber materials); Schukra(R), Pullmaflex(R) and Flex-O-Lators(R) (automotive products); Masterack(R) and Amco(R) (fixtures and displays); and Spuhl(R) (mattress innerspring manufacturing machines).

Research and Development. The Company maintains research, engineering and testing centers at Carthage, Missouri, and also does research and development work at many of its other facilities. The Company is unable to precisely calculate the cost of research and development because the personnel involved in product and machinery development also spend portions of their time in several different areas. However, the Company believes the cost of research and development was approximately \$19 million in 2001, \$19 million in 2000 and \$17 million in 1999.

Employees. The Company has approximately 31,000 employees of whom approximately 23,600 are engaged in production. Approximately 27% of the Company's production employees are represented by labor unions. The Company did not experience any material work stoppage related to the negotiation of contracts with labor unions during 2001. Management is not aware of any circumstances which are likely to result in a material work stoppage related to the negotiations of any contracts expiring during 2002.

Competition. There are many companies offering products which compete with those manufactured and sold by the Company. The markets for the Company's products are highly competitive in all aspects. Given the diverse range of components and other products produced by the Company, the number of the companies competing with respect to any class or type of product varies over the Company's product range. There are also a number of maker-users (vertically integrated manufacturers) of many of the products the Company manufactures. The primary competitive factors in the Company's business include price, product quality and customer service.

To the best of the Company's knowledge, the Company is the largest independent manufacturer in North America of components for residential furniture and bedding, retail store fixtures and point of purchase displays, components for office furniture, non-automotive aluminum die castings, drawn steel wire, automotive seat support and lumbar systems, and bedding industry machinery for wire forming, sewing and quilting.

Seasonality. The Company's business is not significantly seasonal. For further information, see the discussion of "Seasonality" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, beginning on page 8.

Backlog. The Company's relationship with its customers and its manufacturing and inventory practices do not provide for the traditional backlog that is associated with some manufacturing entities and no backlog data is regularly prepared or used by management.

Working Capital Items. For information regarding working capital items, see the discussion of "Short-term Liquidity" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, beginning on page 8.

Government Regulation. The Company's various operations are subject to federal, state, and local laws and regulations related to the protection of the environment, worker safety, and other matters. Environmental regulations include those relating to air and water emissions, underground storage tanks, waste handling, and the like. While the Company cannot forecast policies that may be adopted by various regulatory agencies, management believes that compliance with these various laws and regulations will not have a material adverse effect on the consolidated financial condition or results of operations of the Company.

## Item 2. Properties.

The Company's most important physical properties are its manufacturing plants. Facilities manufacturing, assembling or distributing residential furnishings are located in almost thirty states as well as Asia, Australia,

Brazil, Canada, Europe and Mexico. Commercial furnishings manufacturing plants and distribution facilities are located in fifteen states, Canada, Italy, Mexico and the United Kingdom. The Aluminum Products segment has die casting facilities in nine states and Mexico, die and tooling production facilities in four states and a smelting operation in one state. Industrial materials are produced at seven wire drawing mills and three welded steel tubing plants. Along with these facilities, other industrial materials facilities are located in fourteen states, and the United Kingdom. Specialized products and machinery are produced in facilities in ten states, Canada, China, Europe and Mexico.

Most of the Company's major manufacturing plants are owned by the Company. The Company also conducts certain operations in leased premises. Terms of the leases, including purchase options, renewals and maintenance costs, vary by lease. For additional information regarding lease obligations, reference is made to Note F of the Notes to Consolidated Financial Statements.

Properties of the Company include facilities which, in the opinion of management, are suitable and adequate for the manufacture, assembly and distribution of its products. These properties are located to allow quick and efficient deliveries and necessary service to the Company's diverse customer base.

#### Item 3. Legal Proceedings.

The Company is a defendant in various workers' compensation, product liability, vehicle accident, employment, intellectual property, labor practices and other claims and legal proceedings, the resolution of which management believes will not have a material adverse effect on the consolidated financial condition or results of operations of the Company in the ordinary course of business.

The Company is party to a small number of proceedings in which a governmental authority is a party and which involve laws regulating the discharge of materials into the environment. These proceedings deal primarily with waste disposal site remediation. Management believes that potential monetary sanctions, if imposed in any or all of these proceedings, or any capital expenditures or operating expenses attributable to these proceedings, will not have a material adverse effect on the consolidated financial condition or results of operations of the Company.

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

Not Applicable.

## PART II

## Item 5. Market for the Registrant's Common Equity and Related Shareholder Matters.

## STOCK MARKET AND OWNERSHIP DATA

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

	Price Range		Volume of Shares Traded	Dividend Declared
	High	Low		
2001				
Fourth Quarter.	\$23.550	\$19.000	26,303,000	\$.12
Third Quarter..	24.450	16.850	26,190,000	.12
Second Quarter.	22.600	17.700	25,476,000	.12
First Quarter..	21.250	17.563	28,560,000	.12
	-----	-----	-----	----
For the Year...	\$24.450	\$16.850	106,529,000	\$.48
	=====	=====	=====	=====
2000				
Fourth Quarter.	\$19.563	\$14.625	25,214,000	\$.11
Third Quarter..	19.875	14.188	27,863,000	.11
Second Quarter.	22.563	15.063	34,440,000	.10
First Quarter..	21.813	15.250	34,425,000	.10
	-----	-----	-----	----
For the Year...	\$22.563	\$14.188	121,942,000	\$.42
	=====	=====	=====	=====

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

The Company had 16,356 shareholders of record on March 15, 2002.

## Item 6. Selected Financial Data.

	2001	2000	1999	1998	1997
	-----	-----	-----	-----	-----
	(Dollar amounts in millions, except per share data)				
Summary of Operations					
Net sales.....	\$4,113.8	\$4,276.3	\$3,779.0	\$3,370.4	\$2,909.2
Earnings from continuing operations.....	187.6	264.1	290.5	248.0	208.3
Earnings per share from continuing operations					
Basic.....	.94	1.33	1.46	1.25	1.09
Diluted.....	.94	1.32	1.45	1.24	1.08
Cash dividends declared per share.....	.48	.42	.36	.315	.27
	=====	=====	=====	=====	=====
Summary of Financial Position					
Total assets.....	\$3,412.9	\$3,373.2	\$2,977.5	\$2,535.3	\$2,106.3
Long-term debt.....	977.6	988.4	787.4	574.1	466.2
	=====	=====	=====	=====	=====

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

Capital Resources and Liquidity

The Company's financial position reflects management's capital policy guidelines. These guidelines are intended to ensure that corporate liquidity is adequate to support the Company's projected growth rate and to finance the Company's ongoing operations in periods of economic downturn. In a normal operating environment, management intends to direct capital to ongoing operations, strategic acquisitions and other investments that provide opportunities for expansion and enhanced profitability.

Our policy is to expand capital resources--debt and equity--at appropriate times to allow the Company to take advantage of favorable capital market conditions, rather than respond to short-term needs. Such financial flexibility is considered more important than short-term maximization of earnings per share through excessive leverage. Therefore, management continuously provides for available credit in excess of near-term projected cash needs and has maintained a guideline for long-term debt as a percentage of total capitalization in a range of 30% to 40%.

Total Capitalization

The following table shows the Company's total capitalization at the end of the three most recent years. Also, the table shows the amount of unused committed credit available through the Company's revolving bank credit agreements, the amount of cash and cash equivalents and the ratio of earnings to fixed charges at the end of the three most recent years.

	2001	2000	1999
	-----	-----	-----
	(Dollar amounts in millions)		
Long-term debt outstanding:			
Scheduled maturities.....	\$ 977.6	\$ 988.4	\$ 642.7
Average interest rates.....	4.8%	6.8%	6.7%
Average maturities in years.....	4.0	4.8	5.5
Revolving credit/commercial paper.....	--	--	144.7
	-----	-----	-----
Total long-term debt.....	977.6	988.4	787.4
Deferred income taxes and other liabilities	111.7	114.4	112.4
Shareholders' equity.....	1,866.6	1,793.8	1,646.2
	-----	-----	-----
Total capitalization.....	\$2,955.9	\$2,896.6	\$2,546.0
	=====	=====	=====
Unused committed credit:			
Long-term.....	\$ 232.5	\$ 215.0	\$ 52.8
Short-term.....	110.0	112.5	97.5
	-----	-----	-----
Total unused committed credit.....	\$ 342.5	\$ 327.5	\$ 150.3
	=====	=====	=====
Cash and cash equivalents.....	\$ 187.2	\$ 37.3	\$ 20.6
	=====	=====	=====
Ratio of earnings to fixed charges.....	5.2x	6.4x	9.8x
	=====	=====	=====

Cash provided by operating activities was \$534.5 million, \$440.8 million and \$370.8 million for 2001, 2000 and 1999, respectively, or a three year total of \$1,346.1 million. The increase in cash provided by operating activities during 2001 compared to the prior year principally reflects a decline in working capital (excluding acquisitions), partially offset by lower earnings and deferred tax benefits. The decline in working capital in 2001 results from both a slower business environment and a concentrated effort by management to decrease working capital levels. The significant cash provided in 2001 by lower working capital levels is not expected to recur in future years, particularly as business conditions improve. However, management will continue to focus on improving efficiency in the use of working capital. In 2000, cash provided by operating activities exceeded prior



year levels due to an increase in EBITDA (earnings before interest, taxes, depreciation and amortization), a reduction in current tax expense and a smaller increase in working capital (excluding acquisitions), partially offset by higher interest costs.

Long-term debt was 33.1%, 34.1% and 30.9% of total capitalization at the end of 2001, 2000 and 1999, respectively. Long-term debt as a percent of total capitalization, net of cash, was 28.5%, 33.3% and 30.4% at the end of 2001, 2000 and 1999, respectively. As shown in the preceding table, obligations having scheduled maturities are the primary source of the Company's debt capital. At the end of 2001, these obligations consisted primarily of the Company's medium-term notes. Due to implementation of Financial Accounting Standard No. 133, long-term debt increased \$38.1 million from year-end 2000. That increase was more than offset by the maturity of \$50 million in medium-term notes in June 2001.

In February 2000, \$350 million of 7.65% five-year notes were issued under a \$500 million shelf registration completed in November 1999. These notes were converted to variable rate notes under an interest rate swap agreement. The proceeds of the offering were used to pay down commercial paper and to fund the Company's capital expenditures and acquisition activity. In the second and third quarters of 1999, the Company issued a total of \$104 million in medium-term notes, the proceeds of which were used to repay maturing notes and for acquisitions.

The secondary source of the Company's debt capital consists of revolving bank credit agreements and commercial paper issuances. Management has negotiated bank credit agreements and established a commercial paper program to continuously support the Company's projected growth and to maintain highly flexible sources of debt capital. The majority of the credit under these arrangements is a long-term obligation. If needed, however, the credit is available for short-term borrowings and repayments. To further facilitate the issuance of debt capital, the Company has in effect a \$500 million shelf registration of debt. The Company has had no commercial paper outstanding at the end of the last two years. Additional details of long-term debt, including scheduled maturities, revolving credit and commercial paper are discussed in Note E of the Notes to Consolidated Financial Statements.

The Company does not extensively use off-balance sheet financing, but has entered into synthetic leases in the amount of \$35.1 million in 2001, and has a limited amount of other long-term noncancelable operating leases as discussed in Note F of the Notes to Consolidated Financial Statements. These leasing transactions provide economic benefits to the Company versus outright purchase of the related assets. In 2001, the synthetic leases provided \$35.1 million in cash proceeds from the sale of the assets to the lessor, which are included in other cash provided by investing activities in the Consolidated Statements of Cash Flows.

The Company relies on cash flow from operations as its primary source of capital. The weak economic conditions that began in the last half of 2000 and continued through 2001 would have normally resulted in reduced cash flow. The Company responded to these difficult business conditions by decreasing capital spending, temporarily reducing the pace of acquisitions, and lowering working capital. As a result of these improvements, the Company achieved strong growth in cash flow and was able to increase cash and equivalents to a level that provides adequate liquidity to finance ongoing operations and fund a portion of future growth initiatives. Any future working capital reductions will likely not be as large as in 2001. The Company has sufficient unused committed credit to ensure that future capital resources are sufficient for its ongoing operations and growth opportunities.

Due to the recession in the United States and some weakness in certain of the Company's businesses that preceded the recession, the Company's earnings and profit margins have decreased in both 2001 and 2000. The ratio of earnings to fixed charges and other financial ratios have also shown a decline over these two difficult years. The Company's senior debt currently carries a Moody's rating of A2 and a Standard & Poor's rating of A+. If the Company's debt ratings were lowered as a result of the decline in financial ratios, management believes that any such change would be temporary due to current economic conditions, but would not have a significant impact on the Company's ability to raise capital.

## Uses of Capital Resources

The Company's internal investments to modernize and expand manufacturing capacity totaled \$456.8 million in the last three years. In 2002, management anticipates internal investments will approximate the \$128.0 million spent in 2001. During the last three years, the Company employed \$637.5 million in cash (net of cash acquired) and issued 1.6 million shares or equivalents of common stock in acquisitions. During 2001, ten businesses were acquired for \$95.1 million in cash (net of cash acquired) and 61,026 shares or share equivalents. In addition, the Company assumed \$21.0 million of acquisition companies' debt and other liabilities. Of the ten 2001 acquisitions, three were made in Residential Furnishings, five in Commercial Furnishings, one in Industrial Materials and one in Specialized Products. Additional details of acquisitions are discussed in Note B of the Notes to Consolidated Financial Statements. Additions, by segment, to property, plant and equipment and purchases of long-lived assets are shown in Note J of the Notes to Consolidated Financial Statements.

Company purchases of its common stock (net of issuances) totaled \$51.3 million in 2001, \$49.2 million in 2000, and \$77.5 million in 1999. These purchases were made primarily for employee stock plans, to replace shares issued in purchase acquisitions and to satisfy contractual obligations. The Board of Directors annually authorizes management, at its discretion, to buy up to 2,000,000 shares of Leggett stock for use in employee benefit plans. This authorization is continuously replenished as shares acquired are reissued for these benefit plans. In addition, management is authorized, again at its discretion, to repurchase any shares issued in acquisitions.

At the end of the third quarter 2000, the Board of Directors authorized management to buy up to an additional 10,000,000 shares of Leggett stock as part of the Company's performance improvement plan also announced at that time. No specific schedule of purchases has been established under this authorization, which expires in August 2002. The amount and timing of any purchases will depend on availability of cash, economic and market conditions, acquisition activity and other factors.

Cash dividends paid on the Company's common stock in the last three years totaled \$240.2 million. Over this three-year period, cash dividends per share have increased at a 15.1% compounded annual rate. As a percent of earnings per share (diluted), cash dividends per share were 51.1% in 2001, 31.8% in 2000 and 24.8% in 1999. The Company's guideline for dividend payout is approximately 33% of the prior three-year's average earnings.

The following table summarizes the Company's future contractual obligations and commercial commitments (amounts in millions):

	Payments Due by Period				
	Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
Contractual Obligations					
Long-term debt *	\$ 945.3	\$ 5.8	\$321.1	\$453.3	\$165.1
Operating leases	109.7	35.0	46.4	20.5	7.8
Residual value of guaranteed synthetic leases	18.8	--	--	18.8	--
Other long-term obligations	47.0	--	15.3	6.4	25.3
Total contractual cash obligations	\$1,120.8	\$40.8	\$382.8	\$499.0	\$198.2

\*Excluding \$38.1 million of fair market value from interest rate swap agreements.

The long-term debt payment schedule presented above could be accelerated if the Company was unable to meet its principal and interest payments when due. The Company believes it has sufficient capital resources to satisfy these obligations.

### Short-term Liquidity

At the end of 2001, working capital, excluding cash and acquisitions decreased \$181.6 million from 2000 levels. The improvement is primarily related to an \$84.6 million reduction in receivables, as DSO (days sales

outstanding) fell to its lowest level in two years. Inventories were also down \$84.7 million from year-end 2000, the result of slow economic conditions and the Company's efforts to reduce working capital. The majority of the reduction in working capital levels was accomplished during the last half of 2001. Accordingly, as a percent of fourth quarter annualized sales, working capital (excluding cash) at year-end was down to 20.1%, versus 22.1% one year earlier.

Working capital, excluding cash and acquisitions, increased \$30.8 million and \$96.1 million for the years 2000 and 1999, respectively. During the last half of 2000, the Company began concentrating on reducing working capital levels. Due to the softening in market demand discussed below under "Results of Operations", the desired reduction in inventory had not yet been achieved at year-end. The increase in working capital during 1999 was due in large part to increased same location sales volume, with some inventory build-up at the end of 1999 due to anticipation of higher prices for certain key raw materials. The following table shows the annual turnover on average year-end working capital, trade receivables and inventories. The ratios may be affected by timing of the Company's acquisitions.

	2001	2000	1999
	----	----	----
Working capital turnover (excluding cash and cash equivalents)	4.9x	5.0x	5.2x
Trade receivables turnover.....	6.8	7.2	7.3
Inventory turnover.....	4.9	5.0	5.1

Receivables turnover in the Aluminum Products segment is lower than in the other segments due principally to the seasonal nature of its gas barbecue grill business. Also, aluminum commitments to certain customers result in carrying higher levels of inventory than the Company's other segments. Recent acquisitions concentrated in the Commercial Furnishings and Specialized Products segments also contributed to reductions in working capital turnover and inventory turnover due to increased production time and extended delivery schedules in these businesses.

#### Results of Operations

##### Discussion of Consolidated Results

In 2001, sales were \$4.11 billion, a decrease of 3.8% versus the record sales of \$4.28 billion set in 2000, declining for just the second time in the Company's 34-year history as a public company. Sales growth from acquisitions was more than offset by a 9.3% decline in same location sales, as decreased unit volumes from weak market demand continued to negatively impact all five business segments. Earnings, at \$.94 per diluted share, were down \$.38, or 29%, from last year's \$1.32.

During 2000 and 1999, sales increased 13.2% and 12.1%, respectively, while same location sales increased .2% and 2.9% for the same periods. Same location sales growth primarily reflected increases in unit volumes. Internal growth during 2000 was negatively impacted by reduced market demand across all segments, particularly in the last half of the year. Selling prices in 2000 for certain products include some recovery of higher raw material costs. Trends in the general economy were very favorable during 1999, which had a positive impact on unit volume, although 1999 was also impacted by lower selling prices for certain products.

The following table shows various measures of earnings as a percentage of sales for the last three years. It also shows the effective income tax rate.

	2001	2000	1999
	----	----	----
Gross profit margin.....	24.1%	25.4%	27.0%
EBIT (earnings before interest and taxes) margin	8.5	11.2	13.3
Net profit margin.....	4.6	6.2	7.7
Effective income tax rate.....	36.9	36.9	37.2

The declines in 2001 and 2000 primarily reflect weakened demand in all of the Company's business segments, as well as lower than expected performance in the Company's Aluminum Products and Commercial Furnishings segments and some parts of the Residential Furnishings segment. Production cutbacks, plant restructuring and closure costs, reduced plant utilization and resulting lower overhead absorption significantly impacted profit and EBIT margins. Plant utilization in 2001 was further reduced due to the Company's efforts to reduce inventory levels. Margins were also reduced in 2001 by higher bad debt expense and worker's compensation costs. Increased medical expenses and higher energy costs in both years contributed to lower margins. Lower incentive compensation costs in both years, cost structure improvements and reduced overheads as a result of the Company's tactical plan announced in September 2000 helped offset these increasing costs. Interest expense was lower in 2001 versus 2000, partially offsetting the decline in net margin. Higher interest expense during 2000 contributed to the decline in net margin versus 1999. The lower effective income tax rate in 2000 (the same effective rate for 2001) primarily reflects a reduction in foreign statutory rates compared to 1999.

The Company is making steady progress on its tactical plan, aimed at improving performance, margins and shareholder return. Through December 2001, the Company has consolidated or sold 20 facilities; restructured other operations; reduced full time equivalent headcount by approximately 3,700 (excluding acquisitions); conserved cash by reducing capital and acquisition spending; and repurchased 4.9 million shares (primarily to offset shares issued in employee programs). The Company expects to continue this tactical course for as long as conditions warrant. Once economic conditions and performance improve, subject to management discretion, the Company expects to return to its traditional level of acquisition activity. The Company's strategic, long-term growth plans remain unchanged.

The increase in gross profit margin in 1999 reflected several favorable factors. These included continued increases in production efficiencies, increased sales of products with above average margins, lower material costs and better manufacturing overhead absorption. The EBIT margin also increased due to these factors, offset somewhat by higher operating costs as a percentage of sales. Operating expenses, as a percentage of sales, which include some amount of fixed administrative and other costs, were higher because of lower selling prices in certain product lines and higher operating costs in acquired companies.

#### Discussion of Segment Results

A description of the products included in each segment, segment sales, segment earnings before interest and taxes (EBIT) and other segment data appear in Note J of the Notes to Consolidated Financial Statements. Following is a comparison of EBIT margins (Segment EBIT divided by Total Segment Sales):

	2001	2000	1999
	----	----	----
Residential Furnishings	8.6%	10.5%	11.2%
Commercial Furnishings	5.6	11.2	16.3
Aluminum Products.....	5.5	6.7	9.6
Industrial Materials...	10.6	13.7	14.2
Specialized Products...	10.1	12.5	12.1

Residential Furnishings sales decreased 3.8% during 2001. Same location sales, which were partially offset by acquisitions, decreased 5.9%. EBIT declined \$47.5 million, or 21.2%, as soft industry demand and inventory reduction efforts resulted in lower production. The lower plant utilization reduced overhead absorption, yielding lower margins. Also negatively impacting EBIT during 2001 were restructuring charges of \$6.5 million. For 2000, Residential Furnishings sales increased 9.2%, with same location growth of 2.4%. Numerous acquisitions accounted for the balance of the growth. EBIT increased 2.0%, with strong volume and efficiency gains in the first half of the year offset by softening industry demand, efforts to reduce finished goods inventory which resulted in lower production, and reduced overhead absorption and efficiency starting in the third quarter.

Commercial Furnishings sales decreased 3.5% during 2001, while same location sales, which were partially offset by acquisitions, declined 11.7%. EBIT decreased \$56.1 million, or 51.4%, due primarily to lower same

location sales and reduced margins, reflecting poor business conditions in the office and contract furniture markets, continued market weakness and reduced fixture purchases in telecom and utility van industries, and plant inefficiencies. Restructuring charges of \$8.9 million also negatively impacted EBIT. In 2000, Commercial Furnishings sales increased 26.7% due to numerous acquisitions, with same location sales down 3.0%, as some customers for store fixture, display, and storage products reduced purchases. EBIT declined 13.5% in 2000 due to demand shortfalls, reduced margins attributable to the changing mix of businesses, plant inefficiencies and a supplier disruption at a store fixture and design firm acquired in 1999. Plant restructuring costs also had a negative impact on EBIT margins.

Aluminum Products sales decreased 15.7% in 2001. Same location sales were down 17.2%, and were slightly offset by one acquisition. Reduced die cast component sales reflect weak market demand in a variety of consumer and industrial sectors including telecom, electrical, diesel engine and barbecue grill markets. EBIT decreased \$11.1 million, or 30.4%. The EBIT decrease resulting from declining sales was partially offset by reduced overhead and absence of last year's restructuring costs. In 2000, Aluminum Products sales decreased .5%. Same location sales declined 1.6%, and were partially offset by one acquisition. Starting in the second quarter, reduced die cast component sales reflected weak market demand for a variety of consumer and industrial products, including castings for barbecue grills, diesel truck engine components, small gasoline engines, outdoor lighting and electrical products. EBIT decreased 30.6%, reflecting significantly reduced production in the second half of the year, plant underutilization, higher natural gas costs, smelting losses, and plant closure costs.

Industrial Materials sales decreased 2.5% in 2001. Same location sales were down 9.9%, and were partially offset by acquisitions. EBIT decreased \$18.1 million, or 24.5%, primarily as a result of reduced sales volumes and lower plant utilization. During 2000, Industrial Materials sales increased 8.6%, with same location growth of 2.5%. Acquisitions accounted for the balance of the sales growth. EBIT improved 4.4% in 2000, however, EBIT margins were down reflecting higher raw materials costs, primarily for steel rod and flat rolled steel used to make wire and welded steel tubing, and production inefficiencies.

Specialized Products sales increased 13.3% during 2001 due to acquisitions, partially offset by a 3.2% decline in same location sales. EBIT decreased \$4 million, or 8.6%, due primarily to slowing production and reduced demand in automotive markets and the machinery group, along with changing product mix. In 2000, Specialized Products sales increased 32.2% due to acquisitions. Same location sales declined .3%. EBIT increased 36.1%, reflecting acquisitions, increased sales of specialized machinery with higher margins, and improved efficiencies.

#### Seasonality

The percent of consolidated net sales by quarter, excluding the impact of acquisitions, is as follows for the last three years:

	2001	2000	1999
	-----	-----	-----
First Quarter.	24.9%	24.7%	23.9%
Second Quarter	24.9	25.4	25.6
Third Quarter.	26.4	26.1	25.7
Fourth Quarter	23.8	23.8	24.8
	-----	-----	-----
Year.....	100.0%	100.0%	100.0%
	=====	=====	=====

The Company does not experience significant seasonality, however, as indicated in the above table, quarter-to-quarter sales can vary in proportion to the total year by up to 3%. The timing of acquisitions and economic factors in any year can distort the underlying seasonality in certain of the Company's businesses. In 2001 and 2000, the economic slowdown impacted the Company's various businesses and "normal" seasonality was likely distorted somewhat in these years. Nevertheless, for the Company's businesses in total, the second and third

quarters have proportionately greater sales, while the first and fourth quarters are generally lower. This small seasonality has become somewhat more pronounced, with the third quarter higher and the fourth quarter showing lower proportionate sales due to the growth of the store fixtures business of Commercial Furnishings.

Residential Furnishings and Commercial Furnishings typically have their strongest sales in the second and third quarters. Commercial Furnishings particularly has heavy third quarter sales of its store fixtures products, with the first and fourth quarters generally lower. Aluminum Products sales are proportionately greater in the first two calendar quarters due to gas barbecue grill castings. Industrial Materials sales peak in the third and fourth quarters from wire products used for baling cotton. Specialized Products has relatively little quarter-to-quarter variation in sales, although the automotive business is somewhat heavier in the first two quarters of the year, and somewhat lower in the third quarter, due to model changeovers and plant shutdowns in the automobile industry during the summer.

#### Major Accounting Policies, Estimates and Other Factors Influencing Financial Reporting

As more fully disclosed in Note A of the Notes to Consolidated Financial Statements, the Company has adopted numerous accounting policies from among acceptable alternatives, and management must make many critical estimates or assumptions when preparing financial statements. The most critical estimates and assumptions impacting the ongoing operations are as follows: credit losses; costs related to worker's compensation, automobile, product and general liability, property and medical programs; and inventory losses from obsolescence. With respect to credit losses, the Company's customers are diverse, but many are small-to-medium size companies and some are highly leveraged. Bankruptcy can occur with some of these customers relatively quickly and with little warning, particularly in the current difficult economic environment, adding to the difficulty in estimating credit losses. Worker's compensation and other program costs may require a long period after the actual loss occurred before the exact amount of the cost is known. Estimates of these costs over that period, which in some cases is several years, will vary from the final amount. The Company carries insurance for individual losses that exceed a certain amount specified for each program. Changing customer specifications, technology, customer bankruptcy and other factors result in inventory losses that are difficult to estimate precisely. At any financial statement date, the impact of these factors on inventory value may not be completely known. The Company's accounting estimates of these costs and losses are based on available actuarial estimates, prior experience and close monitoring of each loss exposure.

The most significant estimates, other than for ongoing operations, are for exposure to unusual litigation and claims and for the impact of plant restructurings and closings. Accounting periods are impacted by these losses when specific facts are known which affect the loss estimate. The Company has not recorded any significant losses for litigation and claims for 2001-1999, and management is not aware of any significant unrecorded exposures. The Company records restructuring or plant closing losses generally when specific implementation actions have been approved. No significant income is reflected in the 2001-1999 financial statements for the reversal of restructuring or plant closing losses accrued in a prior period.

Other factors influencing the integrity of financial reporting have been widely discussed in recent months in the financial press. Management does not believe that the Company's financial statements are materially impacted by such factors.

For example, only approximately 2% of the Company's sales are recorded in the consolidated financial statements based on other than product shipment. The majority of the sales recorded for unshipped items are based on the "percentage of completion" method due to the project nature of the item.

As discussed in Note F of the Notes to Consolidated Financial Statements, the Company has a synthetic lease agreement. The synthetic lease involved a \$35.1 million "sale and leaseback" of aircraft and machinery, and no gain was recorded on the sale of the assets to the lessor. This synthetic lease arrangement provides access to the lessor's lower borrowing costs. Had the Company not entered into the synthetic lease, an additional \$35.1

million of equipment (+3.7% of consolidated net property, plant and equipment) and debt (+3.6% of consolidated long-term debt) would have been included on the Company's balance sheet.

The Company uses few derivatives, except for the interest rate swaps discussed in Note E of the Notes to Consolidated Financial Statements. As required by FASB Statement No. 133, the interest rate swaps, and related debt, are recorded at market value in the balance sheet.

#### New Financial Accounting Standards Board Statements

The Financial Accounting Standards Board (FASB) issued Statement No. 142, "Goodwill and Other Intangible Assets" in 2001. Statement No. 142 requires, among other things, that goodwill no longer be amortized to earnings, but instead be tested periodically for impairment. The amortization of goodwill ceases upon adoption of Statement No. 142 on January 1, 2002. The goodwill amortization change will contribute ten cents per share to 2002 annual earnings. During 2002, the Company will undertake the computation of the implied fair value of goodwill for its reporting units to test if such implied fair value is less than the carrying value of goodwill, and to identify potential goodwill impairment. The Company cannot estimate at this time the results of the Statement No. 142 goodwill impairment test.

During August 2001, the FASB issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement addresses financial accounting and reporting for the impairment or disposal by sale of long-lived assets. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. This Statement may impact the accounting and reporting for any future restructuring or closing of facilities, but such impact cannot be estimated.

#### Forward-Looking Statements

This report and other public reports or statements made from time to time by the Company or its management may contain "forward-looking" statements concerning possible future events, objectives, strategies, trends or results. Such statements are identified either by the context in which they appear or by use of words such as "anticipate," "believe," "estimate," "expect," or the like.

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

It is not possible to anticipate and list all of the risks, uncertainties and developments which may affect the future operations or performance of the Company, or which otherwise may cause actual events or results to differ from forward-looking statements. However, some of these risks and uncertainties include the following: the Company's ability to improve operations and realize cost savings, future growth of acquired companies, competitive and general economic and market conditions and risks, such as the rate of economic growth in the United States, inflation, government regulation, interest rates, taxation, and the like; risks and uncertainties which could affect industries or markets in which the Company participates, such as growth rates and opportunities in those industries, or changes in demand for certain products, etc.; and factors which could impact costs, including but not limited to the availability and pricing of raw materials, the availability of labor and wage rates, and fuel and energy costs.

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

(Unaudited)  
(Dollar amounts in millions)

Interest Rate

The table below provides information about the Company's debt obligations sensitive to changes in interest rates. The Company has no other significant financial instruments sensitive to changes in interest rates. The Company has not typically in the past used derivative financial instruments to hedge its exposure to interest rate changes. However, during 2000, \$350 of 7.65% fixed rate debt maturing in February 2005 and, in 1999, \$14 of 6.90% fixed rate debt maturing in June 2004 were issued and converted to variable rate debt by use of interest rate swap agreements. These swap agreements, which contain the same payment dates as the original issues, are used primarily by the Company to manage the fixed/variable interest rate mix of its debt portfolio, and are included as variable rate debt in the table below. Substantially all of the debt shown in the table below is denominated in United States dollars (U.S. \$). The fair value of fixed rate debt was greater than its carrying value by \$13.8 at December 31, 2001, and was not significantly different from its carrying value at December 31, 2000. The fair value of the fixed rate debt was calculated using the U.S. Treasury Bond rate as of December 31, 2001 and 2000 for similar remaining maturities, plus an estimated "spread" over such Treasury securities representing the Company's interest costs under its medium-term note program. The fair value of variable rate debt is not significantly different from its recorded amount.

Long-term debt as of December 31	Scheduled Maturity Date							2001	2000
	2002	2003	2004	2005	2006	Thereafter			
Principal fixed rate debt.....	\$75.0*	\$114.5	\$100.0	\$ 25.0	\$75.0	\$116.7	\$506.2	\$556.2	
Average interest rate.....	7.18%	6.27%	6.98%	7.00%	7.12%	6.39%	6.73%	6.78%	
Principal variable rate debt..	3.4*	2.3	14.5	350.5	--	31.5	402.2	402.7	
Average interest rate.....	1.91%	1.94%	2.88%	2.18%	--	1.81%	2.17%	6.67%	
Miscellaneous debt**.....							75.0	35.4	
Total debt.....							983.4	994.3	
Less: current maturities*..							(5.8)	(5.9)	
Total long-term debt.....							\$977.6	\$988.4	

\*The 2002 scheduled maturity is not included in current maturities, as the Company intends to refinance this note on a long-term basis either through reissuance or unused credit available under its revolving credit agreements.

\*\*Miscellaneous debt includes \$38.1 million in market value adjustments of related debt from interest rate swap agreements.

Exchange Rate

The Company has not typically hedged foreign currency exposures related to transactions denominated in other than its functional currencies, although such transactions have not been material in the past. The Company may occasionally hedge firm commitments, other fixed expenses or amounts due in foreign currencies related to its acquisition program. The decision by management to hedge any such transactions is made on a case-by-case basis. The amount of forward contracts outstanding at December 31, 2001 was zero, and the highest amount during 2001 was approximately \$8.3 (pay U.S. \$/receive Mexican Pesos).

The Company views its investment in foreign subsidiaries as a long-term commitment, and does not hedge any translation exposures. The investment in a foreign subsidiary may take the form of either permanent capital



or notes. The Company's net investment in foreign subsidiaries subject to translation exposure at December 31 is as follows:

Functional Currency	2001	2000
-----	-----	-----
Canadian Dollar....	\$208.2	\$219.2
European Currencies	172.2	138.8
Mexican Peso.....	51.2	47.4
Other.....	28.4	23.3
	-----	-----
	\$460.0	\$428.7
	=====	=====

#### Commodity Price

The Company does not generally use derivative commodity instruments to hedge its exposures to changes in commodity prices. The principal commodity price exposure is aluminum, of which the Company had an estimated \$46 and \$50 (at cost) in inventory at December 31, 2001 and 2000, respectively. The Company has purchasing procedures and arrangements with customers to mitigate its exposure to aluminum price changes. No other commodity exposures are significant to the Company.

#### Item 8. Financial Statements and Supplementary Data.

The Consolidated Financial Statements and supplementary data included in this Report are listed in Item 14 and begin immediately after Item 14.

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

Not applicable.

### PART III

#### Item 10. Directors and Executive Officers of the Registrant.

Reference is made to the section entitled "Election of Directors" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 8, 2002, said sections being incorporated by reference, for a description of the directors and persons nominated to become directors of the Company.

Current Board members Bob L. Gaddy, Robert A. Jefferies, Jr., Alexander M. Levine and Duane W. Potter are not standing for election in 2002.

Bob L. Gaddy, age 61, was first elected as a Director of the Company in 1996. On February 28, 2002, Mr. Gaddy retired as Senior Vice President of the Company and Chairman and Chief Executive Officer of Aluminum Products, positions which he held since 1996.

Robert A. Jefferies, Jr., age 60, was first elected as a Director of the Company in 1991. Information regarding positions and offices held with the Company by Mr. Jefferies is provided below.

Alexander M. Levine, age 70, is Managing Director of Waterline Capital LLC, a venture capital investment firm. He previously served the Company as director of International Development and later as Special Advisor. He was first elected as a Director of the Company in 1989.

Duane W. Potter, age 70, has served as Senior Vice President of the Company and President--Foam Components Group since 1997. He previously served the Company as Senior Vice President and President--Bedding Components Group from 1983 to 1997. Mr. Potter was first elected as a Director of the Company in 1996.

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

Name	Age	Position
Harry M. Cornell, Jr.	73	Chairman of the Board
Felix E. Wright	66	Vice Chairman of the Board, President and Chief Executive Officer
David S. Haffner	49	Executive Vice President and Chief Operating Officer
Jack D. Crusa	47	Senior Vice President--President, Industrial Materials Segment/ President, Automotive Group
Karl G. Glassman	43	Senior Vice President--President, Residential Furnishings Segment
Michael A. Glauber	59	Senior Vice President--Finance and Administration (Principal Financial Officer)
Robert G. Griffin	50	Senior Vice President--President, Commercial Fixture and Display Group
Robert A. Jefferies, Jr.	60	Senior Vice President--Strategic Planning
Ernest C. Jett	56	Vice President--General Counsel and Secretary
Allan J. Ross	55	Vice President, Accounting (Principal Accounting Officer)
Robert A. Wagner	51	Vice President--Mergers and Acquisitions

Subject to the employment agreements and severance benefit agreements listed as Exhibits to this Report, the executive officers serve at the pleasure of the Board of Directors.

Harry M. Cornell, Jr. has served as Chairman of the Company's Board of Directors since 1982. He has served the Company in various capacities since 1950, including service as Chief Executive Officer from 1960 until 1999 and as President from 1960 to 1982.

Felix E. Wright is the Company's President and Chief Executive Officer. He also serves as Vice Chairman of the Company's Board of Directors. Mr. Wright has served the Company since 1959 including service as Chief Operating Officer from 1979 to 1999.

David S. Haffner was elected Chief Operating Officer of the Company in 1999. He has served as the Company's Executive Vice President since 1995. He previously served the Company as Senior Vice President from 1992 to 1995. Mr. Haffner joined the Company in 1983. Mr. Haffner is also President of Commercial Furnishings.

Jack D. Crusa has served the Company in various capacities since 1986, including service as Vice President and President--Automotive Components since 1996. Mr. Crusa became Senior Vice President and President--Industrial Materials in 1999.

Karl G. Glassman has been employed by the Company in various capacities since 1982. Mr. Glassman became Vice President and President--Bedding Components in 1995 and became a Senior Vice President and President, Residential Furnishings in 1999.

Michael A. Glauber has served the Company since 1969. Mr. Glauber was named Senior Vice President, Finance and Administration in 1990.

Robert G. Griffin has been employed by the Company since 1992. Mr. Griffin was named Vice President and Director of Mergers, Acquisitions and Strategic Planning in 1995, President--Commercial Fixture and Display Group in 1998 and Senior Vice President in 1999.

Robert A. Jefferies, Jr. has served as Senior Vice President, Strategic Planning of the Company since 2001. He previously served the Company as Senior Vice President, Mergers, Acquisitions and Strategic Planning from 1990 to 2001. He also served the Company as Vice President, General Counsel and Secretary from 1977 to 1990.

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

Allan J. Ross has served the Company as Vice President, Accounting since 1993. In May 1996, Mr. Ross was designated by the Board of Directors as the Company's Principal Accounting Officer.

Robert A. Wagner has served as Vice President, Mergers and Acquisitions since 2001. He previously served the Company as Vice President, Mergers, Acquisitions and Strategic Planning from 1998 to 2001. Prior to joining the Company, Mr. Wagner was Vice President of Graco Inc., Minneapolis, Minnesota from 1991 to 1997, most recently serving as Vice President Asia Pacific and President Graco KK in Yokohama, Japan from 1995 to 1997.

#### Item 11. Executive Compensation.

The section entitled "Executive Compensation and Related Matters" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 8, 2002, is incorporated by reference.

#### Item 12. Security Ownership of Certain Beneficial Owners and Management.

The section entitled "Ownership of Common Stock" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 8, 2002, is incorporated by reference.

#### Item 13. Certain Relationships and Related Transactions.

The subsection entitled "Related Transactions" of the section entitled "Executive Compensation and Related Matters" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on May 8, 2002 is incorporated by reference.

### PART IV

#### Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

##### 1. Financial Statements and Financial Statement Schedule Covered by Report of Independent Accountants.

The Financial Statements listed below are included in this Report:

- . Consolidated Statements of Earnings for each of the years in the three year period ended December 31, 2001
- . Consolidated Balance Sheets at December 31, 2001 and 2000
- . Consolidated Statements of Cash Flows for each of the years in the three year period ended December 31, 2001
- . Consolidated Statements of Changes in Shareholders' Equity for each of the years in the three year period ended December 31, 2001
- . Notes to Consolidated Financial Statements

- . Quarterly Summary of Earnings (Unaudited)
- . Schedule for each of the years in the three year period ended December 31, 2001

Schedule II--Valuation and Qualifying Accounts and Reserves

All other information schedules have been omitted as the required information is inapplicable, not required, or the information is included in the financial statements or notes thereto.

- 2. Exhibits--See Exhibit Index.

3. Reports on Form 8-K filed during the last quarter of 2001--A Form 8-K was filed November 1, 2001, Item 5 "Other Events" reported, disclosing that UMB Bank, N.A. has been appointed to serve as Rights Agent under the Company's Rights Agreement, dated February 15, 1999, and as its Registrar and Transfer Agent.

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

	Year ended December 31		
	2001	2000	1999
	(Dollar amounts in millions, except per share data)		
Net sales.....	\$4,113.8	\$4,276.3	\$3,779.0
Cost of goods sold.....	3,121.8	3,188.5	2,758.7
Gross profit.....	992.0	1,087.8	1,020.3
Shipping and handling expenses.....	175.1	175.5	150.7
Selling and administrative expenses.....	415.2	391.6	340.5
Amortization of excess cost of purchased companies and other intangibles	39.9	34.1	28.8
Other deductions (income), net.....	10.6	5.8	(2.2)
Earnings before interest and income taxes.....	351.2	480.8	502.5
Interest expense.....	58.8	66.3	43.0
Interest income.....	4.9	4.1	3.1
Earnings before income taxes.....	297.3	418.6	462.6
Income taxes.....	109.7	154.5	172.1
Net earnings.....	\$ 187.6	\$ 264.1	\$ 290.5
Earnings per share			
Basic.....	\$ .94	\$ 1.33	\$ 1.46
Diluted.....	\$ .94	\$ 1.32	\$ 1.45

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

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31	
	2001	2000
	(Dollar amounts in millions, except share data)	
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents.....	\$ 187.2	\$ 37.3
Accounts and notes receivable, less allowance of \$29.4 in 2001 and \$16.3 in 2000....	562.5	634.2
Inventories.....		
Finished goods.....	308.6	336.8
Work in process.....	74.7	89.2
Raw materials and supplies.....	224.1	255.5
LIFO reserve.....	(6.1)	(9.7)
Total inventories.....	601.3	671.8
Other current assets.....	70.9	62.0
Total current assets.....	1,421.9	1,405.3
Property, Plant and Equipment--at cost		
Machinery and equipment.....	1,195.0	1,176.7
Buildings and other.....	608.5	584.4
Land.....	62.0	61.7
Total property, plant and equipment.....	1,865.5	1,822.8
Less accumulated depreciation.....	903.6	804.4
Net property, plant and equipment.....	961.9	1,018.4
Other Assets		
Excess cost of purchased companies over net assets acquired, less accumulated amortization of \$111.7 in 2001 and \$88.8 in 2000.....	879.0	846.0
Other intangibles, less accumulated amortization of \$41.0 in 2001 and \$38.1 in 2000.	43.8	49.3
Sundry.....	106.3	54.2
Total other assets.....	1,029.1	949.5
Total Assets.....	\$3,412.9	\$3,373.2
	=====	=====
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities		
Accounts payable.....	\$ 162.4	\$ 179.4
Accrued expenses.....	197.8	201.5
Other current liabilities.....	96.8	95.7
Total current liabilities.....	457.0	476.6
Long-Term Debt.....	977.6	988.4
Other Liabilities.....	47.0	42.5
Deferred Income Taxes.....	64.7	71.9
Shareholders' Equity		
Capital stock		
Preferred stock--authorized, 100,000,000 shares; none issued		
Common stock--authorized, 600,000,000 shares of \$.01 par value; issued 198,797,750 and 198,777,750 shares in 2001 and 2000, respectively.....	2.0	2.0
Additional contributed capital.....	419.3	423.5
Retained earnings.....	1,552.7	1,460.0
Accumulated other comprehensive income.....	(55.8)	(45.4)
Less treasury stock--at cost (2,499,597 and 2,680,551 shares in 2001 and 2000, respectively.....	(51.6)	(46.3)
Total shareholders' equity.....	1,866.6	1,793.8
Total Liabilities and Shareholders' Equity.....	\$3,412.9	\$3,373.2
	=====	=====

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

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2001	2000	1999
	(Dollar amounts in millions)		
<b>Operating Activities</b>			
Net earnings.....	\$ 187.6	\$ 264.1	\$ 290.5
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation.....	156.7	139.2	120.5
Amortization.....	39.9	34.1	28.8
Deferred income tax expense (benefit).....	(19.6)	13.1	(6.7)
Other.....	(11.7)	(1.8)	(4.3)
Other changes, excluding effects from purchases of companies			
(Increase) decrease in accounts receivable, net.....	84.6	(2.7)	5.0
(Increase) decrease in inventories.....	84.7	(8.7)	(74.0)
(Increase) decrease in other current assets.....	3.1	(1.7)	(4.7)
Increase in current liabilities.....	9.2	5.2	15.7
Net Cash Provided by Operating Activities.....	534.5	440.8	370.8
<b>Investing Activities</b>			
Additions to property, plant and equipment.....	(128.0)	(169.7)	(159.1)
Purchases of companies, net of cash acquired.....	(95.1)	(252.3)	(290.1)
Other.....	41.9	(15.2)	8.2
Net Cash Used for Investing Activities.....	(181.2)	(437.2)	(441.0)
<b>Financing Activities</b>			
Additions to debt.....	49.1	398.4	255.6
Payments on debt.....	(108.7)	(252.9)	(98.6)
Dividends paid.....	(92.5)	(78.6)	(69.1)
Issuances of common stock.....	11.9	4.7	4.0
Purchases of common stock.....	(63.2)	(53.9)	(81.5)
Other.....	--	(4.6)	(3.1)
Net Cash Provided by (Used for) Financing Activities.....	(203.4)	13.1	7.3
Increase (Decrease) in Cash and Cash Equivalents.....	149.9	16.7	(62.9)
Cash and Cash Equivalents--Beginning of Year.....	37.3	20.6	83.5
Cash and Cash Equivalents--End of Year.....	\$ 187.2	\$ 37.3	\$ 20.6
<b>Supplemental Information</b>			
Interest paid.....	\$ 65.4	\$ 59.5	\$ 42.6
Income taxes paid.....	125.5	136.8	170.5
Liabilities assumed of acquired companies.....	21.0	123.4	106.7
Common stock issued for acquired companies.....	1.2	5.3	26.9
Common stock issued for employee stock plans.....	34.6	30.6	29.6

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

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Year ended December 31		
	2001	2000	1999
	(Dollar amounts in millions, except per share data)		
<b>Common Stock</b>			
Balance, beginning and end of period.....	\$ 2.0	\$ 2.0	\$ 2.0
<b>Additional Contributed Capital</b>			
Balance, beginning of period.....	\$ 423.5	\$ 424.8	\$ 396.1
Common stock issued.....	10.2	14.3	37.8
Treasury stock issued.....	(19.9)	(16.9)	(11.9)
Tax benefit related to stock options.....	5.5	1.3	2.8
Balance, end of period.....	\$ 419.3	\$ 423.5	\$ 424.8
<b>Retained Earnings</b>			
Balance, beginning of period.....	\$1,460.0	\$1,278.1	\$1,058.7
Net earnings for the year.....	187.6	264.1	290.5
Cash dividends declared (per share: 2001--\$.48; 2000--\$.42; 1999--\$.36).....	(94.9)	(82.2)	(71.1)
Balance, end of period.....	\$1,552.7	\$1,460.0	\$1,278.1
<b>Treasury Stock</b>			
Balance, beginning of period.....	\$ (46.3)	\$ (39.8)	\$ (1.8)
Treasury stock purchased.....	(71.8)	(59.0)	(88.5)
Treasury stock issued.....	66.5	52.5	50.5
Balance, end of period.....	\$ (51.6)	\$ (46.3)	\$ (39.8)
<b>Accumulated Other Comprehensive Income</b>			
Balance, beginning of period.....	\$ (45.4)	\$ (18.9)	\$ (18.2)
Foreign currency translation adjustment.....	(10.4)	(26.5)	(.7)
Balance, end of period.....	\$ (55.8)	\$ (45.4)	\$ (18.9)
<b>Total Shareholders' Equity.....</b>	<b>\$1,866.6</b>	<b>\$1,793.8</b>	<b>\$1,646.2</b>
<b>Comprehensive Income</b>			
Net earnings.....	\$ 187.6	\$ 264.1	\$ 290.5
Foreign currency translation adjustment (net of income tax expense (benefit): 2001--\$.3; 2000--(\$3.3); 1999--(\$.8)).....	(10.4)	(26.5)	(.7)
<b>Total Comprehensive Income.....</b>	<b>\$ 177.2</b>	<b>\$ 237.6</b>	<b>\$ 289.8</b>

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



LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in millions, except per share data)

December 31, 2001, 2000 and 1999

A--Summary of Significant Accounting Policies

**Principles of Consolidation:** The consolidated financial statements include the accounts of Leggett & Platt, Incorporated (Leggett & Platt) and its majority-owned subsidiaries (the Company). All intercompany transactions and accounts have been eliminated in consolidation.

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

**Sales Recognition:** The Company primarily recognizes sales upon the shipment of its products. Exceptions to this policy are not significant and conform to industry practices.

**Inventories:** All inventories are stated at the lower of cost or market. Cost includes materials, labor and production overhead. Cost is determined by the last-in, first-out (LIFO) method for approximately 50% of the inventories at December 31, 2001 and 2000. The first-in, first-out (FIFO) method is principally used for the remainder. The FIFO cost of inventories at December 31, 2001 and 2000 approximated replacement cost.

**Depreciation, Amortization and Asset Impairment:** Property, plant and equipment are depreciated by the straight-line method. The rates of depreciation range from 7% to 25% for machinery and equipment, 3% to 7% for buildings and 12% to 33% for other items. Accelerated methods are used for tax purposes. The excess cost of purchased companies over net assets acquired prior to July 1, 2001 is amortized by the straight-line method over forty years. Other intangibles are amortized by the straight-line method over their estimated lives. The rates of amortization range from 2.5% to 33%. In accordance with FASB Statement No. 121, long-lived assets, including intangibles, are evaluated for probable recovery of their carrying amount. Appropriate adjustment, using current market values, estimates of discounted future cash flows and other methods, is made when recovery of the carrying amount is not reasonably assured.

**Concentration of Credit Risks, Exposures and Financial Instruments:** The Company engages in manufacturing, marketing, and distributing engineered products for markets served by the Company as described in Note J. The Company's operations are principally in the United States, although the Company also has manufacturing subsidiaries in Canada, Europe, Mexico, China, Brazil and Australia and marketing and distribution operations in other areas.

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

From time to time, the Company will enter into forward exchange contracts to hedge transactions in foreign currencies and interest rate swaps related to fixed rate debt. The amounts outstanding under the forward contracts are not significant to the Company. The Company has minimal continuing exposures to foreign currency transactions and interest rate fluctuations.

The carrying value of cash and short-term financial instruments approximates fair value due to the short maturity of those instruments. The fair value of long-term debt is not significantly different than its carrying value.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Other Risks: The Company obtains insurance for workers' compensation, automobile, product and general liability, property loss and medical claims. However, the Company has elected to retain a significant portion of expected losses through the use of deductibles. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregate liability for claims incurred. These estimates utilize the Company's prior experience and actuarial assumptions that are provided by the Company's insurance carriers.

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

Income Taxes: The Company provides for taxes on undistributed earnings of foreign subsidiaries where appropriate. The tax effect of most distributions would be significantly offset by available foreign tax credits.

Foreign Currency Translation: The functional currency for most foreign operations is the local currency. The translation of foreign currencies into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for income and expense accounts using monthly average exchange rates. The cumulative effects of translating the functional currencies into the U.S. dollar are included in comprehensive income. Foreign entities whose functional currency is the U.S. dollar are not significant.

#### B--Acquisitions

During 2001, the Company acquired 10 businesses in transactions accounted for as purchases. Purchase acquisitions required the use of \$95.1 in cash, net of cash acquired, and 61,026 shares of common stock valued at \$1.2. These amounts include additional consideration of \$13.7 paid for prior year acquisitions. The excess of the purchase price over the fair value of the net assets acquired increased goodwill by \$64.3 of which \$43.2 is expected to provide an income tax benefit. These acquired businesses manufacture and distribute products primarily to the commercial furnishings and industrial materials markets, as well as the other markets the Company serves.

The unaudited pro forma consolidated net sales for the years ended December 31, 2001 and 2000 as though the 2001 acquisitions had occurred on January 1 of each year presented were \$4,204.9 and \$4,476.8, respectively. The unaudited pro forma consolidated net earnings and earnings per share are not materially different from the amounts reflected in the accompanying financial statements. These pro forma amounts are not necessarily indicative of either results of operations that would have occurred had the purchases been made on January 1 of each year or of future results of the combined companies.

During 2000, the Company acquired 21 businesses in transactions accounted for as purchases. Purchase acquisitions required the use of \$252.3 in cash, net of cash acquired, and 268,791 shares or share equivalents of common stock valued at \$5.3. These amounts include additional consideration of \$9.4 paid for prior year acquisitions. The excess of the purchase price over the fair value of the net assets acquired increased goodwill by \$166.6 of which \$127.0 is expected to provide an income tax benefit. These acquired businesses manufacture and distribute products primarily to the commercial furnishings and specialized products markets, as well as the other markets the Company serves.

During 1999, the Company acquired 29 businesses in transactions accounted for as purchases. Purchase acquisitions required the use of \$290.1 in cash, net of cash acquired, and 1,227,500 shares of common stock valued at \$25.8. Options to purchase an additional 39,568 shares of common stock valued at \$1.1 were also extended by the Company in substitution for previously existing options. These amounts include additional consideration of \$19.3 paid for prior year acquisitions. The excess of the purchase price over the fair value of the net assets acquired increased goodwill by \$233.4 of which \$138.8 is expected to provide an income tax benefit. These acquired businesses manufacture and distribute products primarily to the commercial furnishings and residential furnishings markets, as well as the other markets the Company serves.

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The results of operations of the above acquired companies have been included in the consolidated financial statements since the dates of acquisition.

The terms of certain of the Company's acquisition agreements provide for additional consideration to be paid if the acquired company's results of operations exceed certain targeted levels. Such additional consideration may be paid in cash or shares of the Company's common stock, and is recorded when earned as additional purchase price. The maximum amount of additional consideration remaining at December 31, 2001 is approximately \$72 and will be payable, if earned, through 2005.

C--Earnings Per Share

Basic and diluted earnings per share were calculated as follows:

	2001	2000	1999
	-----	-----	-----
Basic			
Weighted average shares outstanding, including shares issuable for little or no cash.	199,457,481	198,986,619	198,492,506
	-----	-----	-----
Net earnings.....	\$ 187.6	\$ 264.1	\$ 290.5
	=====	=====	=====
Earnings per share.....	\$ .94	\$ 1.33	\$ 1.46
	=====	=====	=====
Diluted			
Weighted average shares outstanding, including shares issuable for little or no cash.	199,457,481	198,986,619	198,492,506
Additional dilutive shares principally from the assumed exercise of outstanding stock options.....	977,404	1,401,516	2,445,498
	-----	-----	-----
	200,434,885	200,388,135	200,938,004
	=====	=====	=====
Net earnings.....	\$ 187.6	\$ 264.1	\$ 290.5
	=====	=====	=====
Earnings per share.....	\$ .94	\$ 1.32	\$ 1.45
	=====	=====	=====

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (Continued)

D--Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at December 31 consist of the following:

	2001	2000
	-----	-----
Accrued expenses		
Wages and commissions payable.....	\$ 46.7	\$ 52.0
Workers' compensation, medical, auto and product liability insurance.....	43.7	38.9
Income taxes.....	11.5	13.8
Sales promotions.....	24.3	22.2
Other.....	71.6	74.6
	-----	-----
	\$197.8	\$201.5
	=====	=====
Other current liabilities		
Outstanding checks in excess of book balances.....	\$ 51.3	\$ 42.0
Current maturities of long-term debt.....	5.8	5.9
Dividends payable.....	23.3	21.3
Other.....	16.4	26.5
	-----	-----
	\$ 96.8	\$ 95.7
	=====	=====

E--Long-Term Debt

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

	2001	2000
	-----	-----
Medium-term notes, average interest rates of 4.8% for 2001 and 6.8% for 2000, due dates through 2009.....	\$845.0	\$895.0
Market value adjustment related to medium-term notes' interest rate swaps.....	38.1	--
Industrial development bonds, principally variable interest rates of 2.4% and 5.1% for 2001 and 2000, respectively, due dates through 2030.....	46.8	47.3
Other, partially secured.....	53.5	52.0
	-----	-----
	983.4	994.3
Less current maturities.....	5.8	5.9
	-----	-----
	\$977.6	\$988.4
	=====	=====

The Company had interest rate swap agreements on \$364 of its fixed-rate medium-term notes at December 31, 2001 and 2000, respectively. These swap agreements, which convert fixed rate debt to variable rate debt, contain the same payment dates as the original issues, and are used by the Company to manage the fixed/variable interest rate mix of its debt portfolio. In accordance with FASB Statement No. 133, which became effective January 1, 2001, the market value of these swaps is shown as an adjustment of the corresponding debt's market value in the preceding table. Other assets include the corresponding market value of the interest rate swaps.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

At December 31, 2001, the revolving credit agreements provided for a maximum line of credit of \$342.5. For any revolving credit agreement, the Company may elect to pay interest based on 1) the bank's base lending rate, 2) LIBOR, 3) an adjusted certificate of deposit rate, or 4) the money market rate, as specified in the revolving credit agreements. Agreement amounts of \$110.0 and \$232.5 will terminate August 26, 2002 and July 31, 2004, respectively, at which time all outstanding balances will become due.

Medium-term notes and commercial paper that mature in the current year are classified as long-term debt since the Company intends to refinance them on a long-term basis either through continued issuance or unused credit available under the revolving credit agreements.

The revolving credit agreements and certain other long-term debt contain restrictive covenants which, among other restrictions, limit the amount of additional debt and require net earnings to meet or exceed specified levels of funded debt.

Maturities of long-term debt for each of the five years following 2001 are:

Year ended December 31	
2002....	\$ 5.8
2003....	124.8
2004....	196.3
2005....	377.8
2006....	75.5

F--Lease Obligations

The Company conducts certain operations in leased premises and also leases most of its automotive and trucking equipment and some other assets. Terms of the leases, including purchase options, renewals and maintenance costs, vary by lease.

Total rental expense entering into the determination of results of operations was \$47.3, \$42.8 and \$36.4 for the years ended December 31, 2001, 2000 and 1999, respectively.

Future minimum rental commitments for all long-term noncancelable operating leases are as follows:

Year ended December 31	
2002.....	\$ 35.0
2003.....	26.1
2004.....	20.3
2005.....	14.1
2006.....	6.4
Later years.....	7.8
	-----
	\$109.7
	=====

The above lease obligations expire at various dates through 2010. Certain leases contain renewal and/or purchase options. Aggregate rental commitments above include renewal amounts where it is the intention of the Company to renew the lease.

During the last half of 2001, the Company entered into synthetic lease arrangements where it sold \$35.1 million of aircraft and machinery (equipment) to a third party and leased the equipment back under a four-year operating lease. There are annual renewal options up to three years. If the Company does not exercise its purchase option at the end of the lease, it must pay the lessor a maximum amount of \$18.8, which amount will be reduced by the net sales proceeds of the equipment to a third party. The Company does not believe that it will have any payment obligations at the end of the lease because either the Company will exercise the purchase option, or the net proceeds from sale of the equipment will exceed the maximum amount payable to the lessor.

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (Continued)

G--Capital Stock

Stock Activity

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

	Common Stock	Treasury Stock
	-----	-----
Balance, January 1, 1999....	197,766,091	(82,580)
Shares issued.....	961,659	2,342,411
Treasury stock purchased.	--	(4,107,287)
	-----	-----
Balance, December 31, 1999..	198,727,750	(1,847,456)
Shares issued.....	50,000	2,722,437
Treasury stock purchased.	--	(3,555,532)
	-----	-----
Balance, December 31, 2000..	198,777,750	(2,680,551)
Shares issued.....	20,000	3,607,684
Treasury stock purchased.	--	(3,426,730)
	-----	-----
Balance, December 31, 2001..	198,797,750	(2,499,597)
	=====	=====

The Company issues shares for employee stock plans and acquisitions. The Company purchases its common stock to meet the requirements of the employee stock purchase and incentive plans, to replace shares issued in purchase acquisitions and to satisfy contractual obligations. The Company will also receive shares in stock option exercises.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Stock Options

At December 31, 2001, the Company had 16,707,668 common shares authorized for issuance under stock option plans. Generally, options become exercisable in varying installments, beginning 6 to 18 months after the date of grant, have a maximum term of 5-10 years, and are issued with exercise prices at market. However, the Company grants below market options under a deferred compensation program. This program allows senior managers to receive stock options in lieu of cash salary and bonuses. These options include a discount feature which does not exceed 15% and have a term of fifteen years. A summary of the Company's stock option plans as of December 31, 2001, 2000 and 1999, and changes during the years ending on those dates is as follows:

	Shares	Weighted Average Exercise Price per Share
	-----	-----
Outstanding at January 1, 1999..	7,704,185	\$ 9.34
Granted.....	4,998,591	16.33
Exercised.....	(1,279,755)	6.29
Forfeited.....	(104,340)	19.99
	-----	-----
Outstanding at December 31, 1999	11,318,681	12.67
Granted.....	1,196,574	8.13
Exercised.....	(947,773)	8.78
Forfeited.....	(302,173)	17.77
	-----	-----
Outstanding at December 31, 2000	11,265,309	12.38
Granted.....	2,010,031	15.22
Exercised.....	(2,622,995)	9.93
Forfeited.....	(732,591)	14.15
	-----	-----
Outstanding at December 31, 2001	9,919,754	\$13.48
	=====	=====
Options exercisable at		
December 31, 2001.....	5,604,070	\$12.84
December 31, 2000.....	6,999,358	10.50
December 31, 1999.....	5,605,669	8.43

The following table summarizes information about stock options outstanding at December 31, 2001:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Remaining Contractual Life In Years	Weighted- Average Exercise Price	Number Exercisable	Weighted- Average Exercise Price
	-----	-----	-----	-----	-----
\$ .01-\$ 5.00	3,385,454	11.3	\$ 2.13	2,182,052	\$ 1.63
5.01- 12.00	--	--	--	--	--
12.01- 18.00	2,049,695	8.1	16.88	376,198	14.20
18.01- 26.00	4,484,605	6.7	20.49	3,045,820	20.70
	-----	-----	-----	-----	-----
\$ .01-\$26.00	9,919,754	8.5	\$13.48	5,604,070	\$12.84
	=====	=====	=====	=====	=====

The Company applies the intrinsic value based method of accounting prescribed by APB Opinion No. 25 and related interpretations in accounting for stock-based compensation plans. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Compensation cost charged against income related to the Company's stock option grants for each of the years ending December 31, 2001, 2000 and 1999 was \$9.4, \$11.2 and \$11.5, respectively. Compensation cost includes amounts for options granted under the deferred compensation plan for senior managers, which allows the manager to elect stock options in lieu of salary and bonuses.

The Company's proforma net income and proforma earnings per share, with related assumptions, are disclosed in the following table. This information is presented as if compensation cost for the Company's stock-based compensation plans had been determined based on the estimated fair value of the options at the grant dates, consistent with the method prescribed by FASB Statement No. 123. Also disclosed are the weighted-average fair value and exercise price of options granted during the last three years.

	2001	2000	1999
	-----	-----	-----
Proforma net earnings.....	\$179.6	\$257.0	\$285.2
Proforma earnings per share			
Basic.....	.90	1.29	1.44
Diluted.....	.90	1.28	1.42
Weighted-average fair value of options			
Granted at market price.....	6.28	6.19	4.59
Granted below market price.....	16.09	11.82	17.67
Weighted-average exercise price of options			
Granted at market price.....	17.75	17.56	20.09
Granted below market price.....	4.22	3.22	2.50
Principal assumptions			
Risk-free interest rate.....	5.0%	5.4%	5.2%
Expected life in years.....	7.0	6.6	4.8
Expected volatility.....	31.4%	28.4%	23.0%
Expected dividend yield.....	1.8%	1.7%	1.5%

The Company also has authorized shares for issuance in connection with certain employee stock benefit plans discussed in Note H.

Par Value Amendment

In 1993, the Company's shareholders approved an amendment to the Company's Restated Articles of Incorporation reducing the par value of Common Stock to \$.01 from \$1. The amendment provided that the stated capital of the Company would not be affected as of the date of the amendment. Accordingly, stated capital of the Company exceeds the amount reported as common stock in the financial statements by approximately \$39.

Shareholder Protection Rights Plan

In 1989, the Company declared a dividend distribution of one preferred stock purchase right (a Right) for each share of common stock. The Rights were attached to and traded with the Company's common stock. The Rights became exercisable only under certain circumstances involving actual or potential acquisitions of the Company's common stock. The Rights expired in February 1999. The Company simultaneously issued substantially identical rights, which remain in existence until February 2009, unless they are exercised, exchanged or redeemed at an earlier date. Depending upon the circumstances, if these Rights become exercisable, the holder may be entitled to purchase shares of Series A junior preferred stock of the Company, shares of the Company's common stock or shares of common stock of the acquiring entity.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

## H--Employee Benefit Plans

The following table provides information at December 31 as to the Company's sponsored domestic defined benefit pension plans. The Company's foreign defined benefit pension plans are not significant individually or in the aggregate.

	2001	2000	1999
	-----	-----	-----
Change in Benefit Obligation			
Benefit obligation, beginning of period.....	\$110.3	\$102.1	\$100.1
Service cost.....	3.1	3.3	3.2
Interest cost.....	6.4	5.9	5.3
Plan participants' contributions.....	5.0	4.8	4.3
Actuarial gains.....	--	(6.6)	(4.9)
Benefits paid.....	(6.7)	(6.6)	(5.9)
Acquisitions and transfers.....	--	7.4	--
	-----	-----	-----
Benefit obligation, end of period.....	118.1	110.3	102.1
Change in Plan Assets			
Fair value of plan assets, beginning of period.	181.0	154.6	132.1
Actual return on plan assets.....	(21.5)	23.8	24.1
Employer contributions.....	.4	--	--
Plan participants' contributions.....	5.0	4.8	4.3
Benefits paid.....	(6.7)	(6.6)	(5.9)
Acquisitions and transfers.....	--	4.4	--
	-----	-----	-----
Fair value of plan assets, end of period.....	158.2	181.0	154.6
Plan Assets in Excess of Benefit Obligations.....			
Unrecognized net actuarial gains.....	(2.3)	(40.2)	(24.3)
Unrecognized net transition asset.....	--	(.3)	(.7)
Unrecognized prior service cost.....	(.2)	(.2)	(.2)
	-----	-----	-----
Prepaid pension cost.....	\$ 37.6	\$ 30.0	\$ 27.3
	=====	=====	=====
Components of Net Pension Income			
Service cost.....	\$ (3.1)	\$ (3.3)	\$ (3.2)
Interest cost.....	(6.4)	(5.8)	(5.3)
Expected return on plan assets.....	14.5	12.2	10.3
Amortization of net transition asset.....	.3	.3	.4
Recognized net actuarial gain.....	1.9	.9	--
	-----	-----	-----
Net pension income.....	\$ 7.2	\$ 4.3	\$ 2.2
	=====	=====	=====
Weighted Average Assumptions			
Discount rate.....	6.00%	6.00%	6.00%
Expected return on plan assets.....	8.00%	8.00%	8.00%
Rate of compensation increase.....	4.40%	4.50%	4.40%

Plan assets are invested in a diversified portfolio of equity, debt and government securities, including 1,176,000 shares of the Company's common stock at December 31, 2001.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Contributions to union sponsored, defined benefit, multiemployer pension plans were \$.7, \$.8, and \$.7 in 2001, 2000 and 1999, respectively. These plans are not administered by the Company and contributions are determined in accordance with provisions of negotiated labor contracts. As of 2001, the actuarially computed values of vested benefits for these plans were primarily equal to or less than the net assets of the plans. Therefore, the Company would have no material withdrawal liability. However, the Company has no present intention of withdrawing from any of these plans, nor has the Company been informed that there is any intention to terminate such plans.

Net pension (income) expense, including Company sponsored defined benefit plans, multiemployer plans and other plans, was \$(.8), \$2.2 and \$4.3 in 2001, 2000 and 1999, respectively.

The Company has a contributory stock purchase/stock bonus plan (SPSB Plan), a nonqualified executive stock purchase program (ESPP) and an employees' discount stock plan (DSP). The SPSB Plan provides Company pre-tax contributions of 50% of the amount of employee contributions. The ESPP provides cash payments of 50% of the employees' contributions, along with an additional payment to assist employees in paying taxes on the cash payments. To the extent possible, contributions to the ESPP are invested in the Company's common stock through the DSP. In addition, the Company matches its contributions when certain profitability levels, as defined in the SPSB Plan and the ESPP, have been attained. The Company's total contributions to the SPSB Plan and the ESPP were \$8.3, \$9.7 and \$8.5 for 2001, 2000 and 1999, respectively. Beginning January 1, 2002, the SPSB Plan was converted to an Employee Stock Ownership Plan (ESOP) and the ESPP was replaced by an Employee Stock Unit Program (ESUP). These changes will have no significant effect on the Company's total cost of the plans.

Under the DSP, eligible employees may purchase a maximum of 19,000,000 shares of Company common stock. The purchase price per share is 85% of the closing market price on the last business day of each month. Shares purchased under the DSP were 1,052,938 in 2001, 1,287,437 in 2000, and 1,026,479 in 1999. Purchase prices ranged from \$13 to \$24 per share. Since inception of the DSP in 1982, a total of 16,467,597 shares have been purchased by employees.

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

I--Income Taxes

The components of earnings before income taxes are as follows:

	Year ended December 31		
	2001	2000	1999
Domestic	\$261.0	\$342.3	\$397.2
Foreign.	36.3	76.3	65.4
	-----	-----	-----
	\$297.3	\$418.6	\$462.6
	=====	=====	=====

Income tax expense is comprised of the following components:

	Year ended December 31		
	2001	2000	1999
Current			
Federal.....	\$100.9	\$106.7	\$141.1
State and local.	8.8	5.6	11.8
Foreign.....	19.6	29.1	25.9
	-----	-----	-----
	129.3	141.4	178.8
Deferred			
Federal.....	(9.6)	12.0	(5.1)
State and local.	(1.4)	6.3	3.3
Foreign.....	(8.6)	(5.2)	(4.9)
	-----	-----	-----
	(19.6)	13.1	(6.7)
	-----	-----	-----
	\$109.7	\$154.5	\$172.1
	=====	=====	=====

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

	December 31	
	2001	2000
Property, plant and equipment	\$(72.2)	\$(74.4)
Accrued expenses.....	63.0	54.3
Prepaid pension cost.....	(15.4)	(12.4)
Intangible assets.....	(13.9)	(9.5)
Other, net.....	(1.2)	(16.7)
	-----	-----
	\$(39.7)	\$(58.7)
	=====	=====

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

	December 31	
	2001	2000
Other current assets.	\$ 25.0	\$ 13.2
Deferred income taxes	(64.7)	(71.9)
	-----	-----
	\$(39.7)	\$(58.7)
	=====	=====



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

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

	Year ended December 31		
	2001	2000	1999
	----	----	----
Statutory federal income tax rate.....	35.0%	35.0%	35.0%
Effect of nondeductible goodwill amortization on federal statutory rate.....	1.3	1.1	.9
Increases in rate resulting primarily from state and other jurisdictions.....	.6	.8	1.3
	----	----	----
Effective tax rate.....	36.9%	36.9%	37.2%
	====	====	====

J--Segment Information

Reportable segments are primarily based upon the Company's management organizational structure. This structure is generally focused on broad end-user markets for the Company's diversified products. Residential Furnishings derives its revenues from components for bedding, furniture and other furnishings, as well as related consumer products. Commercial Furnishings derives its revenues from retail store fixtures, displays, storage, material handling systems, components for office and institutional furnishings, and plastic components. The Aluminum Products revenues are derived from die castings, custom tooling, secondary machining and coating, and smelting of aluminum ingot. Industrial Materials derives its revenues from drawn steel wire, specialty wire products and welded steel tubing sold to trade customers as well as other Leggett segments. Specialized Products is a combination of non-reportable segments which derive their revenues from machinery, manufacturing equipment, automotive seating suspensions, control cable systems and lumbar supports for automotive, office and residential applications.

The accounting principles used in the preparation of the segment information are the same as used for the consolidated financial statements, except that the segment assets and income reflect the FIFO basis of accounting for inventory. Certain inventories are accounted for using the LIFO basis in the consolidated financial statements. The Company evaluates performance based on earnings from operations before interest and income taxes (EBIT). Intersegment sales are made primarily at prices that approximate market-based selling prices. Centrally incurred costs are allocated to the segments based on estimates of services used by the segment. Certain general and administrative costs of the Company are allocated to the segments based on sales. Asset information for the segments includes only inventory, trade receivables, net property, plant and equipment and unamortized purchased intangibles. These segment assets are reflected in the segment information at their estimated average for the year. Long-lived assets as disclosed include property, plant and equipment, goodwill and other intangibles, and long-term assets. Centrally incurred costs and allocated general and administrative costs include depreciation and other costs related to assets that are not allocated or otherwise included in the segment assets.

Summarized financial information concerning the Company's reportable segments is shown in the following tables. Segment amounts for prior years have been restated to conform to the 2001 presentation:

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (Continued)

Year ended December 31

	Inter-		Total	EBIT
	External Sales	Segment Sales	Sales	
-----				
2001				
Residential Furnishings...	\$2,042.6	\$ 11.7	\$2,054.3	\$176.5
Commercial Furnishings....	940.7	3.9	944.6	53.1
Aluminum Products.....	444.4	15.2	459.6	25.4
Industrial Materials.....	318.9	208.5	527.4	55.8
Specialized Products.....	367.2	53.6	420.8	42.4
Intersegment eliminations.				(5.5)
Adjustment to LIFO method.				3.5
	-----	-----	-----	-----
	\$4,113.8	\$292.9	\$4,406.7	\$351.2
	=====	=====	=====	=====
2000				
Residential Furnishings...	\$2,126.0	\$ 9.7	\$2,135.7	\$224.0
Commercial Furnishings....	974.5	4.0	978.5	109.2
Aluminum Products.....	529.0	16.5	545.5	36.5
Industrial Materials.....	326.9	214.0	540.9	73.9
Specialized Products.....	319.9	51.4	371.3	46.4
Intersegment eliminations.				(5.0)
Adjustment to LIFO method.				(4.2)
	-----	-----	-----	-----
	\$4,276.3	\$295.6	\$4,571.9	\$480.8
	=====	=====	=====	=====
1999				
Residential Furnishings...	\$1,946.6	\$ 9.5	\$1,956.1	\$219.7
Commercial Furnishings....	770.7	1.7	772.4	126.2
Aluminum Products.....	532.8	15.6	548.4	52.6
Industrial Materials.....	290.0	208.2	498.2	70.8
Specialized Products.....	238.9	41.9	280.8	34.1
Intersegment eliminations.				(2.6)
Adjustment to LIFO method.				1.7
	-----	-----	-----	-----
	\$3,779.0	\$276.9	\$4,055.9	\$502.5
	=====	=====	=====	=====

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	Year ended December 31			
	Assets	Additions to Property, Plant and Equipment	Acquired Companies' Long-Lived Assets	Depreciation and Amortization
2001				
Residential Furnishings....	\$1,221.5	\$ 72.4	\$ 11.9	\$ 80.6
Commercial Furnishings.....	944.2	15.3	53.8	49.7
Aluminum Products.....	437.4	10.6	3.3	24.8
Industrial Materials.....	260.2	6.1	5.2	15.9
Specialized Products.....	352.8	12.5	7.1	17.3
Unallocated assets.....	336.1	11.1	--	8.3
Adjustment to year-end vs. average assets.....	(139.3)			
	----- \$3,412.9 =====	----- \$128.0 =====	----- \$ 81.3 =====	----- \$196.6 =====
2000				
Residential Furnishings....	\$1,223.2	\$ 73.3	\$ 34.4	\$ 67.0
Commercial Furnishings.....	892.4	30.9	108.8	41.7
Aluminum Products.....	478.7	29.2	4.1	24.2
Industrial Materials.....	269.0	9.4	27.1	14.7
Specialized Products.....	336.4	12.4	78.8	15.8
Unallocated assets.....	242.6	14.5	--	9.9
Adjustment to year-end vs. average assets.....	(69.1)			
	----- \$3,373.2 =====	----- \$169.7 =====	----- \$253.2 =====	----- \$173.3 =====
1999				
Residential Furnishings....	\$1,173.4	\$ 60.7	\$128.3	\$ 61.7
Commercial Furnishings.....	717.5	21.5	163.2	28.3
Aluminum Products.....	441.1	30.5	--	22.2
Industrial Materials.....	208.7	17.9	5.3	14.0
Specialized Products.....	216.8	15.0	16.2	12.4
Unallocated assets.....	204.0	13.5	--	10.7
Adjustment to year-end vs. average assets.....	16.0			
	----- \$2,977.5 =====	----- \$159.1 =====	----- \$313.0 =====	----- \$149.3 =====

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

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

	Year Ended December 31		
	2001	2000	1999
Residential Furnishings			
Bedding components.....	\$ 776.2	\$ 802.0	\$ 732.0
Residential furniture components.....	674.9	701.7	608.3
Finished & consumer products.....	515.6	542.8	528.3
Other residential furnishings products.....	75.9	79.5	78.0
	2,042.6	2,126.0	1,946.6
Commercial Furnishings			
Store displays, fixtures & storage products.	707.1	706.1	519.4
Office furnishings & plastic components.....	233.6	268.4	251.3
	940.7	974.5	770.7
Aluminum Products			
Die cast products.....	369.7	446.3	457.7
Smelter, tool & die operations.....	74.7	82.7	75.1
	444.4	529.0	532.8
Industrial Materials			
Wire, wire products & steel tubing.....	318.9	326.9	290.0
Specialized Products			
Automotive products & specialized machinery.	367.2	319.9	238.9
	\$4,113.8	\$4,276.3	\$3,779.0

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

	Year Ended December 31		
	2001	2000	1999
External sales			
United States.	\$3,421.1	\$3,675.6	\$3,345.8
Canada.....	324.9	317.4	237.8
Other foreign.	367.8	283.3	195.4
	\$4,113.8	\$4,276.3	\$3,779.0
Long-lived assets			
United States.	\$1,591.5	\$1,593.3	\$1,421.4
Canada.....	159.8	156.8	135.5
Other foreign.	239.7	217.8	164.4
	\$1,991.0	\$1,967.9	\$1,721.3



K--Contingencies

The Company is involved in various legal proceedings including matters which involve claims against the Company under employment, intellectual property, environmental and other laws. When it appears probable in management's judgement that the Company will incur monetary damages or other costs in connection with claims and proceedings, and the costs can be reasonably estimated, appropriate liabilities are recorded in the financial statements and charges are made against earnings. No claim or proceeding has resulted in a material charge against earnings, nor are the total liabilities recorded material to the Company's financial position. While the results of any ultimate resolution cannot be predicted, management believes the possibility of a material adverse effect on the Company's consolidated financial position, results of operations and cash flows from claims and proceedings is remote.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(1) present fairly, in all material respects, the financial position of Leggett & Platt, Incorporated and its subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements schedules listed in the accompanying index present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statements schedules are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statements schedules based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
St. Louis, Missouri  
January 30, 2002

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

QUARTERLY SUMMARY OF EARNINGS

(Unaudited)

(Dollar amounts in millions, except per share data)

Year ended December 31, 2001	First	Second	Third	Fourth	Total
Net sales.....	\$1,053.3	\$1,035.2	\$1,056.8	\$ 968.5	\$4,113.8
Gross profit.....	251.1	251.5	257.8	231.6	992.0
Earnings before income taxes	72.9	80.7	87.6	56.1	297.3
Net earnings.....	46.0	50.9	55.3	35.4	187.6
=====					
Earnings per share					
Basic.....	\$ .23	\$ .26	\$ .28	\$ .18	\$ .94
=====					
Diluted.....	\$ .23	\$ .25	\$ .28	\$ .18	\$ .94
=====					
Year ended December 31, 2000					
-----					
Net sales.....	\$1,043.6	\$1,095.6	\$1,129.6	\$1,007.5	\$4,276.3
Gross profit.....	271.5	288.5	284.1	243.7	1,087.8
Earnings before income taxes	117.3	120.6	109.2	71.5	418.6
Net earnings.....	73.8	76.3	68.9	45.1	264.1
=====					
Earnings per share					
Basic.....	\$ .37	\$ .38	\$ .35	\$ .23	\$ 1.33
=====					
Diluted.....	\$ .37	\$ .38	\$ .34	\$ .23	\$ 1.32
=====					

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

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

Column A ----- Description -----	Column B ----- Balance at Beginning of Period -----	Column C ----- Additions Charged to Cost and Expenses -----	Column D ----- Deductions -----	Column E ----- Balance at End of Period -----
Year ended December 31, 2001				
Allowance for doubtful receivables	\$16.3 =====	\$20.1 =====	\$7.0 (A) =====	\$29.4 =====
Year ended December 31, 2000				
Allowance for doubtful receivables	\$13.3 =====	\$ 6.7 =====	\$3.7 (A) =====	\$16.3 =====
Year ended December 31, 1999				
Allowance for doubtful receivables	\$13.5 =====	\$ 5.5 =====	\$5.7 (A) =====	\$13.3 =====

- -----  
(A) Uncollectible accounts charged off, net of recoveries

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LEGGETT & PLATT, INCORPORATED

/S/ FELIX E. WRIGHT

By: \_\_\_\_\_

Felix E. Wright  
 President and  
 Chief Executive Officer

Dated: March 28, 2002

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

Signature -----	Title -----	Date ----
--------------------	----------------	--------------

(a) Principal Executive Officer:

/S/ FELIX E. WRIGHT	Vice Chairman of the Board,	March 28, 2002
-----	President & Chief Executive Officer	
Felix E. Wright		

(b) Principal Financial Officer:

/S/ MICHAEL A. GLAUBER	Senior Vice President,	March 28, 2002
-----	Finance & Administration	
Michael A. Glauber		

(c) Principal Accounting Officer:

/S/ ALLAN J. ROSS	Vice President--Accounting	March 28, 2002
-----		
Allan J. Ross		

(d) Directors:

HARRY M. CORNELL, JR.*	Chairman
-----	
Harry M. Cornell, Jr.	

RAYMOND F. BENTELE*	Director
-----	
Raymond F. Bentele	

RALPH W. CLARK*	Director
-----	
Ralph W. Clark	



## EXHIBIT INDEX

Exhibit No. -----	Document Description -----	Sequential Page No. -----
3.1	Restated Articles of Incorporation of the Company as of May 13, 1987, filed March 31, 1999 as Exhibit 3.1 to the Company's Form 10-K for the year ended December 31, 1998, is incorporated by reference.	
3.2	Amendment of Restated Articles of Incorporation of the Company dated May 12, 1993, filed March 31, 1999 as Exhibit 3.2 to the Company's Form 10-K for the year ended December 31, 1998, is incorporated by reference.	
3.3	Amendment of Restated Articles of Incorporation of the Company dated May 12, 1999; filed March 29, 2000 as Exhibit 3.3 to the Company's Form 10-K for the year ended December 31, 1999, is incorporated by reference.	
3.4	Amended and Restated By-Laws of the Company as of August 11, 1993, with all amendments through March 15, 1999, filed March 31, 1999 as Exhibit 3.3 to the Company's Form 10-K for the year ended December 31, 1998, is incorporated by reference.	
4.1	Article III of the Company's Restated Articles of Incorporation, filed as Exhibit 3.1 hereto, is incorporated by reference.	
4.2	Rights Agreement effective February 15, 1999 between the Company and UMB Bank, N.A., as successor Rights Agent, pertaining to preferred stock rights distributed by the Company, filed as Exhibit 1 to the Company's Form 8-K filed December 1, 1998, is incorporated by reference.	
4.3	Indenture, dated as of November 24, 1999 between the Company and The Chase Manhattan Bank, as Trustee, filed as Exhibit 4.1 to Registration Statement No. 333-90443, on Form S-3, effective as of November 15, 1999, is incorporated by reference.	
10.1(1)	Restated and Amended Employment Agreement between Harry M. Cornell, Jr. and the Company dated as of August 14, 1996, and Amendment No. 1 to Employment Agreement dated January 1, 1999, and Letter Agreement dated April 24, 2000 extending term of Employment Agreement and Letter Agreement dated March 1, 2001 extending term of Employment Agreement.	
10.2(1)	Restated and Amended Employment Agreement between the Company and Felix E. Wright dated March 1, 1999, filed March 31, 1999 as Exhibit 10.2 to the Company's Form 10-K for the year ended December 31, 1998, is incorporated by reference.	
10.3(1)	Employment Agreement between the Company and Robert A. Jefferies, Jr. dated November 7, 1990 and Amendment No. 1 to Employment Agreement dated January 1, 1993; filed March 31, 2000 as Exhibit 10.3 to the Company's Form 10-K for the year ended December 31, 1999, is incorporated by reference.	
10.4(1)	Severance Benefit Agreement between the Company and Harry M. Cornell, Jr. dated May 9, 1984, filed March 29, 2001 as Exhibit 10.4(1) to the Company's Form 10-K for the year ended December 31, 2000 is incorporated by reference.	
10.5(1)	Severance Benefit Agreement between the Company and Felix E. Wright dated May 9, 1984, filed March 29, 2001 as Exhibit 10.5(1) to the Company's Form 10-K for the year ended December 31, 2000 is incorporated by reference.	
10.6(1)	Severance Benefit Agreement between the Company and Robert A. Jefferies, Jr. dated May 9, 1984, filed March 29, 2001 as Exhibit 10.6(1) to the Company's Form 10-K for the year ended December 31, 2000 is incorporated by reference.	

Exhibit No. -----	Document Description -----	Sequential Page No. -----
10.7(1)	Reference is made to Appendix A to the Company's definitive Proxy Statement filed March 30, 2001, used in connection with Company's Annual Meeting of Shareholders held on May 9, 2001, for a copy of the Company's amended and restated 1989 Flexible Stock Plan, which is incorporated by reference.	
10.8(1)	Summary description of the Company's Key Management Incentive Compensation Plan filed March 29, 2000 as Exhibit 10.8 to Company's Form 10-K for the year ended December 31, 1999, is incorporated by reference.	
10.9(1)	Reference is made to Appendix B to the Company's definitive Proxy Statement filed March 31, 1999, used in connection with the Company's Annual Meeting of Shareholders held on May 12, 1999, for a copy of the Company's 1999 Key Officer's Incentive Plan, which is incorporated by reference.	
10.10(1)	Description of long-term disability arrangements between the Company and certain executives.	
10.11(1)	Form of Indemnification Agreement approved by the shareholders of the Company and entered into between the Company and each of its directors and certain executive officers.	
10.12(1)	The Company's Director Stock Option Plan, as amended.	
10.13(1)	The Company's Executive Stock Purchase Program adopted June 6, 1989 under the Company's 1989 Flexible Stock Plan, and effective as of July 1, 1989, as amended; filed March 29, 2000 as Exhibit 10.13 to the Company's Form 10-K for the year ended December 31, 1999, is incorporated by reference.	
10.14(1)	Revised Employment Agreement dated May 13, 1996, between Bob L. Gaddy, Pace Industries, Inc. and the Company.	
10.15(1)	The Company's Stock Award Program, filed March 31, 1998 as Exhibit 10.20 to the Company's Form 10-K for the year ended December 31, 1997, is incorporated by reference.	
10.16(1)	The Company's Deferred Compensation Program, restated and amended as of November 14, 2001.	
10.17(1)	The Company's Executive Deferred Stock Program, filed March 31, 1999 as Exhibit 10.16 to the Company's Form 10-K for the year ended December 31, 1998, is incorporated by reference.	
10.18(1)	Noncompetition Agreement, dated May 13, 1996 between Bob L. Gaddy and the Company.	
10.19(1)	Pace Industries, Inc., Revised and Restated Employee Incentive Compensation Plan dated May 13, 1996.	
10.20(1)	The Company's Executive Stock Unit Program, adopted under the Company's 1989 Flexible Stock Plan, and effective as of January 1, 2002.	
10.21(1)	Employment 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, is incorporated by reference.	
10.22(1)	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, is incorporated by reference.	



Exhibit No.	Document Description	Sequential Page No.
-----	-----	-----
12	Computation of Ratio of Earnings to Fixed Charges.	
21	Schedule of Subsidiaries of Company.	
23	Consent of Independent Accountants.	
24	Power of Attorney executed by members of the Company's Board of Directors regarding this Form 10-K.	

-----  
 (1) Denotes management contract or compensatory plan or arrangement.

RESTATED AND AMENDED  
EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Restated Agreement") is made as of August 14, 1996 by Leggett & Platt, Incorporated, a Missouri corporation (the "Company"), and Harry M. Cornell, Jr. (the "Executive").

RECITALS

- A. This Restated Agreement amends and restates in its entirety the Employment Agreement between the Company and the Executive dated May 9, 1979, as previously amended, supplemented or clarified (the "Employment Agreement").
- B. This Restated Agreement eliminates certain provisions of the Employment Agreement which have become inapplicable due to the passage of time, and integrates the Employment Agreement and all prior supplements or amendments into a single comprehensive document.
- C. The Executive has been employed by the Company since 1950 and has served as its President, Chief Executive Officer and/or Chairman of the Board of Directors since 1960. Over this period the Executive's services have contributed materially to the successful operation of the Company's businesses.
- D. The Company desires that the Executive remain in the employment of the Company. Accordingly, the Compensation Committee (the "Compensation Committee") of the Board of Directors of the Company (the "Board") has recommended the execution of this Restated Agreement and the Board has authorized the execution of the same.

AGREEMENT

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

1. Employment

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

The Executive's employment under this Restated 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 Restated Agreement commenced on May 9, 1979 and shall end on December 31, 1998, unless terminated earlier in accordance with the provisions of this Restated Agreement.

### 2.2 Early Termination

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

- (a) by the Executive (but not the Company) upon six (6) months prior written notice;
- (b) in accordance with the Severance Benefit Agreement between the Company and the Executive dated as of May 9, 1984, as amended from time to time (the "Severance Benefit Agreement"), a copy of which is attached as Exhibit A for information purposes only;
- (c) by the Executive's death;
- (d) in accordance with Section 7 hereof, upon the Executive's Total Disability (as hereinafter defined);
- (e) by the Executive pursuant to Section 8 hereof;
- (f) by the Company pursuant to Section 10 hereof; or
- (g) for other causes as provided below.

## 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, shall serve as Chief Executive Officer of the Company, Chairman of the Board (if so elected by the Board), and a director (if so elected by the stockholders of the

Company), and shall perform such duties consistent with his status as Chairman of the Board and Chief Executive Officer as may be assigned to him by the Board.

The direction and control exercised by the Board over the Executive shall be such as is customarily exercised by a board of directors over a chairman of the board and chief executive officer.

#### 4. Compensation

##### 4.1 Base Salary

On the Date of this Restated Agreement, the Executive is being paid a base salary at an annual rate of \$575,000. On or before April 15, 1997 and on or before April 15 of each successive year during the term of Executive's active performance of duties as Chief Executive Officer of the Company hereunder, the Compensation Committee of the Board 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; provided, however, the percentage increase in the Executive's base salary shall always be at least equal to the then latest percentage increase over the previous year in the aggregate annual base salaries of the Company's five highest paid executive officers other than the Executive. In computing this percentage increase, the Compensation Committee shall disregard that part of any base salary increase attributable in the Committee's reasonable judgment to additional responsibilities assumed or to be assumed by any of such five highest paid executive officers. Further, in computing the percentage increase, the Compensation Committee shall make equitable adjustments in its computations so that the Executive will not be prejudiced by any reduction in the responsibilities of any of such five highest paid executive officers implemented during the immediately preceding year or to be implemented in the immediately following year.

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 immediately following the appraisal in question.

##### 4.2 Annual Cash Bonus

For the year 1996, and each succeeding year during the term of this Agreement, the Executive shall be entitled to earn a cash bonus computed in accordance with such Incentive Compensation Plan guidelines as are approved by the Compensation Committee for such year. 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 stockholders of the Company.

If the Executive's employment under this Restated Agreement is terminated before December 31 of any year during the term hereof, the Executive shall be entitled to a prorated bonus for the year of termination. This prorated bonus shall bear the same ratio to the minimum bonus the Executive would have earned with respect to the year under the Incentive Compensation Plan as the number of days this Restated 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 Restated 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 of Chief Executive Officer of the Company contemplated by this Restated 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 comparable to those provided to the Executive on the date hereof and, in all events, equal to such perquisites as may be made available from time to time to the Company's other executive officers.

In addition to the payments provided for in this Section 4 and elsewhere in this Restated 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 of the Board shall, in its discretion, determine.

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

#### 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. Pension

6.1 Obligation to Make Pension Payments

When Executive's employment is hereafter terminated for any reason whatsoever, including Total Disability or death, the Company shall make cash payments to the Executive herein the "Pension Payments") as provided in this section 6.

6.2 Commencement and Duration of Pension Payments

The Pension Payments shall begin on the first day of the first month immediately following the Executive's termination of employment. All Pension Payments shall be made in equal monthly installments and once commenced shall continue during the life of the Executive. If the Executive dies before Pension Payments begin or within 15 years from the first monthly Pension Payment, then the monthly Pension Payments shall thereafter be made during the remainder of the 15 year period to the Executive's Designee (as hereinafter defined).

The Executive's "Designee" shall be Ann B. Cornell or such other person or other legal entity designated by the Executive to the Company after the date hereof. The Executive may change the Designee from time to time by an amending designation to the Company. In the absence of a valid designation, or if the Designee dies before the Executive, then the Designee shall be deemed to be the estate of the Executive.

6.3 Amount of Annual Pension Payments

The Executive's annual Pension Payments shall be the following percentage of the Executive's Five Year Average Compensation:

If Termination of Employment is after October 4	Percentage
1995	62
1996	63
1997	64
1998	65

"Five Year Average Compensation" as used in this Agreement shall be computed by dividing 5 into the highest amount of total compensation accrued by the Company with respect to the Executive for services rendered by the Executive in any period of five consecutive calendar years before 1999 (which may include the year of termination). Such

compensation shall include salaries, bonuses and special awards unless provided otherwise below (whether in cash or in kind), but shall not include pensions, retirement allowances, severance pay, fees under consulting contracts, director's fees, distributions under Company benefit plans, the value of fringe benefits and the like. Additionally, in computing Five Year Average Compensation the following provisions shall apply:

- (a) all salaries, bonuses and special awards shall be deemed "accrued" with respect to a given year even though actually paid in a later year, provided the same stem from the Executive's performance of services during the given year (e.g., bonuses for the year 1995 paid in February 1996, or any salary or bonus which the Executive elects to defer until later years pursuant to the Company's Deferred Compensation Program);
- (b) if the Executive elects to receive stock options in lieu of salary or bonus under the Company's Deferred Compensation Program or any other plan the Company may hereafter adopt, the compensation "accrued" shall be the amount of salary or bonus foregone;
- (c) all stock and cash awards previously or hereafter issued to the Executive under the Company's 1989 Flexible Stock Plan will be excluded;
- (d) all payments previously or hereafter made to the Executive to offset the effect of tax law limitations on the Executive's participation in the Leggett & Platt Retirement Plan will be excluded; and
- (e) all bonuses, awards and other payments made to the Executive (i) to reimburse Executive for, or provide the Executive with funds to pay, local, state and federal income taxes which become payable by the Executive as a result of exercise of non-qualified stock options or (ii) to induce the Executive to make, or to compensate Executive for making, disqualifying dispositions of Company stock acquired in the exercise of incentive stock options, will be excluded.

The annual Pension Payments under this section shall be reduced by all amounts received by the Executive from primary Social Security, as well as amounts paid to Executive under any disability income insurance policies which are attributable to premiums paid by the Company (all such amounts being herein referred to as "Pension Reduction Amounts").

#### 6.4 Insurance During Retirement or Disability

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During the 15-year period following Executive's termination of employment (or, if longer, until Executive's death), the Company will pay, or arrange insurance coverages to pay, all of Executive's and his dependents' medical and hospitalization expenses which are not covered by Medicare or other government health insurance. However, the payments and

coverages provided by the Company will not exceed the payments and coverages that Executive and his dependents would have received under the Company's medical plan applicable to them immediately prior to termination of Executive's employment. The Company will also reimburse the Executive and his dependents for premiums they pay for Medicare and other government health insurance.

The Company will provide life insurance coverage to the Executive at least equal to the coverage provided to him immediately prior to termination of his employment.

The Company will pay to Executive and his dependents an amount sufficient to pay income taxes on all amounts or benefits received under this Section 6.4 which are required to be included in income for tax purposes.

#### 6.5 Conversion of Pension Payments into Options -----

The Executive may elect to convert all or a portion of the present value of his Pension Payments into Options at the times set out below and in manner set out on Exhibit B:

- (a) within 60 days before or after termination of Executive's employment with the Company;
- (b) within 90 days after a "Change in Control" (as defined in the Severance Benefit Agreement);
- (c) at any time if (i) the Company's price/earnings ratio, as reported in the Wall Street Journal, is at least 14, (ii) such ratio is at least 80% of the price/earnings ratio for the Standard & Poor's 500 index, as also reported in the Wall Street Journal and (iii) the Company's common stock is trading at a price which is at least 85% of the 3-year high;
- (d) at any time within three months after the Company has sold, for its own account, its common stock in an underwritten, primary public offering.
- (e) at such other time or times either before or after termination of employment as the Compensation Committee may, in its sole discretion, agree with Executive.

"Option" means an option to purchase shares of the Company's common stock, the general terms and conditions of which are set out on Exhibit B. The formula for determining the number of Option shares is also set out on Exhibit B.

The present value of the Pension Payments to be converted into Options shall be determined by an independent actuary of the Company. The discount rate applied by the



actuary shall be determined by the Chief Financial Officer using a rate equal to the Company's cost of funds for obligations of similar duration.

The Executive shall exercise his election to convert all or a portion of the Pension Payments into Options by delivering an election notice (the "Election Notice") to the Compensation Committee. The Election Notice shall designate the portion of Pension Payments to be converted into Options. Promptly after receipt of the Election Notice, the Company shall deliver to Executive an agreement evidencing the Company's obligations as respects the Options. The agreement shall incorporate all of the terms and conditions of the Options set out on Exhibit B and contain such additional terms and conditions determined by the Compensation Committee as are consistent with Exhibit B and necessary to implement Executive's election. Limitations or restrictions on the time of election, purchase or sale of Company securities or other matters may be added to the Option agreement to reduce the risk of violation of Section 16 of the Securities Exchange Act of 1934.

Upon the grant of an Option, the Company's obligations to make all or any part of the Pension Payments shall be extinguished to the extent such Pension Payments were used as a basis for conversion into Options. Thus, for example, if the Executive elected to convert all of his accrued Pension Payments into Options on January 1, 1997, the number of Options received would be based on 63% of his Five Year Average Compensation (see Section 6.3). If the annual Pension Payments accrued were \$600,000 at this time, the Company's obligation for future annual Pension Payments would be extinguished to the extent of \$600,000. If the Executive continued to be employed until January 1, 1999 (i.e., when Pension Payments are based on 65% of Five Year Average Compensation) and his annual Pension Payments would have been \$700,000 at that time, he would receive annual Pension Payments equal to \$100,000 (i.e., \$700,000 - \$600,000) over the pension period.

In no event shall the Company be required to issue Options under this Section 6.5 if, under the tax laws then in force, such issuance or subsequent exercise of the Options will result in materially increasing the Company's tax liabilities when compared to making Pension Payments.

7. Disability  
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7.1 Definition of "Total Disability"  
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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 Restated Agreement.

During the continuance of any Total Disability, the Board may elect to relieve the Executive of all of his duties hereunder by Board resolution delivered to the Executive, or the Executive may elect to cease performing all of his duties hereunder by notice delivered to

the Company. Thereupon, Executive's duties and responsibilities as Chief Executive Officer and Chairman of the Board under this Restated Agreement shall cease 60 days following delivery of the Board resolution or the Executive's notice, as the case may be; provided, however, that all other provisions of this Restated Agreement, including the Executive's cash compensation and other benefits, shall continue in full force until 14 months from the first day of the four month or longer continuous 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 Restated Agreement shall be terminated.

7.2 Offset Payments

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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.

8. Executive's Option to Terminate Agreement

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

- (a) The Executive shall not be elected and continue as director of the Company, or Chief Executive Officer of the Company or a Member of the Board's Executive Committee;
- (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; or
- (f) A proxy contest is waged and the person waging the contest acquires working control of the Company.

The Executive's employment obligations under this Restated 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.

9. Consulting Agreement  
-----

Upon the expiration of the term of this Restated Agreement or the termination of the Executive's employment for any reason other than death, Total Disability, or discharge for cause, either the Company or the Executive shall have the option to arrange for the Executive to render consulting services to the Company on the following terms and conditions:

- (a) The party wishing to invoke the provisions of this section shall send notice thereof to the other party within 120 days after termination of employment.
- (b) Beginning on the first day of the first month immediately following the sending of the notice and continuing for a period of two years thereafter, the Executive shall render such consulting services to the Company as the Company may reasonably request from time to time. Consulting services shall be limited to the Executive's consideration, review and/or rendering of advice regarding plans or ideas or specific limited questions or problems proposed by the Company and consultation on any major matters of policy affecting the Company, it being understood that none of the foregoing is to generate substantial research, traveling or deliberation time by the Executive.
- (c) In consideration for the consulting services to be rendered by the Executive, the Company shall pay the Executive during the first and second years of consultation an amount equal to 100% and 75%, respectively, of the total compensation ("Total Compensation") accrued by the Company for services rendered by the Executive during the calendar year immediately preceding the Executive's termination of employment. Total Compensation shall be computed in the manner described in Section 6.3.
- (d) Consulting fees payable hereunder shall be paid each year in twelve equal monthly installments payable on the first day of each month in

advance. In addition, the Company shall promptly pay or reimburse the Executive for all out-of-pocket costs incurred by him in rendering consulting services under this section.

- (e) All payments made under this section shall be in addition to any Pension Payments or other payments made to the Executive under this Restated Agreement.
- (f) During the period Executive is rendering consulting services, he shall be entitled to use the same office space and to receive secretarial service which is at least equal to that received immediately prior to his termination of full-time employment.

10. Termination by the Company  
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10.1 Termination For Cause  
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The Company may terminate the Executive's employment pursuant to this Restated 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 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 continuing, repeated, willful violation of specific written directions of the Board (or the board of any affiliate of the company of which the Executive is an officer) which directions are consistent with this Restated Agreement and which violation continues following the Executive's receipt of such written directions; or
- (c) The Executive's continuing, repeated, willful failure to perform his duties hereunder; provided, however, that no discharge shall be deemed for cause under this subsection (c) unless the Executive first receives written notice from the Board (or of the board of any affiliate of the Company of which the Executive is an officer) 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.

In no event shall the alleged incompetence of the Executive in the performance of his duties under this Restated Agreement be deemed grounds for discharge for cause.

10.2 Termination Without Cause  
-----

The Board, at any time and without cause, may relieve the Executive of his duties as Chief Executive Officer and Chairman of the Board of the Company upon three months prior written notice to the Executive; provided that such action by the Board pursuant to this Section 10.2 shall not be deemed a termination of the Executive's employment and shall not relieve the Company of any of its financial obligations to the Executive as set forth in this Restated Agreement. Notwithstanding the foregoing sentence, if the Executive's duties are terminated pursuant to this Section 10.2, the Executive's employment shall thereafter be terminated upon the earlier of (i) Executive's death or (ii) the Disability Termination Date (as defined in Section 7.1).

11. Confidential Information  
-----

The Executive shall not at any time (whether during the term of this Restated 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 Restated Agreement shall be deemed unenforceable by reason of the extent, duration, or geographical scope thereof or otherwise, then the Executive and the Company contemplate that the appropriate court will reduce such extent, duration, geographical scope or other provisions hereof, and enforce the restrictions set out in this section and elsewhere in their reduced form for all purposes in the manner contemplated hereby.

12. Nonassignability  
-----

The Restated Agreement and the benefits hereunder are personal to the Company and are not assignable by it, provided, however, this Restated 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 Restated 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 Restated Agreement shall be binding on and inure to the benefit of the Executive, his assignees, executors, and administrators.

13. Miscellaneous  
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13.1 Waivers

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

13.2 Notices

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

If to the Executive:

Harry M. Cornell, Jr.  
1321 Northridge Terrace  
Joplin, Missouri 64801

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.

13.3 Survival of Provisions

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The provisions set out in Sections 6, 9 and 11 shall survive the expiration or termination of this Restated Agreement, as shall all other provisions hereof which provide for or contemplate performance by either the Executive or the Company following the termination hereof.

By way of example, if Executive's employment is terminated after the term of this Agreement (as defined in Section 2.1), then either he or the Company shall have the option to arrange for Executive's consulting services as described in Section 9.

13.4 Restatement

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This Restated Agreement shall replace and supersede in the entirety the Employment Agreement and all supplements, amendments or clarifications to the Employment Agreement prior to date hereof.

13.5 Split Dollar Life Insurance

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On June 4, 1963 and May 24, 1973, the Company and the Executive entered into split dollar life insurance agreements (the "Split Dollar Agreements") pertaining to policies on the life of the Executive in the amounts of \$100,000 and \$200,000, respectively. The Split Dollar Agreements shall continue in full force in accordance with their terms and shall not be affected by this Restated Agreement.

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

"EXECUTIVE"

"COMPANY"

Leggett & Platt, Incorporated

/s/HARRY M. CORNELL JR.

By: /s/ R.A. Jeffries

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Harry M. Cornell, Jr.

Title: Senior Vice President

EXHIBIT A

SEVERANCE BENEFIT AGREEMENT

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SEVERANCE BENEFIT AGREEMENT  
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This Severance Benefit Agreement (the "Agreement") is made as of May 9, 1984 by Leggett & Platt, Incorporated, No. 1 Leggett Road, Carthage, Missouri 64836 (the "Company") and Harry M. Cornell, Jr. (the "Executive"), residing at 1401 Bellaire Place, Joplin, Missouri 64801.

RECITALS  
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The Executive functions as President, Chairman of the Board and Chief Executive Officer 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.

Now, Therefore, in consideration of the premises and for other good and valuable considerations, receipt of which are hereby acknowledged, the Company and the Executive do 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 5(f) of Schedule 14A, Regulation 14A, promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or (ii) Item 1 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 1~(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 9, 1979 (this agreement as previously, herein or hereafter amended, restated or superseded is herein called the "Employment Agreement").

Nothing in this Agreement is to be deemed to give the Company the right to take any action or engage in any omission with respect to the Executive (including Company Actions as defined in Section 2.4) at any time when any such action or omission is not permissible and proper under the Employment Agreement if then in force. Similarly, except as provided otherwise in this Agreement (e.g. Section 2.4 and Section 5) nothing in this Agreement is to be deemed to give the Executive the right to take any action or engage in any omission with respect to the Company at any time when any such act or omission is not permissible and proper under the Employment Agreement if then in force.

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, 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 subsidiaries or of any other crime (whether or not involving the Company or any of its subsidiaries) that constitutes a felony in the jurisdiction involved; or
- (b) The Executive's continued, repeated, willful violations of specific written directions of the Board or the Company's chief executive officer, which directions are consistent with this Agreement and the Executive's duties and do not constitute Company Action as defined in Section 2.4 and which violations

continue following the Executive's receipt of such written directions; or

- (c) The Executive's continued, repeated, willful failure to perform his duties; provided, however, that no discharge shall be deemed for Cause under this subsection (c) 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 shall have 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 should 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 three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (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) or (c) 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 and defined 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 on the date hereof or as the same may be increased from time to time 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 average percentage increase in base salary for all officers of the Company during the three full calendar years immediately

preceding the Change in Control; or

- (b) A change in the Executive's reporting responsibilities, titles or offices as in effect immediately prior to a Change in Control; or
- (c) The assignment to the Executive of any positions, duties or responsibilities inconsistent in the good faith opinion of the Executive with the Executive's positions, duties and responsibilities with the Company immediately prior to the Change in Control; or
- (d) A failure by the Company (i) to continue any cash bonus or other incentive plans substantially in the forms in effect immediately prior to the Change in Control) or (ii) to 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, in the event the Executive consents 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 benefits), the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any of such plans or deprive the Executive of any material fringe benefit enjoyed by him at the time of the Change in Control, or 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

- (g) 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
- (h) Any purported termination of the Executive's employment 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 shall include 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 this Agreement for Disability, for Cause or for Good Reason 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 option under Section 9 of the Employment Agreement to render consulting services to the Company on the terms and conditions set out in the Employment Agreement. This forfeiture shall not in any manner affect the option of the Company under Section 9 of the Employment Agreement to obtain the consulting services of the Executive.

### 3.2 Base Salary Through Date of Termination; Previously Earned Bonus

The Company shall promptly pay the Executive his full base salary through the Date of Termination at the rate in effect at the time notice of termination is given. In addition, the Company shall promptly pay the amount of any bonus for a past period which has been earned by the Executive but not yet paid under the applicable bonus plan. The Company shall give the Executive credit for any vacation earned but not taken.

### 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 Executive and Key Man Incentive Compensation Plan (or successor plans), whichever may be applicable.

The pro-rata bonus shall be paid by the Company in a lump sum, con-currently with the first severance pay installment provided for in Section 3.4.



### 3.4 Monthly Severance Payments

The Company shall pay the Executive aggregate severance payments equal to (i) 160% of the Executive's annual base salary as of the date of the Change in Control or as of the Date of Termination, whichever is greater, multiplied by (ii) three. The severance payments 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. The 160% figure in this Section shall be appropriately increased or decreased if and as the Executive's maximum annual bonus potential (expressed as a percentage of his annual base salary) is increased or decreased.

### 3.5 Fringe Benefits (General)

The Company shall maintain in full force, for the continued benefit of the Executive for three years after the Date of Termination, all employee benefit plans, programs and/or arrangements (collectively and severally "Benefit Plans") in which the Executive was entitled to participate immediately prior to the Date of Termination provided the Executive's continued participation is possible under the general terms and provisions of such Benefit Plans. If the Executive's participation in any such Benefit Plan is barred, the Company shall arrange to provide the Executive with benefits substantially similar to those which the Executive is entitled to receive under such Plans. At the end of the three year period of coverage, the Executive shall have the option to have assigned to him at no cost and with no apportionment of prepaid premiums, any assignable insurance policy owned by the Company and relating specifically to the Executive.

### 3.6 Retirement Plans

The Company shall pay the Executive in cash a lump sum additional retirement benefit. Such benefit shall be paid at the Executive's normal retirement age (or earlier retirement age should the Executive so elect) as defined in the retirement programs in which the Executive participates or any successor programs in effect on the date of any Change in Control. Such additional benefit shall be equal to the actuarial equivalent of the additional retirement benefit to which the Executive would have been entitled under such retirement programs had he accumulated three additional years of continuous service (following the Date of Termination) under such retirement programs both for purposes of determining eligibility for benefits and for purposes of calculating the amount of such benefits. If any retirement program requires contributions by participants and the Executive is precluded by the terms of the program from making such contributions following the Date of Termination, then 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.

The Company shall pay the Executive in cash each month the result obtained by subtracting "Y" from "X" where:

- (a) "Y" is the monthly Pension Payment the Executive receives under Section 6 of the Employment Agreement; and
- (b) "X" is the monthly Pension Payment the Executive would have received under Section 6 of the Employment Agreement had his employment terminated three years later than it in fact terminated.

The benefits under this Section 3.6 are in addition to those the Executive may be entitled to under the retirement programs in question. In addition, the benefits provided under this Section 3.6 do not in any way limit the benefits payable to the Executive under Section 3.5.

### 3.7 Stock Options

The Company shall at the request of the Executive accelerate and make immediately exercisable in full all unexercised stock options which the Executive then holds to acquire securities from the Company. This shall be done, to the maximum extent possible, in a manner that will allow the Executive, upon the exercise of any such options, to obtain favorable Federal Income tax treatment. The Executive's request may be made at any time during the period beginning with the giving of the notice of termination and ending three months after the Executive's employment terminates (the "Option Election Period").

Instead of exercising any or all outstanding stock options then held by him, the Executive may elect during the Option Exercise Period to surrender to the Company his rights in such outstanding stock options (whether or not then exercisable). 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 higher of: (x) the closing price of the Company's shares on the date of the Change in Control, (y) 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, or (z) the highest price per Company share actually paid in connection with any Change in Control of the Company.

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 during the Option Election Period 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

of such automobile at such time, whichever is lower.

### 3.9 Job Search Assistance; Legal Fees; etc.

The Company shall reimburse the Executive for the costs of his job search, including air fares, telephone conversations, advertisements, executive placement or search fees and the like to the extent not reimbursed by others. In addition, the Company shall provide the Executive with adequate secretarial assistance and office space while the Executive's job search continues. The Company shall promptly reimburse the Executive for all relocation costs to the extent such reimbursement is not made by the Executive's new employer. The Company's obligations under this first paragraph of Section 3.9 shall terminate three years from the Date of Termination.

The Company shall pay all relocation and indemnity payments as set forth in Section 2.4(e), and all legal fees and expenses incurred by the Executive as a result of the termination of his employment (including all such fees and expenses, if any, incurred in contesting or disputing any such termination of employment or in seeking to obtain or enforce any right or benefit provided by this Agreement).

### 3.10 Repurchase of Company Shares Owned by Executive

Upon request made 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. The purchase price shall be the highest price per share that can be computed under Section 3.7.

### 3.11 Termination Which Does Not Require Payment of Termination Benefits

No Termination Benefits need 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 for any reason 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.

#### 4. New Employment; Reduction of Termination Benefits

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. If, however, following a termination of employment which invokes Section 3, the Executive becomes employed full time by a third party (as distinguished from becoming self-employed or being employed by an employer controlled by the Executive and/or members of his immediate family), then the amount of any cash compensation (including base salary and bonuses) received by the Executive from such third party shall reduce on a dollar for dollar basis, but not below zero, the amount of cash payments which the Executive is thereafter entitled to receive under Section 3.4. In addition, any fringe benefits that the Executive may receive from full time employment by a third person (as distinguished from self-employment or employment by an employer controlled by the Executive and/or members of his immediate family) shall be applied against and reduce any fringe benefits thereafter to be made available to the Executive under Section 3.5. In no event shall the Executive be required to return to the Company any Termination Benefits received by him prior to his commencement of full time employment with a third person.

#### 5. Voluntary Termination of Employment By Executive

The Executive may voluntarily terminate his employment with the Company for any reason (including retirement) within one year of any Change in Control described in this Section. 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, which section is incorporated by reference in this Section 5.
- (b) The Company shall promptly pay the Executive the pro-rata bonus provided for in Section 3.3, which section is incorporated by reference in this Section 5.
- (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 fringe benefits described in Section 3.5, which section is incorporated by reference in this Section 5. The fringe benefits provided under this subsection (d) shall be reduced by any fringe benefits the Executive may thereafter receive from full time employment by a third person (as distinguished from self-employment).

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 except as provided in the next following sentence. If the Executive elects to receive benefits under this Section 5, then he shall automatically forfeit his option under Section 9 of the Employment Agreement to render consulting services to the Company on the terms and conditions set out in the Employment Agreement. This forfeiture shall not in any manner affect the option of the Company under Section 9 of the Employment Agreement to obtain the consulting services of the Executive.

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(c)); or
- (b) Any person (as defined in Section 1(b)) becomes the beneficial owner (as defined in Section 1(b)); 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 this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid 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  
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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

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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

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Notwithstanding the pendency of any dispute involving this Agreement, the Company shall continue to pay all amounts and provide all benefits which the Executive alleges are required by this Agreement (collectively the "Disputed Benefits") until the dispute is finally resolved by agreement, litigation or otherwise. If the dispute is resolved in the Company's favor, then the person(s) resolving the dispute shall further determine (i) whether the Executive initiated and continued the dispute in good faith and (ii) whether there was a reasonable basis for the allegations made by the Executive. If it is determined the Executive proceeded in good faith and with a reasonable basis for his allegations, then the Executive shall not be required to reimburse the Company for the Disputed Benefits received by him. Otherwise the Executive shall be required (i) to fully reimburse the Company for the actual cost to the Company of providing the Disputed Benefits and (ii) to pay the Company as liquidated damages a lump sum cash payment equal to 20% of the Disputed Benefits.

8.5 Sections; Captions

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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 3.10).

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

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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.

8.7 No Right of Offset

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Effective upon the occurrence of 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 any amounts payable by the Company to the Executive whether under this Agreement or otherwise.

8.8 Successive Changes in Control  
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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).

8.9 Interpretation of Agreement  
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In the event of any ambiguity, vagueness the interpretation or meaning of this Agreement, this liberally construed so as to provide to the Executive the full benefits set out herein.

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

Attest:

LEGGETT & PLATT, INCORPORATED

/s/ ERNEST C. JETT

/s/ Michael A. Glauber

-----  
Assistant Secretary

-----  
Vice President

/s/ Harry M. Cornell, Jr.

-----  
Executive



EXHIBIT B

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Set out below are the general terms and conditions applicable to Options.

1. Flexible Stock Plan, Non-Qualified Options.

All Options shall be granted under the Company's 1989 Flexible Stock Plan, as amended, or any successor plan (the "Plan") and shall be subject to all terms and conditions of the Plan; If, however, the Executive is not eligible for a grant under the Plan, the Company will at Executive's request, use reasonable efforts to file a registration statement with the Securities and Exchange Commission covering shares received upon exercise of the Options. Notwithstanding the foregoing, the Company shall not be required to file such registration statement at a time when the Company's Board of Directors determines that it is not in the best interests of the Company's shareholders.

All Options shall be non-statutory options not entitled to special tax treatment under (S)422 of the Internal Revenue Code of 1986, as amended to date.

2. Option Grant Dates.

The date of the Option grant (the "Grant Date") shall be the date the Executive delivers the Election Notice to the Company or on such other date as the Company and the Executive shall otherwise agree. The Election Notice shall be deemed delivered on the date it is sent to the Compensation Committee.

3. Option Formula.

The number of Option shares granted to the Executive shall be equal to the nearest number of whole shares determined in accordance with the following formula:

$$\text{Number of Shares under Option} = \frac{\text{Present Value of Pension Payments}}{\text{to be Converted} / \text{Fair Market Value}}$$

"Fair Market Value" means the closing price of L&P's common stock ("Common Stock") on the Grant Date, minus the par value of such Common Stock.

4. Option Price. The option price per share for all shares covered by an Option shall be the par value of the Common Stock.

5. Limited Transferability.

5.1 Except as provided in Sections 5.2, 5.3 or unless otherwise allowed by the Compensation Committee, no Option or interest therein may be transferred, assigned, pledged or hypothecated by the Executive during his lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process and shall be

exercised during the lifetime of the Executive only by him or, in the case of disability, his guardian or legal representative.

5.2 Executive may transfer all or a part of the Options by way of bona fide gift. The donee of the gift shall hold the Options subject to all the terms and conditions of the agreement evidencing the Options. A gift to a minor shall not be permitted except pursuant to the Uniform Transfers to Minors Act or similar legislation. If a gift is made it will be recognized by the Company only if the donor gives written notice to the Company of the gift, identifying the donee's name and address.

5.3 Options may be transferred by will or the laws of descent and distribution.

6. Term of Options. Options shall have a term of 15 years from the Grant Date.

7. Vesting. Options shall be fully vested on the Grant Date.

8. Exercise of Option. Options shall be exercisable on the Grant Date.

An Option may be exercised only by delivering a written notice to the Company accompanied by payment of the full option price for the shares purchased. Unless otherwise prohibited by the option agreement, such consideration may be paid by delivery of share of Common Stock (held for at least 6 months) or a combination of cash and shares of Common Stock. Any such shares shall be valued at the fair market value of such shares on the day immediately preceding the date of exercise. Options may be exercised in full or in part for whole shares (no fractional shares will be issued) and any exercisable portion not exercised may be later exercised subject to the expiration date. The written notice shall specify the number of shares the Executive then desires to purchase. No shares shall be delivered in connection with the exercise of an Option unless all amounts required to satisfy tax and any other required withholdings have been paid to the Company by or on behalf of the Executive.

If any Option has not been fully exercised on the last day of the term ("Expiration Date"), the unexercised portion of the Option shall be deemed exercised on such Expiration Date. In such event, shares of Common Stock shall not be issued until the option price and any other required amounts have been paid.

Upon the death of a Executive, his Options shall be exercisable by the person or persons entitled to do so under his will or by written designation filed with the Company or, if the Executive fails to make testamentary disposition of the Options or dies intestate by the Executive's legal representative or representatives. All Options must be exercised prior to the end of the term.

9. Modification, Extension and Renewal of Options. The Committee shall have the power to modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not have the effect of altering or impairing any rights or obligations of any Option previously granted without the consent of the Executive.

10. No Shareholders' Rights. The Executive shall have no rights as a shareholder with respect to the shares covered by his Options until the date of the issuance to him of a stock certificate therefor, and no adjustment will be made for dividends or other rights for which the record date is prior to the date such certificate is issued.

AMENDMENT NO. 1  
TO THE  
RESTATED AND AMENDED EMPLOYMENT AGREEMENT  
BETWEEN  
HARRY M. CORNELL, JR.  
AND  
LEGGETT & PLATT, INCORPORATED

This Amendment No. 1 to the Restated Agreement is made as of January 1, 1999 by Leggett & Platt, Incorporated (the "Company") and Harry M. Cornell, Jr. (the "Executive").

RECITALS

The Company and the Executive entered into a Restated and Amended Employment Agreement as of August 14, 1996 (collectively, the "Employment Agreement"). The Company and the Executive now desire to amend the Employment Agreement as set out below.

AGREEMENT

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

1. Section 1 (Employment) of the Employment Agreement, first paragraph, is hereby amended to read in its entirety as follows:

1. Employment

The Company hereby reaffirms its employment of the Executive as its Chairman of the Board and Chief Executive Officer, and the Executive hereby confirms his employment in that capacity. Beginning on May 13, 1999, the Executive shall no longer be the Chief Executive Officer of the Company, but shall remain as Chairman of the Board (if so elected by the Board), Chairman of the Executive Committee (if so elected by the Board) and an employee of the Company.

2. Section 2.1 (Term) of the Employment Agreement is hereby amended to read in its entirety as follows:

2. Term

The term of this Restated Agreement commenced on May 9, 1979 and shall end on May 10, 2000, unless terminated earlier in accordance with

the provisions of this Restated Agreement. Upon mutual agreement between the Executive and the Company, the term of this Restated Agreement may be extended for an additional one-year period.

3. Section 3 (Duties and Authority) of the Employment Agreement is hereby amended to add a new paragraph at the end of such Section that reads as follows:

Notwithstanding the foregoing, beginning on May 13, 1999, (i) the Executive shall no longer be required to devote his full business time to the affairs of the Company nor shall he be prohibited from devoting substantial time to personal business interests, (ii) the Executive shall no longer serve as the Chief Executive Officer of the Company, and (iii) the discretion and control exercised by the Board after such date shall be such as is exercised by a board of directors over a chairman of the board.

4. Section 4.1 (Base Salary) of the Employment Agreement is hereby amended to add a new paragraph to the end of such Section that reads as follows:

Notwithstanding the foregoing, beginning May 13, 1999, the Executive shall be paid salary at an annual rate of \$600,000 and the provisions of paragraph 1 of this Section 4.1 shall no longer be applicable after such date.

5. Section 4.2 (Annual Cash Bonus) of the Employment Agreement is hereby amended to add a new paragraph to the end of such Section that reads as follows:

Beginning on May 13, 1999, the Executive shall no longer be entitled to earn an incentive cash bonus. However, he shall be entitled to a prorated incentive bonus for 1999 payable in February 2000 based on such May 13, 1999 date (i.e. 132 days out of a 365-day year). In addition, Executive shall be entitled to a guaranteed bonus at an annual rate of \$400,000 beginning on May 13, 1999 (which shall be paid in equal bi-weekly installments).

6. Section 4.3 (Vacations; Other Benefits) of the Employment Agreement, paragraph 3, is hereby amended by deleting the phrase "or Chief Executive Officer of the Company."

7. Section 8 (Executive's Option to Terminate Agreement) of the Employment Agreement, paragraph (a), is hereby amended by deleting the phrase "or Chief Executive Officer of the Company."

8. Section 9 (Consulting Agreement) of the Employment Agreement, paragraph (c), is hereby amended to read in its entirety as follows:

(c) In consideration for the consulting services to be rendered by the Executive, the Company shall pay the Executive during the first and second years of consultation an amount equal to 100% and 75%, respectively, of the total compensation ("Total Compensation") accrued by the Company for services rendered by the Executive during 1998. Total Compensation shall be computed in the manner described in Section 6.3.

9. Section 9 (Consulting Agreement) of the Employment Agreement is hereby amended to add a new paragraph to the end of such Section that reads as follows:

The Executive shall be entitled to defer receipt of future consulting payments. The deferral election may be made under the Company's Deferred Compensation Program, or, if the Executive is not then eligible to participate in the Deferred Compensation Program, such other program with substantially the same economic benefits as are available under the Deferred Compensation Program.

IN WITNESS WHEREOF, the Company and the Executive have signed this Amendment No. 1 as of the date first above written.

Executive

Leggett & Platt, Incorporated

/s/ HARRY M. CORNELL, JR.

By: /s/ ERNEST C. JETT

-----  
Harry M. Cornell, Jr.

-----  
Name: Ernest C. Jett

-----  
Title: Vice President  
-----

April 24, 2000

CONFIDENTIAL

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MEMO TO: Harry M. Cornell, Jr.  
FROM: Ernest C. Jett  
SUBJECT: Harry M. Cornell Employment Agreement  
Our File No.: 2-111-2B

-----  
Your Employment Agreement terminates on May 10, 2000, unless it is extended for an additional one-year period upon mutual agreement between you and the Company. (See Tab 1 for a copy of your Agreement. I have highlighted the relevant Section 2.1.) The attached Unanimous Written Consent of the Compensation Committee dated March 14, 2000 extends the term of your Employment Agreement for one year, ending May 10, 2001. (See Tab 2.)

If you agree to the extension of your Employment Agreement, please indicate your agreement by signing below. Thank you.

Executive  
  
/s/ HARRY M. CORNELL, JR.  
-----  
Harry M. Cornell, Jr.

Leggett & Platt, Incorporated  
  
/s/ ERNEST C. JETT  
-----  
Ernest C. Jett  
Vice President

c: Felix E. Wright

March 1, 2001

MEMO TO: Harry M. Cornell, Jr.

FROM: Ernest C. Jett

RE: Harry M. Cornell Employment Agreement  
Our File No.: 2-111-2B

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Dear Harry:

As you know, the Board of Directors approved the extension of your employment agreement for an additional one-year period (May 10, 2001 - May 10, 2002). See Tab 1 for a copy of your agreement.

If you agree to the extension of your Employment Agreement for this one year period, please indicate by signing below. Thank you.

Executive

Leggett & Platt, Incorporated

/s/ HARRY M. CORNELL, JR.  
-----

/s/ ERNEST C. JETT  
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Harry M. Cornell, Jr.

Ernest C. Jett  
Vice President

c: Felix E. Wright



The Registrant makes available an Executive Disability Coverage program to provide disability benefits to approximately 120 officers and management employees. The Executive Disability Coverage is designed to replace 80% of the base salary of the employee (excluding incentive compensation) up to a maximum of \$25,000 per month benefit. Under the Executive Disability Coverage, the employee pays for the premiums.

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INDEMNIFICATION AGREEMENT

This AGREEMENT is made as of \_\_\_\_\_, by Leggett & Platt, Incorporated, a Missouri corporation ("Leggett") and \_\_\_\_\_, of \_\_\_\_\_ ("Indemnitee").

RECITALS

Indemnitee is a director and/or officer of Leggett and in such capacity or capacities is performing a valuable service of Leggett.

The Restated Articles of Incorporation and By-Laws of Leggett provide for the indemnification of the directors and officers of Leggett and indemnification is also authorized by Section 351.355 of the General and Business Corporation Law of Missouri (the "Indemnification Statute").

The Indemnification Statute and Leggett's Restated Articles of Incorporation and By-Laws specifically provide that they are not exclusive as to the authority to indemnify; thus, they contemplate that indemnification agreements may be entered into between Leggett and its directors and officers.

In accordance with the authorization provided by the Indemnification Statute, Leggett has purchased and presently maintains a policy or policies of directors and officers liability insurance ("D&O Insurance"), covering certain liabilities which may be incurred by Leggett's directors and officers in the performance of their services for Leggett and for other enterprises.

Leggett's Board of Directors believes the policies of D&O Insurance and the indemnification provided for in Leggett's Restated Articles of Incorporation and By-Laws are not fully adequate to provide appropriate indemnification protection to Leggett's directors and officers. To provide such protection and thereby induce Indemnitee to serve or continue to serve as a director and/or officer of Leggett, Leggett has determined and agreed to enter into this agreement with Indemnitee.

NOW THEREFORE, in consideration of the premises and Indemnitee's service as director and/or officer after the date hereof, Leggett and Indemnitee do agree as follows:

1. Definitions

In this Agreement the following terms have the following meanings:

The term "another enterprise" shall mean any corporation (other than Leggett), partnership, joint venture, trust, employee benefit plan or other legal entity or enterprise.

The term "defense" when used with respect to any proceeding shall include investigations of any proceeding as well as appeals in any proceeding and shall also include any defense by way of cross claim or counterclaim.

The term "fines" shall include any excise taxes assessed on Indemnitee with respect to any employee benefit plan as well as penalties of all types.

The term "proceeding" shall mean any threatened, pending or completed action, suit or proceeding (including those by or in the right of Leggett) whether civil, criminal, administrative or investigative or otherwise and whether formal or informal.

The term "serving at the request of Leggett" shall include any service as a director, officer, employee or agent of Leggett which imposes duties on, or involves services by, Indemnitee with respect to any employee benefit plan, its participants or beneficiaries.

## 2. Indemnification - General

Leggett shall indemnify and hold harmless Indemnitee to the fullest extent permitted or authorized by applicable law. The term "applicable law" means (i) the Indemnification Statute (other than subsection 6 thereof and any other subsection comparable in purpose to subsection 6) as in effect on May 7, 1986 and as thereafter amended (but in the case of any such amendment, only to the extent such amendment permits Leggett to provide broader indemnification rights than the Indemnification Statute permitted Leggett to provide immediately prior to such amendment) and (ii) any other statutory indemnification provision adopted after May 7, 1986.

## 3. Additional Indemnification

Leggett shall further indemnify and hold harmless Indemnitee if Indemnitee was or is a party or is threatened to be made party to any proceeding (including any proceeding by or in the right of Leggett) by reason of the fact that Indemnitee is or was a director, officer, employee or agent of Leggett, or is or was serving at the request of Leggett (which request need not be in writing) or on behalf of Leggett as a director, officer, employee or agent of another enterprise or by reason of anything done or not done by him in any such capacities. The indemnification required by this section shall be made against any and all judgments, fines, amounts paid in settlement and reasonable expenses (including attorneys' fees), actually incurred by Indemnitee in connection with the proceeding in question.

## 4. Maintenance of D&O Insurance and Indemnification

(a) Leggett represents that it presently has the following policies of D&O Insurance in force (the "D&O Policies"):

Insurer	Policy No.	Amount	Deductible
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So long as Indemnitee shall continue to serve as a director or officer of Leggett (or shall continue at the request of Leggett or on behalf of Leggett to serve as director, officer, employee or agent of another enterprise) and thereafter so long as Indemnitee shall be subject to any possible claim or proceeding by reason of the fact that Indemnitee was a director or officer of Leggett (or served in any of said other capacities), Leggett will purchase and maintain in effect for the benefit of Indemnitee one or more valid, binding and enforceable policies of D&O Insurance providing, in all respects, coverage at least comparable to that provided pursuant to the D&O Policies in force on the date hereof.

(b) Notwithstanding Section 4(a) hereof, Leggett shall not be required to maintain D&O Insurance in effect if such insurance is not reasonably available or if, in the reasonable business judgment of the Board of Directors of Leggett as it may exist from time to time, either (i) the premium cost for such D&O Insurance is substantially disproportionate to the amount of coverage or (ii) the coverage provided by such D&O Insurance is so limited by exclusions that there is insufficient benefit provided by such D&O Insurance.

(c) If Leggett, acting under Section 4(b) hereof, does not purchase and maintain in effect D&O Insurance, Leggett shall indemnify and hold harmless Indemnitee to the full extent of the coverage which would otherwise have been provided for the benefit of Indemnitee pursuant to the D&O Policies.

#### 5. Limitations on Certain Indemnification

Leggett will not hold Indemnitee harmless or provide indemnification pursuant to Section 2, 3 or 4 hereof:

(i) for amounts indemnified by Leggett other than pursuant to this Agreement and amounts paid pursuant to policies of D&O Insurance;

(ii) in respect to remuneration paid to Indemnitee if it shall be determined by a final judgment or other final adjudication that such remuneration was in violation of law;

(iii) on account of any suit for any accounting of profits made from the purchase or sale by Indemnitee of securities of Leggett pursuant to Section 16(b)

of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local law;

(iv) on account of Indemnatee's conduct which is finally adjudged by a court to have been knowingly fraudulent, deliberately dishonest or willful misconduct; or

(v) if a final adjudication by a court having jurisdiction in the matter shall determine that such indemnification is not lawful.

6. Notification and Defense of Claim

After receipt by Indemnatee of notice of the commencement of any proceeding, Indemnatee will, if a claim in respect thereof may be made against Leggett under this Agreement, promptly notify Leggett. With respect to any such proceeding as to which Indemnatee notifies Leggett of the commencement thereof:

(i) Leggett will be entitled to participate therein at its own expense.

(ii) Except as otherwise provided in the next paragraph, Leggett, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnatee. After notice from Leggett to Indemnatee of Leggett's election to assume the defense thereof, Leggett will not be liable to Indemnatee under this Agreement for any legal or other expenses subsequently incurred by Indemnatee in the defense thereof other than reasonable costs of investigation or as noted in the next paragraph of this subsection (ii).

Indemnatee may employ his own counsel in such proceeding but the fees and expenses of such counsel incurred after notice from Leggett of its assumption of the defense thereof shall be at the expense of Indemnatee unless (a) the employment of counsel by Indemnatee has been authorized by Leggett or (b) Indemnatee shall have reasonably concluded that there may be a conflict of interest between Leggett and Indemnatee in the conduct of the defense of such proceeding, or (c) Leggett shall not in fact have employed counsel to assume the defense of such proceeding, in each of which cases the fees and expenses of Indemnatee's counsel shall be at the expense of Leggett. Leggett shall not be entitled to assume the defense of any proceeding brought by or on behalf of Leggett or as to which Indemnatee shall have made the conclusion provided for in clause (b) of this subsection (ii).

(iii) Leggett shall not be liable to indemnify Indemnatee under this Agreement for any amounts paid in settlement of any proceeding effected without Leggett's written consent. Leggett shall not settle any proceeding in any manner which would impose any penalty or limitation on Indemnatee

without Indemnitee's written consent. Neither Leggett nor Indemnitee will unreasonably withhold their consent to any proposed settlement.

7. Advance of Expenses, Judgments, Etc.

The expense (including attorneys' fees) incurred by Indemnitee in defending any proceeding shall be advanced by Leggett at the request of the Indemnitee. Any judgments, fines or amounts to be paid in settlement shall also be advanced by Leggett to Indemnitee upon request. If it shall ultimately be determined that Indemnitee was not entitled to be indemnified, or was not entitled to be fully indemnified, Indemnitee shall repay to Leggett all amounts advanced, or the appropriate portion thereof, so advanced.

8. Right of Indemnitee to Bring Suit

If a claim of indemnification or a claim for an advance under this Agreement is not paid in full by Leggett within 90 or 15 days, respectively, after a written claim has been made to Leggett, Indemnitee may bring suit against Leggett to recover the unpaid amount of the claim. If Indemnitee is successful in whole or in part in such suit, Indemnitee shall also be paid the expense of prosecuting such claim.

9. Continuation of Indemnitee

All agreements and obligations of Leggett contained herein shall continue during the period Indemnitee is a director, officer, employee or agent of Leggett (of is or was serving at the request of Leggett or on behalf of Leggett as a director, officer, employee or agent of another enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any possible proceeding by reason of the fact that Indemnitee was a director, officer, employee or agent of Leggett or serving in any other capacity referred to herein.

10. Other Rights and Remedies

The indemnification and other rights provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under any provision of law, Leggett's Restated Articles of Incorporation and Leggett's By-Laws, other agreements, vote of shareholders or disinterested directors or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while occupying any of the positions or having any of the relationships referred to in this Agreement, and shall continue after Indemnitee has ceased to occupy such position or have such relationship.

11. Severability

If any provision of this Agreement shall be held to be invalid, illegal or unenforceable (a) the validity, legality and enforceability of the remaining provisions of this Agreement shall not be in any way affected or impaired thereby, and (b) to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Each section of this Agreement is a separate and independent portion of this Agreement. If the indemnification to which Indemnitee is entitled as respects any aspect of any claim varies between two or more sections of this Agreement, that section providing the most comprehensive indemnification shall apply.

#### 12. Modification and Waiver

No supplement or amendment of this Agreement shall be binding unless executed in writing by both of the parties. No waiver of any of the provisions of this Agreement shall be binding unless executed in writing by the person making the waiver nor shall such waiver constitute a continuing waiver.

#### 13. Notices

All notices, requests, demand and other communication hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or if (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(i) If to Indemnitee, to

or to such other address as may be furnished to Leggett by Indemnitee:

(ii) If to Leggett, to

Leggett & Platt, Incorporated  
No. 1 Leggett Road  
Carthage, MO 64836

or to such other address as may have been furnished to Indemnitee by Leggett.

#### 14. Governing Law

This Agreement shall be construed, enforced and governed by Missouri law.

#### 15. Heirs, Successors and Assigns

This Agreement shall inure to the benefit of and be enforceable by the Indemnitee's personal or legal representatives, executors, administrators, heirs, devisees and legatees.

This Agreement is binding on the successors and assigns of Leggett. Leggett 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 Leggett to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Leggett would be required to perform it if no such succession had taken place (the assumption shall be by agreement in form and substance reasonably satisfactory to Indemnitee).

16. Miscellaneous

This Agreement does not create any right in Indemnitee to employment with Leggett or its affiliates.

Leggett expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on Leggett hereby in order to induce Indemnitee to continue as a director and/or officer of Leggett and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity or capacities.

All references herein in the masculine gender shall, when appropriate, refer to the feminine gender.

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 the Indemnitee the full benefits set out herein.

Entered into on the day and year first above written.

ATTEST: LEGGETT & PLATT, INCORPORATED

By \_\_\_\_\_

By \_\_\_\_\_

\_\_\_\_\_  
Indemnitee



LEGGETT & PLATT, INCORPORATED

DIRECTOR STOCK OPTION PLAN

(As Amended Through February 5, 1997)

Section 1. Purpose.

The purpose of this Director Stock Option Plan (the "Plan") of Leggett & Platt, Incorporated (the "Company") is to encourage ownership in the Company by outside directors of the Company whose continued services are considered essential to the Company's continued progress and thus to provide them with a further incentive to continue as directors of the Company.

Section 2. Administration.

The Plan shall be administered by a committee (the "Committee") of three or more persons appointed by the Board of Directors of the Company, all of whom shall be employees of the Company, but none of whom shall be participants in the Plan. Grants and stock options under the Plan and the amount and nature of the awards to be granted shall be automatic as described in section 6 hereof. However, all questions or interpretation of the Plan or of any opinions issued under it shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Plan. Any or all powers and discretion vested in the Committee under the Plan may be exercised by any subcommittee so authorized by the Committee.

Section 3. Participation in the Plan.

All directors of the Company shall be eligible to participate in the Plan unless they are employees of the Company or any subsidiary of the Company.

Section 4. Stock Subject to the Plan.

The stock which is made the subject of awards granted under the Plan shall be the Company's Common Stock ("Common Stock"), par value \$.01 per share. The total number of shares issuable under the Plan, as adjusted for all stock splits occurring since the Plan became effective, shall not exceed 400,000 shares (subject to adjustment under Section 12). If any outstanding option under the Plan for any reason expires or is terminated without having been exercised in full, the shares allocable to the unexercised portion of such option shall again become available for grant pursuant to the Plan.

Section 5. Non-Statutory Stock Options.

All options granted under the Plan shall be non-statutory options not entitled to special tax treatment under Section 422 of the Internal Revenue Code of 1986, as amended to date.

Section 6. Terms, Conditions and Form of Options.

Each option granted under the Plan shall be evidenced by a written agreement in such form as the Committee shall from time to time approve (the "Option Agreement"), which agreements shall comply with and be subject to the following terms and conditions:

A. Option Grant Dates. Options shall be granted automatically on the first trading day in any calendar quarter (the "Grant Date") of any year to any eligible director who prior to such Grant Date files with the Committee or its designate an irrevocable election to receive a stock option in lieu of all or twenty-five (25%), fifty (50%) or seventy-five (75%) percent of the annual retainer and fees which would be paid to the eligible director for attendance at all anticipated regularly scheduled meetings of the Board of Directors and its Committees to be earned by the director during the twelve month period following such Grant Date (the "Grant Year"). The percentage of fees to be foregone in favor of an option shall be stated in the election to be filed with the Committee, as provided above. In the event that the annual retainer or fees are increased during any particular Grant Year or unanticipated meetings occur for which fees are payable to the eligible director, an additional grant shall be made as respects the incremental increase or additional fee consistent with the director's previous election as of the day upon which such increase or additional fee becomes effective.

Unless prior to the end of a Grant Year the Director notifies the Committee of his intent to terminate or modify the previous election, additional options shall be granted automatically on the first trading day in the calendar quarter immediately following the end of the preceding Grant Year consistent with the Director's previous election.

B. Option Formula. The number of option shares granted to any eligible director shall be equal to the number of shares (rounded to the nearest whole share) determined in accordance with the following formula:

$$\frac{\text{Deferred Retainer}}{\text{(Fair Market Value} \times .5)} = \text{Number of Shares}$$

"Deferred Retainer" shall mean the amount which the director would be entitled to receive for serving as a director in the relevant Grant Year (including attendance fees which would be paid to the eligible director for attendance at all anticipated regularly scheduled meetings of the Board of Directors and its Committees) but for the election referred to in Subsection 6.A above. "Fair Market Value" shall mean the fair market value of the Company's Common Stock

at the close of business on the relevant Grant Date as reported on the New York Stock Exchange Composite Tape.

C. Options Limited Transferability. Each option granted under the Plan by its terms shall not be transferable by the director otherwise than (i) by will or, if he dies intestate, by the laws of descent and distribution of the state of his domicile at the time of his death, or (ii) to an immediate family member or trust, corporation, partnership or other entity controlled by the director or an immediate family member or in which the director or an immediate family member is a beneficiary, partner, shareholder or member. The term "immediate family member" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships. The transferee of a director shall not have the right to transfer the options transferred to him except by will or, if he dies intestate, by the laws of descent and distribution. A transfer to a minor shall not be permitted except pursuant to the Uniform Transfers to Minors Act or similar legislation. If a director transfers an option he shall immediately notify the Committee in writing of the name and address of the transferee, the number of options transferred and the date the transfer was made. Except as provided above, no option or interest therein may be transferred, assigned, pledged or hypothecated by the director during his lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

D. Period of Option. Subject to the paragraph below concerning options granted due to retainer increases during a Grant Year, options become exercisable on the first anniversary of the date on which they were granted; provided, however, that any option granted pursuant to the Plan shall become exercisable in full upon the death of the director, his retirement because of age or his total and permanent disability. No option shall be exercisable after the expiration of fifteen (15) years from the date on which such option is granted. Each option shall be subject to termination before its date of expiration as hereinafter provided.

Options granted due to an increase in retainer during a Grant Year ("Increase Options") shall become exercisable and shall terminate at the same time and in the same manner as the options granted at the beginning of that Grant Year.

E. Exercise of Option. An option granted hereunder may be exercised only by delivering a written notice to the Company accompanied by payment of the full consideration for such shares as to which such options are exercised. Unless otherwise prohibited by the Option Agreement, such consideration may be paid by delivery of shares of Common Stock or a combination of cash and shares of Common Stock; any such shares shall be valued at the fair market value of such shares on the date of exercise. Options may be exercised in full or in part for whole shares (no fractional shares will be issued) and any exercisable portion of an option grant not exercised may be later exercised subject to the expiration date

stated above. The written notice referred to above shall specify the number of shares the optionee then desires to purchase.

If any option has not been fully exercised on the last day of the term ("expiration date"), the unexercised portion of the Option shall be deemed exercised on such expiration date. In such event, shares of Common Stock shall not be issued until the option price and any other required amounts have been paid.

F. Exercise by Representative Following Death of Director. Upon the death of a director, his options shall be exercisable by the person or persons entitled to do so under his will or by written designation filed with the Committee, or, if the director shall fail to make testamentary disposition of said options or shall die instate, by the director's legal representative or representatives. All such options must be exercised prior to the specified expiration date of such options as provided in Section 6.D. Any exercise by a representative shall be subject to the provisions of this Plan.

G. Proration. In the event an optionee ceases to be a director of the Company for any reason prior to such time as an option granted under the Plan becomes exercisable, such option shall terminate in respect to the nearest whole number of optioned shares as is the product of the total number of shares subject to such option multiplied by a fraction (the "Fraction"), the numerator of which is the number of months remaining in the Grant Year following the month in which said optionee ceases to be a director and the denominator of which is twelve (12).

As to Increase Options the numerator of the Fraction shall be the number of months remaining in the Grant Year and the denominator shall be the number of months between the date on which the Increase Options were granted and the end of the Grant Year.

If the optionee fails to attend any regularly scheduled meetings of the Board of Directors or its Committees, the director's option shall terminate as to the number of shares attributable to the attendance fees applicable to such meeting.

#### Section 7. Modification, Extension and Renewal of Options.

The Committee shall have the power to modify, extend or renew outstanding options and authorize the grant of new options in substitution therefor, provided that any such action may not have the effect of altering or impairing any rights or obligations of any option previously granted without the consent of the director.

#### Section 8. Option Price.

The option price per share for the shares covered by each option shall be  $.5 \times$  Fair Market Value.

Section 9. Assignability.

The rights and benefits under this Plan shall not be assignable or transferable by the director excepted as provided herein.

Section 10. Time for Granting Options.

All options for shares subject to the Plan shall be granted, if at all, not later than May 9, 2009.

Section 11. Limitation of Rights.

A. No Right to Continue as a Director. Neither the Plan, nor the granting of an option nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, expressed or implied, that the Company will retain a director for any period of time, or at any particular rate of compensation.

B. No Shareholders' Right for Options. An optionee shall have no rights as a shareholder with respect to the shares covered by his options until the date of the issuance to him of a stock certificate therefor, and no adjustment will be made for dividends or other rights for which the record date is prior to the date such certificate is issued.

Section 12. Adjustment of Number of Shares.

In the event that a stock dividend or stock split shall hereafter be declared with respect to the Company's Common Stock, the number of shares of Common Stock then subject to any outstanding option under the Plan, the number of shares as to which an option is to be granted to a director under the Plan, and the number of shares reserved for issuance pursuant to the plan but not yet covered by an outstanding option shall be adjusted by adding to each such shares the number of shares which would be distributable thereon if such share had been outstanding on the date fixed for determining the shareholders entitled to receive such stock dividend or stock split. In the event that the outstanding shares of Common Stock shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company, whether through reorganization, recapitalization or reclassification, then there shall be substituted for each share of Common Stock subject to an outstanding option and for each share of Common Stock reserved for delivery pursuant to the Plan but not yet covered by an option, the number and kind of shares of stock or other securities in to which each outstanding share of Common stock shall be so changed or for which each such share shall be so exchanged. In the event there shall be any change other than as specified above in this Section 12 or in Section 13 in the outstanding shares of Common Stock or of any stock or other securities into which such Common Stock shall have been changed or for which it shall have been exchanged, then the Committee may make such adjustment or change, if any, as it deems equitable in the number or kind of shares or other securities then subject to outstanding options. In the case of any such substitution or adjustment provided for in this Section 12, the option price for each share covered by outstanding options

prior to such substitution or adjustment will be the option price for all shares of stock or other securities which shall have been substituted for such share or to which such share shall have been adjusted pursuant to this Section 12. No adjustment or substitution provided for in this Section 12 shall require the Company to sell a fractional share, and any fractional share resulting from any such adjustment or substitution shall be eliminated from the option in question.

#### Section 13. Business Combinations.

In the event that, while there remain options outstanding hereunder, there shall occur a dissolution of the Company, a merger or consolidation in which the Company is not the surviving corporation (for such purpose, the Company shall not be deemed the surviving corporation in any such transaction if, as a result thereof, it becomes a wholly owned subsidiary of another corporation) or a transfer, in one or a series of related transactions, of substantially all of the assets of the Corporation:

(a) If a provision is made in writing in connection with such transaction for the assumption and continuance of any such option, or the substitution for such option of a new substantially equivalent option covering different shares or securities, with appropriate adjustment as to the number and kinds of shares or other securities deliverable with respect thereto, the existing option, or the new option substituted therefor, as the case may be, shall continue in the manner and under the terms provided; or

(b) If provision is not made in such transaction for the continuance and assumption of any such option or for the substitution of a new substantially equivalent option, then the holder of such option shall be entitled immediately prior to the effective date of any such transaction to purchase the full number of shares covered by such option whether or not then exercisable as to such shares. The unexercised portion of any option shall be deemed cancelled as of the effective date of such transaction.

#### Section 14. Effective Date of Plan; Shareholder Approval.

The Plan took effect on December 12, 1988 and was adopted by the Company's shareholders on May 10, 1989.

#### Section 15. Amendment of the Plan.

The Board of Directors may suspend or discontinue the plan or amend it in any respect whatsoever; provided, however, that without approval of the shareholders of the Company, no revision or amendment shall increase the number of shares subject to the Plan (except as provided in Section 12), change the designation of the class of directors eligible to receive options, or materially increase the benefits accruing to participants under the Plan.

#### Section 16. Notice.

Any written notice to the Company or the Committee required by any provisions of the Plan shall be addressed to the Secretary of the Company and shall become effective when it is received.

Section 17. Governing Law.

The Plan and all determinations made and actions taken pursuant thereto shall be governed by the laws of the State of Missouri and construed accordingly.

Section 18. Miscellaneous.

Any director to whom an option was granted after December 31, 1996 may elect to amend his option to conform to the terms of the Plan as amended through February 5, 1997.

REVISED EMPLOYMENT AGREEMENT

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(EXECUTIVE)

THIS AGREEMENT (the "Agreement"), made as of the Effective Date (as defined below) between BOB L. GADDY ("Executive"), PACE INDUSTRIES, INC., an Arkansas corporation (the "Company") and LEGGETT & PLATT, INCORPORATED, a Missouri corporation ("L&P").

WITNESSETH:

WHEREAS, the Company and L&P wish to obtain the services of the Executive as an Executive of the Company and L&P; and

WHEREAS, the Executive is willing, upon the terms and conditions herein set forth, to serve as Executive of the Company, L&P and their subsidiaries; and

WHEREAS, this Agreement constitutes an amendment and restatement of the employment agreement between the Executive and the Company in force immediately prior to the Effective Date (the "former Employment Agreement");

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. NATURE OF EMPLOYMENT

The Company and L&P hereby agree to employ Executive, and Executive agrees to serve the Company and L&P, for the Term of Employment as defined in Section 3, in the capacity of Senior Vice President of L&P, Chairman and Chief Executive Officer-Aluminum Group of L&P and Chairman of the Board and Chief Executive Officer of the Company, and to undertake all duties consistent with these positions. However, the Board of Directors of L&P may from time to time during the term hereof elect to have the Executive serve in an additional capacity at L&P at the Senior Vice President level or above and upon any such election, Executive shall so serve. The Executive's employment under this Agreement will be carried out at the Company's executive offices located in Fayetteville, Arkansas. The Executive, L&P and the Company acknowledge that the Executive's employment may require substantial domestic and international travel from time to time.

2. EXTENT OF EMPLOYMENT

(a) Reporting Relationship. During the Term of Employment, the Executive shall serve the Company and L&P faithfully and to the best of his ability. The Executive shall report to Mr. Felix E. Wright (currently the President and Chief



Operating Officer of L&P) as long as Mr. Wright is employed by L&P or his successor.

(b) No Services to Others. During the Term of Employment, the Executive shall devote substantially all of his business time, energy and skill to such employment, and he will not, directly or indirectly, engage or participate in, or become employed by, or render advisory or other services to, any business entity including any entity which deals in any way with the Company or L&P, except for entities which are affiliated with the Company. The foregoing notwithstanding, this Agreement shall not be construed as preventing the Executive from investing his personal assets in any business entity which does not compete with the Company or L&P in such form or manner as will not require any substantial services on the part of the Executive in the operation or the affairs of such business entity.

(c) Policies and Procedures. Executive shall observe and abide by policies and decisions of the Company and L&P in all business matters. Executive acknowledges receipt of the current Business Conduct Policy applicable to employees of L&P and its subsidiaries and shall abide by the terms of the same as revised or supplemented from time to time. Executive also acknowledges receipt of the Employee Invention and Confidentiality Agreement last revised 9/94, applicable to employees of L&P and its subsidiaries, and agrees to abide by the terms thereof and herewith delivers one signed original thereof to the Company and L&P.

### 3. TERM OF EMPLOYMENT

(a) Duration "Term of Employment" shall commence on the date the Company becomes an indirect subsidiary of L&P (the "Effective Date") and shall continue for a term of seven (7) years; provided, however, that should the Executive's employment by the Company be earlier terminated, as hereinafter set forth in this Section, the Term of Employment shall end on the date of such earlier termination.

(b) Early Termination. The Term of Employment shall be earlier terminated: (i) upon the death of Executive; (ii) in the event that because of disability the Executive is unable to perform, and does not perform for a continuous period of six (6) months substantially all of his duties hereunder ("Disabled" or "Disability"); (iii) by the Company and L&P for Cause (as such term is herein defined) as determined in the good faith determination of the Board of Directors of the Company and L&P (the "Board"), by delivery to the Executive of a written notice specifying such termination and the reasons therefore, or (iv) by the Company and L&P without Cause for any reason they deem appropriate or for no reason.

(c) For Cause. For the purposes of this Section 3, "Cause" shall mean (i) willful breach by the Executive of a material provision of this Agreement, (ii) willful neglect to perform his duties hereunder, (iii) conviction of a felony, (iv) an act or acts of dishonesty intended to result directly or indirectly in the Executive's gain or personal

enrichment at the expense of the Company or L&P or any affiliate, or (v) the violation by the Executive of any covenant not to compete delivered to the Company or L&P or any affiliate on the date hereof; provided, however, that no discharge shall be deemed to constitute Cause under subsection (ii) above, unless the Executive first receives written notice from the Company and L&P advising the Executive of the specific acts or omissions alleged to constitute a willful neglect 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.

(d) Without Cause. If the Company and L&P terminate the Executive's employment under Section 3(b) (iv) (i.e. without Cause) all obligations of the Company, L&P and the Executive will terminate except that the Company and L&P shall for the duration of the "Compensation Period" (as hereinafter defined) (i) continue to make payments of all salary and bonuses referred to in Section 4(a) and 4(b) as though Executive's employment had not been terminated, and (ii) the Executive may continue to participate in all plans (including stock option plans) and programs of the Company and L&P in which the Executive participated at the time of such termination to the extent that such continued participation is possible under the general terms and provisions of such plans and programs.

The term "Compensation Period" means the seven (7) year Term of Employment contemplated by this Agreement provided, however, such Compensation Period shall immediately terminate upon the occurrence of any of the following:

- (i) The Executive's death;
- (ii) The Executive's becoming and remaining Disabled for the six (6) month period referenced in Section 3(b) (ii); or
- (iii) The Executive's failure to comply with Section 7.

If the Executive obtains other employment while payments or benefits are being made or provided under this Section, the Company and L&P will be entitled to offset against the amounts or benefits payable under this Section to Executive the amount of payments or benefits which the Executive receives or has a right to receive in connection with such other employment.

Except as provided in this Section, the Executive will not have any rights or claims against the Company for termination without Cause.

#### 4. COMPENSATION

(a) Salary. During the Term of Employment, the Company or L&P shall pay to the Executive as total compensation for his services hereunder, in at least

monthly installments, a salary at the rate per year set forth at the end of this Agreement during each year of the Term of Employment.

On or before April 1, 1997 and on or before April 1 of each succeeding year during the Term of Employment, the Compensation Committee of L&P 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 salary of the Executive shall be increased (but may not be decreased) by such amount as the Compensation Committee of L&P determines is fair, just and equitable; provided, however, the percentage increase in the Executive's salary shall always be at least equal to the average percentage increase then provided for in L&P's merit budget for salaried employees.

(b) Bonuses. Executive shall be entitled to earn an incentive bonus of up to 33% of Executives' annual salary as of year-end. Such bonus will be calculated and paid in accordance with L&P's Key Management Incentive Compensation Plan. Executive's bonus for 1996 will be prorated from the date hereof.

In addition, Executive shall be entitled to participate in and earn bonuses pursuant to the Company's Revised and Restated Employee Incentive Compensation Plan (the "Pace Incentive Plan") of even date.

The Executive's allocation in the Bonus Pool under the Pace Incentive Plan for each Plan Year in which he is an Employee shall be twenty-five percent (25%) (the "Executive's Allocation"), unless Executive and the Plan Executive shall agree otherwise or as is equitable due to the operation of Section 3(E) of the Pace Incentive Plan.

If during a particular Plan Year Executive is no longer employed by the Company or L&P by reason of death Executive's estate shall receive a pro rata portion of the Executive's Allocation for that Plan Year based on the number of days (assuming a three hundred sixty-five (365) day year) that Executive was employed during such particular Plan Year. The terms "Plan Year," "Bonus Pool," "Employee" and "Plan Executive" as used in this and the preceding paragraph have the meaning assigned to them in the Pace Incentive Plan.

(c) Stock Options. Within 30 days following the date of this Agreement the Executive shall be granted incentive stock options (to the extent permissible under applicable tax laws) and non-qualified stock options under L&P's 1989 Flexible Stock Plan (the "Plan") to purchase 105,250 shares of L&P's common stock at a purchase price equal to the market price of such stock on the date of grant. The options shall expire on the earlier of: (i) ten (10) years after the date of grant; or (ii) as provided in the application option agreements. The options may, at the discretion of the Executive, be paid with cash or already owned

shares of L&P common stock or a combination of both cash and stock. The options shall first become exercisable as follows:

AFTER DATE OF GRANT -----	% OF OPTIONS FIRST BECOMING EXERCISABLE -----
1 Year	33.33%
2 Years	33.33%
3 Years	33.34%
	100%

5. REIMBURSEMENT OF EXPENSES

During the Term of Employment the Company shall continue to pay or reimburse Executive for reasonable expenses incurred in the performance of his duties hereunder in accordance with the policy of L&P.

6. BENEFITS

The Executive shall be entitled to substantially the same employee benefits and perquisites provided by the Company to the Executive prior to the Effective Date, including vacation period and insurance.

7. CONFIDENTIAL INFORMATION

During the term of this Agreement and for a period of two (2) years thereafter, the Executive shall not, without the written consent of the Board or a person authorized thereby, disclose to any person any confidential information obtained by him in the employ of the Company or L&P with respect to any operations, customers, procedures, investments or other financial matters of the Company or L&P.

8. NOTICE

Any notice, request, demand or other communication required or permitted to be given under this Agreement shall be sufficient if in writing and if delivered personally, or sent by national courier service or by certified or registered mail as follows (or to such other addresses or address as shall be set forth in a notice given in the same manner):

If to the Executive:

Bob L. Gaddy  
c/o Pace Industries, Inc.  
P.O. Box 309  
One McIlroy Plaza, Suite 401  
Fayetteville, AR 72701

If to the Company:

Pace Industries, Inc.  
One McIlroy Plaza, Suite 401  
Fayetteville, AR 72701

If to L&P:

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

Any such notices shall be deemed to be given on the date delivered, deposited or mailed in the manner provided above.

#### 9. ARBITRATION

The exclusive procedure for resolution of any dispute under this Agreement shall be by arbitration in Little Rock, Arkansas or Joplin, Missouri or such other location as the parties shall agree upon before one arbitrator in accordance with the rules then obtaining of the American Arbitration Association. The award of the arbitrator shall be in writing and state the reason for his decision, shall be final and binding upon the parties and judgment upon the award may be entered in any court having jurisdiction thereof. The costs of arbitration consisting of filing fees and arbitrator's fees and expenses, if any, shall be divided equally between the parties. Each party shall otherwise bear its or his own expenses.

#### 10. VALIDITY

If for any reason any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

#### 11. WAIVER OF BREACH

The waiver by the Company or L&P or by the Executive of a breach of any provision of this Agreement by the other party, shall not operate, or be construed, as a waiver of any other breach of such other party.

12. ASSIGNMENT

Neither the Company nor L&P nor the Executive may assign, transfer, pledge, encumber or otherwise dispose of this Agreement or any of their respective rights hereunder, without the written consent of the other, except that the Company or L&P may assign this Agreement if the Company or L&P merges with or otherwise combines its business with another entity and such entity assumes the obligation hereunder; provided in such event the duties of the Executive shall not be changed in any significant regard.

13. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the Company, L&P and the Executive with respect to the subject matter hereof and supersedes any and all prior understandings, written or oral including, but not limited to, the former Employment Agreement. This Agreement may not be changed orally but only by an agreement in writing subscribed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

14. APPLICABLE LAW

The parties hereto agree that this Agreement shall be construed and enforced pursuant to the laws of the State of Arkansas.

15. OTHER

The cost of all compensation and benefits provided to the Executive under this Agreement by L&P (excluding any bonuses payable to Executive under the Pace Incentive Plan) shall constitute costs of the Company when computing any bonuses payable pursuant to the Company's Revised and Restated Employee Incentive Compensation Plan.

The term of the covenant not to compete given by the Executive to the Company on or about December 9, 1993 in connection with the December 10, 1993 merger of the Company is hereby extended to December 9, 2001.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and year first above written.

PACE INDUSTRIES, INC.

By: /s/ J. Scott Bull

-----  
J. Scott Bull  
President

LEGETT & PLATT, INCORPORATED

By: /s/ Robert A. Jefferies, Jr.

-----  
Senior Vice President

By: /s/ Bob L. Gaddy

-----  
Executive

LEGGETT & PLATT, INCORPORATED  
 DEFERRED COMPENSATION PROGRAM  
 (Restated and Amended as of November 14, 2001)

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LEGGETT & PLATT, INCORPORATED  
DEFERRED COMPENSATION PROGRAM  
(Restated and Amended as of November 14, 2001)

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

1.2 Purpose. The Program is intended to provide selected key employees the  
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opportunity to defer future compensation. The Program is an unfunded deferred compensation program for a select group of management and/or highly compensated employees as described in ERISA.

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

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

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

2.4 Common Stock. The Company's common stock, \$.01 par value.  
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2.5 Company. Leggett & Platt, Incorporated.  
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2.6 Compensation. Salary, bonuses and all other forms of cash compensation  
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that may become payable to a Participant to the extent designated by the Committee.

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

2.8 Diversified Investment Deferral. The deferral of Compensation into an  
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obligation of the Company to pay on a future date or dates the Deferred Compensation plus earnings and minus losses thereon determined pursuant to Section 5.2. Such earnings and losses will be determined based on the performance of one or more hypothetical investments selected by the Participant. The Committee will determine the hypothetical investment alternatives available to the Participant.

2.9 Election. A Participant's election to defer Compensation, which sets  
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forth the percentage or amount of Compensation to be deferred and such other items as the Committee may require.

2.10 Employer. The Company or any directly or indirectly majority-owned  
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subsidiary, partnership or other entity of the Company.

2.11 ERISA. The Employment Retirement Security Income Act of 1974, as  
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amended.

2.12 L&P Cash Deferral. The deferral of Compensation into an obligation of  
-----  
the Company to pay on a future date or dates the Compensation plus interest  
thereon determined pursuant to Section 5.1.

2.13 Lost Retirement Benefit Amount. An amount equal to: (i) the present  
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value, if any, by which the Participant's retirement benefit under the Company's  
Retirement Plan would be reduced as a result of the deferral of Compensation  
under the Program less (ii) the present value of Participant contributions not  
made to the Retirement Plan as a result of deferral of Compensation.

2.14 Option. An option to purchase shares of Common Stock issued pursuant  
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to Section 4.

2.15 Participant. A management or highly compensated employee of Employer  
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selected by the Committee who has delivered a signed Election form to the  
Company. The Committee may revoke an individual's right to participate in the  
Program if he no longer meets the Program's eligibility requirements or for any  
other reason. Such termination will not affect benefits previously vested under  
the Program.

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

2.17 Unforeseeable Hardship. A severe financial hardship of the Participant  
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resulting from (a) a sudden and unexpected illness or accident of the  
Participant or his dependent; (b) loss of Participant's principal residence due  
to casualty; or (c) such other similar extraordinary and unforeseeable  
circumstances resulting from events beyond the control of the Participant as  
determined by the Committee.

### 3. ELECTION TO DEFER -----

3.1 Type and Amount of Deferral. Each Participant may elect to defer all or  
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a portion of his Compensation which would otherwise become payable in the next  
calendar year. Compensation may be deferred into an Option, an L&P Cash  
Deferral, or a Diversified Investment Deferral; provided, however, that the  
maximum Diversified Investment Deferral for any year may not exceed the greater  
of 20% of a Participant's Deferred Compensation or 8% of his annual salary on  
the Election date.

3.2 Election. A Participant's Election must be made on or before  
-----  
December 31 of the calendar year preceding the year in which the Deferred  
Compensation would normally have become payable. Elections may be modified or  
withdrawn until such time as an original Election could no longer be made.

3.3 Benefit Plan Contributions and Payroll Deductions. If Compensation

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payable after giving effect to a deferral Election will be insufficient to make all Company benefit contributions and required tax withholdings, the Participant must, at the time of the Election, make arrangements suitable to the Company for the payment of such amounts. If the Participant does not pay the required amounts in accordance with those arrangements, his Deferred Compensation will be reduced by such amounts.

3.4 Vesting. Benefits under the Program vest when the Participant would

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have been vested in the Compensation but for the election to defer. Benefits not vested will terminate immediately upon a Participant's termination of employment.

4. OPTIONS

4.1 Number of Options and Exercise Price. Unless the Committee determines

-----  
otherwise, the number of Option shares granted to a Participant is equal to the nearest number of whole shares determined under the following formula:

$$\frac{\text{Compensation Foregone}}{\text{Stock Price} - \text{Exercise Price}} \times 1.176$$

"Compensation Foregone" means the Compensation that the Participant elected to apply to Options plus the related Lost Retirement Benefit Amount, if any. "Stock Price" means the lowest per share closing price of Common Stock during December of the year immediately preceding the year in which the deferred Compensation would have been paid. The "Exercise Price" for each share covered by an Option is 20% of the Stock Price.

4.2 Grant Date. Options will be granted as of the date of the lowest

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closing stock price in December of each year or such other date as the Committee determines (the "Grant Date").

4.3 Term of Options. The term of an Option will expire 15 years after the

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Grant Date (the "Expiration Date").

4.4 Exercise of Options. Options will be exercisable at the later of (i) 12

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months after the Grant Date or (ii) the date the option vests. However, despite any later specified date for exercise, any vested Option will become exercisable in full upon the death of the Participant or his total and permanent disability.

An Option may be exercised by delivering a written notice to the Company accompanied by payment of the Exercise Price for the shares purchased. Such payment may be made in cash, by delivery of shares of Common Stock (held for at least 6 months) or a combination of cash and Common Stock. Any such Common Stock will be valued at the per share closing price of the Company's common stock on the trading day immediately preceding the date of exercise. No shares will be delivered in connection with an Option exercise unless all amounts required to satisfy tax and any other required withholdings have been paid to the Employer.

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

If any Option has not been fully exercised on the Expiration Date, the unexercised portion of the Option shall be deemed exercised on such Expiration Date, provided the then market price of a share of L&P Common Stock exceeds the per share Exercise Price. In such event, shares of Common Stock will not be issued until the Exercise Price and any other required amounts have been paid.

4.5 Flexible Stock Plan, Non-Qualified Options. All Options will be granted

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under the Company's 1989 Flexible Stock Plan, as amended, and will be subject to the terms of that plan. All Options will be non-qualified options that are not entitled to special tax treatment under ss.422 of the Internal Revenue Code.

4.6 No Shareholders' Rights. A Participant will have no rights as a

-----  
shareholder with respect to the shares covered by his Option until a stock certificate has been issued for the shares. No adjustment will be made for dividends or other rights for which the record date is before the certificate date.

4.7 Change in Capitalization. In the event of a stock dividend, stock

-----  
split, merger, consolidation or other recapitalization of the Company affecting the number of outstanding shares of Common Stock, the number of Option shares and Exercise Price will be appropriately adjusted.

5. L&P CASH DEFERRAL AND DIVERSIFIED INVESTMENT DEFERRAL

-----  
5.1 Interest on L&P Cash Deferral. L&P Cash Deferrals will bear interest at

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a rate established by the Committee. The interest will begin accruing on the date the Deferred Compensation would have been paid but for the deferral. Until the Committee determines otherwise, the Senior Vice President - Finance and Administration will determine the interest rates and the length of the deferral periods available to Participants.

5.2 Diversified Investment Alternatives. With respect to Diversified

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Investment Deferrals, the Committee will determine the investment alternatives available for hypothetical investment by the Participant and the procedures relating to the Election of such investments. The Committee may change the available investment alternatives from time to time. A Participant may choose one or more of such investment alternatives. Only whole percentages may be selected for each alternative. The Participant may change his investment choices from time to time under procedures applicable to Diversified Investment Deferrals. Any such change will be effective prospectively.

5.3 Payment Dates. The Participant will select the date or dates of payout

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for the L&P Cash Deferral and the Diversified Investment Deferrals on his Election form; provided, however, that the first payment date will not be earlier than two years after the Election is made

or such other date as the Committee determines. The Committee may establish maximum deferral periods and maximum payout periods.

The Participant may make a one-time election to extend the payout period for the L&P Cash Deferrals and Diversified Investment Deferrals, not to exceed any maximum payout period established by the Committee. The extension election must be made not less than six months before the first scheduled payment date designated in the original Election.

5.4 Convert L&P Cash Deferral to Option. If a Participant elects an L&P  
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Cash Deferral, the Participant may later request that the Committee grant an Option in lieu of the L&P Cash Deferral. In such case, the Committee may, in its sole discretion, grant to the Participant an Option on such date and upon such terms as the Committee determines. The Participant will forfeit all accrued interest of the L&P Cash Deferral if the Committee grants his request.

5.5 Hardship, Early Withdrawal. In the event of an Unforeseeable Hardship  
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of a Participant, the Committee may, in its sole discretion, permit early payment of all or a portion of a vested L&P Cash Deferral or Diversified Investment Deferral.

Notwithstanding any other provision of the Program, a Participant may withdraw, upon advance notice to the Company, all or part of his vested Diversified Investment Deferral subject to a penalty of 10% of the distribution.

5.6 Unsecured Creditor. The Company's obligation to a Participant for an  
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L&P Cash Deferral or a Diversified Investment Deferral is a mere promise to pay money in the future and the Participant will have the status of a general unsecured creditor of the Company.

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

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

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

6. COMPANY BENEFIT PLANS  
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6.1 Impact on Benefit Plans. The deferral of Compensation under the Program  
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is not intended to affect other Employer benefit plans in which the Participant is participating or may be eligible to participate. The following rules will apply to the types of benefits listed below.

- . Lost Retirement Benefit--Deferred Compensation may result in Lost Retirement Benefits under the Company's Retirement Plan. However, the Company will increase the amount deferred under an Option, L&P Cash Deferral or Diversified Investment Deferral by the Lost Retirement Benefit.
- . Executive Stock Unit Program--The amount of payroll deduction for Stock Units under the Company's Executive Stock Unit Program will be calculated as if no deferral had occurred.
- . Discount Stock Plan--Contributions under the Discount Stock Plan will be calculated as if no deferral had occurred.
- . Life Insurance and Disability Benefits--To the extent the level of benefits is based upon a Participant's compensation, Deferred Compensation will be included when it would have otherwise become payable but for the deferral.

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

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

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

7.3 Section 16 Officers. Notwithstanding the foregoing, the Committee may  
-----

not delegate its authority with respect to Section 16 Officers.

8. MISCELLANEOUS

8.1 No Right of Employment. Nothing contained in the Program or in any

document issued under the Program will constitute evidence of any agreement or understanding that the Employer will employ or retain the Participant for any period of time or at any particular rate of compensation.

8.2 Beneficiary. A Participant may designate one or more Beneficiaries

to receive his Benefits if he dies. A Participant may change or revoke a designation of a Beneficiary at any time upon written notice to the Company. If a notice of beneficiary is not on file or if the Beneficiary is not living when the Participant dies, the Participant's estate will be his Beneficiary.

8.3 Transferability. No Benefits or interests therein may be

transferred, assigned or pledged during a Participant's lifetime. Benefits may not be seized by any creditor of a Participant or Beneficiary or transferred by operation of law in the event of bankruptcy or insolvency. Any attempted assignment or transfer will be void. However, the Committee may, in its sole discretion, allow a Participant to transfer Options by way of a bona fide gift. The donee will hold such Options subject to the Program.

8.4 Binding Effect. The Program will be binding upon and inure to the

benefit of the Company, its successors and assigns, and each Participant, his heirs, personal representatives, and Beneficiaries.

8.5 Amendments and Termination. The Company will have the right to

amend or terminate the Program at any time. However, no such amendment or termination will deprive any Participant of the right to receive Benefits previously vested under the Program.

8.6 Governing Law. To the extent not preempted by ERISA, Missouri law

will govern this Program.



NONCOMPETITION AGREEMENT

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This Noncompetition Agreement (the "Agreement") is made and entered into this 13th day of May, 1996, by and between Leggett & Platt, Incorporated, a Missouri corporation (the "Company") and Bob L. Gaddy ("Shareholder").

RECITALS

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A. Pace Holdings, Inc. and its subsidiaries, including Pace Industries, Inc. (the "Holdings Group"), are engaged in the business of manufacturing aluminum die casting products and related tool and die products (the "Business");

B. Pursuant to a Merger Agreement by and among the Company, Pace Holdings, Inc., a Delaware corporation ("Holdings"), Pace Industries, Inc., an Arkansas corporation ("Pace") and L&P Acquisition Company - 7, a Delaware corporation ("L&P Sub"), the Company is acquiring all the outstanding equity interests of Holdings;

C. Shareholder owns an equity interest in Holdings, and as a material inducement to the Company to consummate the Merger Agreement and pay the Merger Consideration, Shareholder has agreed to enter into this Agreement;

NOW, THEREFORE, in consideration of the above and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereto agree as follows:

1. Noncompetition Restrictions. Shareholder agrees that during the period of five (5) years from the execution date of this Agreement (the "Restricted Period"), Shareholder will not, directly or indirectly:

(a) engage or participate in any way, as an owner, officer, partner, member, employee, agent, independent contractor, board member, shareholder or otherwise, in any business activities competitive with or directly related to the Business anywhere in North America (the "Territory");

(b) solicit or otherwise encourage any officer, employee, agent or independent contractor of the Company to terminate or alter his or her relationship with the Company or;

(c) disturb or interfere with, in any way, as an owner, officer, partner, member, employee, agent, independent contractor, board member, shareholder or otherwise, the business relationships relating to the Business now existing or hereafter developed between the Holdings Group and any of its customers

suppliers or other parties, or in any such capacity solicit orders from or propose to do any business competitive to the Holdings Group with any customer of the Holdings Group.

(d) Nothing in this Section 1 shall be construed to prevent Shareholder from owning, as an investment, not more than five percent (5%) of a class of equity securities issued by any competitor of the Holdings Group listed on any national securities exchange or traded over the counter, provided Shareholder has no other connection or relationship, direct or indirect, with the issuer of such securities.

2. Confidentiality. Shareholder agrees to keep secret and confidential, and not to use or disclose directly or indirectly to any third-parties, any of the Holdings Group's proprietary trade secret information or other confidential business information concerning the Holdings Group's Business. In addition to any common law or statutory restrictions upon Shareholder's use, disclosure or exploitation of confidential, proprietary or secret information of the Holdings Group, Shareholder agrees that it, he or she will not, directly or indirectly, use for himself or herself or use for, or disclose to, any party other than the Company, any secret, proprietary or confidential information or data regarding the Business, including, but no limited to, business or trade secrets, price lists, methods, formulas, know-how, marketing plans, research and development and financial information (collectively, the "Confidential Information").

3. Third Party Beneficiaries. Shareholder acknowledges and agrees that any person or entity directly or indirectly controlling, controlled by or under direct or indirect common control with the Company is a third party beneficiary of this Agreement and shall have any and all rights as set forth in Section 5 of this Agreement.

4. Non-Waiver of Rights. The Company's failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by Shareholder or any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of the Company thereafter to enforce each and every provision in accordance with the terms of this Agreement.

5. Company's Right to Injunctive Relief. In the event of a breach or threatened breach of any of duties and obligations of Shareholder under this Agreement, the Company shall be entitled, in addition to any other legal or equitable remedies the Company may have in connection therewith (including any right to damages that the Company may suffer), to a temporary, preliminary and/or permanent injunction restraining such breach or threatened breach. Shareholder specifically agrees that, in the event there is a question as to the enforceability of Section 1 hereof, Shareholder will not engage in any conduct inconsistent with or contrary to that Section until after the question has been resolved by an final judgment of a court of competent jurisdiction.

6. Invalidity of Provisions. In the event that any provision of this agreement is adjudicated to be invalid or unenforceable under applicable law, the validity or enforceability of the remaining provisions shall be unaffected. To the extent that any provision of this Agreement is adjudicated to be invalid or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited.

7. Assignment. This Agreement shall be freely assignable by the Company to, and shall inure to the benefit of, any other corporate entity that shall succeed to all or a portion of the Business presently being conducted by the Company.

8. Choice of Forum and Governing Law. This agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

9. Representations of Shareholder. Shareholder represents that the execution and delivery of this Agreement do not violate any other contractual obligation of Shareholder. Shareholder further agrees to defend, indemnify and hold harmless the Company against all claims, demands, losses, damages or expenses, including reasonable attorney's fees, suffered or incurred as a result of any violation of its or his respective representations contained in this Section 9.

10. Right to Recover Costs. Shareholder undertakes and agrees that if it or he breaches or threatens to breach this Agreement, Shareholder shall be liable for any attorneys' fees and costs incurred by the Company in enforcing its rights hereunder.

11. Amendments. No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing specifically referring hereto and signed by the parties hereto.

12. Tolling. Shareholder acknowledges and agrees that the running of the time period in Section 1 shall be tolled with respect to Shareholder during any period in which Shareholder violates that Section.

13. Rule of Construction. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement.

14. Headings. Section headings are provided in this Agreement for convenience only and shall not be deemed substantively alter the content of such sections.

15. Counterparts. This Agreement may be executed simultaneously in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

PLEASE NOTE: BY SIGNING THIS AGREEMENT, SHAREHOLDER IS HEREBY CERTIFYING THAT IT, HE OR SHE (A) RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS IT, HE OR SHE HAD ABOUT THE AGREEMENT AND RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS; AND (D) UNDERSTANDS ITS OR HIS OR HER RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.

LEGGETT & PLATT, INCORPORATED

By: /s/ R.A. Jefferies, Jr.

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Name: R.A. Jefferies, Jr.

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Title: Senior Vice President  
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SHAREHOLDER

/s/ Bob L. Gaddy

-----  
Name

PACE INDUSTRIES, INC.

REVISED AND RESTATED EMPLOYEE INCENTIVE COMPENSATION PLAN

This Revised and Restated Employee Compensation Plan (the "Plan") is adopted as of May 13, 1996 by Pace Industries, Inc., an Arkansas corporation (the "Company"), a wholly-owned subsidiary of Leggett & Platt, Incorporated, a Missouri corporation ("L&P").

RECITALS

This Plan is a successor to and modified version of the Employee Incentive Compensation Plan (the "Former Plan") adopted on December 10, 1993 by the Company.

In consideration of good and valuable benefits received and to be received by it, intending to be legally bound hereby and acknowledging that its Employees (as defined below) will act in reliance upon the provisions hereof, the Company and L&P agree as follows:

1. Bonus Pool; Operating Profit Targets. The Company shall pay as additional annual compensation to its employees designated by the Designation Committee. The "Designation Committee" shall consist of Bob L. Gaddy ("Gaddy"), so long as he is employed by the Company or L&P or, if Gaddy is not employed by the Company or L&P, a committee consisting of the then Chief Executive Officer of the Company and two other persons designated by the Plan Executive who were participants in the Plan for the immediately preceding Plan Year. For purposes of this Plan, the "Plan Executive" means Felix E. Wright or, if he is no longer employed by L&P, Mr. Wright's successor.

Subject to the terms and conditions set forth herein, an annual bonus ("Bonus Pool") shall be established in respect of each year (each, a "Plan Year") during the six fiscal years ending on June 30, 1994 through June 30, 1999 (the Plan's "Term"), the amount of the Bonus Pool to be determined as provided herein and paid as provided in Sections 3(B), (C) and (D). The Bonus Pool is to be the amount by which Operating Profit (as defined herein) exceeds the "Target" for each Plan Year as follows:

if Operating Profit exceeds  
the following Target  
-----  
In the Plan Year 1994

Bonus Pool is  
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Minimum Target:	\$21.5 million	5% of excess over 21.5 million
Mid-Range Target:	23.0 million	10% of excess above 21.5 million
Upper Range Target:	28.0 million	10% of excess between 21.5 million and 23.0 million plus 20% of excess above 23.0 million

In the Plan Year 1995

Minimum Target:	\$26.0 million	5% of excess over 26.0 million
Mid-Range Target:	28.0 million	10% of excess above 26.0 million
Upper Range Target:	32.3 million	10% of excess between 26.0 million and 28.0 million plus 20% of excess above 28.0 million

In the Plan Year 1996

Minimum Target:	\$30.0 million	5% of excess over 30.0 million
Mid-Range Target:	32.3 million	10% of excess above 30.0 million
Upper Range Target:	35.0 million	10% of excess between 30.0 million and 32.3 million plus 20% of excess above 32.3 million

In the Plan Year 1997

Minimum Target:	\$32.6 million	5% of excess over 32.6 million
Mid-Range Target:	35.0 million	10% of excess above 32.6 million
Upper Range Target:	37.0 million	10% of excess between 32.6 million and 35.0 million plus 20% of excess above 35.0 million

In the Plan Year 1998

Minimum Target:	\$34.4 million	5% of excess over 34.4 million
Mid-Range Target:	37.0 million	10% of excess above 34.4 million
Upper Range Target:	40.0 million	10% of excess between 34.4 million and 37.0 million plus 20% of excess above 37.0 million

In the Plan Year 1999

Target:	\$43.0 million	10% of excess over \$43.0 million, but Bonus Pool not to exceed \$2.0 million
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For the Plan Year 1994, the Operating Profit shall be computed for the twelve month period notwithstanding that this Plan was not in effect for all of such period. If the amount of Operating Profit for such twelve month period exceeds the Target amount set forth above, the Bonus Payment shall be computed and paid as if this Plan had been in effect for the entire period.

## 2. Determination of Operating Profits.

(A) Subject to Schedule A to this Plan, "Operating Profit" means the earnings from the Company's operations before federal, state and local income taxes ("Pre-Tax Earnings") but after adding back (deducting) the following:

- (i) interest expense (except for any discounts granted to customers for early payment of invoices which have been accounted for as interest expense) and financing costs;
- (ii) costs attributable to the amortization of the purchase price premium resulting from the December 10, 1993 leveraged buy out transaction involving the Predecessor Company (the "1993 LBO") as well as all acquisition and closing costs incurred in the consummation of the financing and acquisition of the 1993 LBO;
- (iii) extraordinary losses (gains) under generally accepted accounting principles;
- (iv) losses (gains) on capital assets;
- (v) management fees paid to any stockholder or designee of a stockholder of the Company (except to employees of the Company) or pursuant to the Consulting Agreement dated December 10, 1993 between Peninsula Corporation and the Company;
- (vi) out of pocket costs pertaining to any merger or consolidation before, on or after the date of this Plan involving the Company;
- (vii) any amounts of amortization made on account of the \$10 million of noncompetition payments made to certain stockholders of the Company under agreements dated December 10, 1993;
- (viii) costs related to any material disposition by the Company of its assets or material acquisition of any entity or its assets by the Company;
- (ix) the amounts required by Schedule A hereto to be added back or deducted; and
- (x) (a) the amounts earned and accrued as bonuses in Plan Year 1996-1999 under the Patterson Mold and Tool Employee Incentive Compensation Plan dated October 11, 1995, (b) the amounts earned and accrued as bonuses in Plan Year 1997-1999 under the Pace Industries Puget Division, Inc. Employee

Incentive Compensation Plan adopted July 13, 1995 and (c) this Bonus Pool.

- (B) The Company agrees to maintain such separate books and accounting records as shall be necessary to implement the foregoing. Promptly after the Company receives its certified financial statements for each of the Company's Plan Years, the company shall cause its independent certified public accountants to prepare a statement showing their calculation of the Operating Profit as defined herein for such period, and furnish the same to Gaddy and to the Board of Directors of the Company.

After the date hereof, L&P's independent certified public accountants shall function as the Company's independent certified public accountants and shall determine Operating Profits. L&P and Gaddy may from time to time agree that the determination of Operating Profit may be based on such accounting procedures less than an audit as L&P and Gaddy may agree. Accounting fees and expenses shall be deducted on a cash basis when computing Pre-Tax Earnings. If no audit of the Company is agreed upon under this Plan for 1997 or later Plan Year, then the Pre-Tax Earnings for that year will be reduced by the amount audit fees and expenses of the Company for its fiscal year ending June 30, 1995 exceed accounting fees and expenses for the Plan Year in question.

(C) The determination of the Company's Operating Profit in the manner divided by this Plan shall be conclusive and binding upon the Company, Gaddy and the Employees, in the absence of manifest error. In the event that, during the term of this Plan, there is a change in accounting principles or practices used in connection with the Former Plan (including any changes in the methods for determining contingencies and other reserves) or a revaluation of assets, Gaddy and the Company (or in the event of their inability to agree, the Company's independent certified public accountants) shall make a determination as to any adjustments in accordance with generally accepted accounting principles needed in order to preserve the intent of this Plan from the effect of any such change in accounting principles or practices or revaluation of assets; and their determination shall be conclusive and binding upon the parties hereto, in the absence of manifest error.

For purposes of determining Pre-tax Earnings for any Plan Year the Company's accounting practices concerning fourth quarter special sales arrangements with certain customers shall not be modified without the consent of the Designation Committee and the Plan Executive.

(D) Any Target may be reduced by the vote in favor or consent of at least 70% of the members of the Board of Directors at any time.

### 3. Participants in Bonus Pool; Payment of Bonuses.



(A) ("Employee") shall mean Gaddy, so long as he is employed by the Company or L&P at the end of each Plan Year and such other officers and managerial personnel employed by the Company or L&P as the Designation Committee shall designate.

The Bonus Pool for each Plan Year shall be allocated among such designees as the Designation Committee shall recommend after the conclusion of each Plan Year; provided, however, the designation and allocation shall be subject to the approval of the Plan Executive. After the determination by the Company's independent certified public accountants of the Operating Profit for the relevant Plan Year, the Company shall pay the Bonus Pool hereunder, if any (less proper withholdings for federal and other taxes), to the Employees designated for that Plan Year in the amount allocated to each Employee in the manner set forth in Sections 3(B), (C) and (D).

(B) The Bonus Pool for all Plan Years through 1995 has been paid to participating Employees.

(C) 43% of the bonus allocated to each Employee for each of the Plan Years 1996 through 1998 will become "vested" when allocated to the Employee and will promptly thereafter be paid to the Employee. The remaining portions of the bonus allocated to each Employee will not be paid until the same becomes vested. Vesting and hence payment will occur as follows provided the Employee remains continuously employed by the Company or L&P on a full time basis through each vesting date:

Vesting Date/Payment Date	Vesting Rate	Cumulative Vesting
June 30, 1999	25%	25%
June 30, 2000	25%	50%
June 30, 2001	25%	75%
June 30, 2002	25%	100%

Notwithstanding the preceding paragraph, the unvested portions of the bonuses allocated to each Employee will become 100% vested if the Employee's employment with the Company is terminated by death or disability, but in such instance payment of the remaining portions of the Employee's bonus will be as per the payment dates set out above.

Those portions of an Executive's Bonus for any of Plan Years 1996 through 1999 which do not vest under this Plan shall cease to be a part of the Bonus Pool.

Whenever a portion of a 1996 Plan Year, 1997 Plan Year or 1998 Plan Year Bonus becomes vested and is paid, interest on such portion at 6.5% shall then be accrued and paid.

(D) 25% of the bonus allocated to each Employee for Plan Year 1999 will become vested when allocated to the Employee and will promptly thereafter be paid to the Employee. The remaining portions of the Bonus for each Employee will, beginning on June 30, 2000, vest and be paid as provided in Section 3(C) except that no interest will accrue on that portion of the Bonus which is subject to vesting requirements.

(E) If an employee under an employment contract on the date hereof has his employment terminated by disability such employee shall be designated an Employee for the Plan Year in which his employment terminates and each succeeding Plan Year (collectively the "Disability Years"). The disabled Employee's allocation of the Bonus Pool in each of the Disability Years shall equal his average percentage allocation in the Plan Year(s) preceding disability. All bonuses allocated to the disabled Employee for the Disability Years shall be vested but shall be paid in accordance with Section 3(C).

4. No Right to Share in Bonus Pool. An employee of the Company shall have no right to be designated an Employee as respects any Plan Year (except as provided in 3(E) above) unless designated by the Designation Committee and approved by the Plan Executive for a Plan Year; provided, however, the Designation Committee may designate an employee to share in the Bonus Pool whose employment has been terminated prior to such designation. Once designated an Employee for a Plan Year the Employee shall have all the rights provided for in this Plan as respects the portion of the Bonus Pool allocated to such Employee for that particular Plan Year but no other.

5. No Assignment or Pledge of Rights. The rights and obligations under this Plan may not be assigned, pledged or otherwise transferred by any Employee at any time and shall not inure to the benefit of any Employee, his representative or assign. The Plan shall be construed and enforced in accordance with the laws of the State of Arkansas. Any assignment, pledge or other transfer any right of any Employee hereunder shall be null and void and of no effect and shall, at the Company's option, terminate the Employee's right hereunder to any payment.

6. Plan Has Been Authorized. The Company represents and warrants that this Plan has been duly approved and its execution and delivery duly authorized by all necessary corporate action of its directors, and that it is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

7. Plan Amendments. The Company may amend the Plan in any respect; provided, however, that (i) the Target for each Plan Year may not be increased nor (ii) may the timing or other terms of payment be changed in a manner adverse to Employees unless a change contemplated by (i) or (ii) is approved by: (a) Gaddy, so long as Gaddy is an Employee; and (b) Employees (including Gaddy) to whom not less

than 75% of the Bonus Pool for the immediately preceding Plan Year has been allocated.

8. L&P's Guarantee. L&P joins in the execution of the Plan to guarantee full performance by the Company with the terms of the Plan.

9. Revision of Plan to Include L&P Aluminum Operations. The Company and L&P plan to work closely together to revise this Plan so that Operating Profit Targets for Plan Year 1997 and later Plan Years will be based upon the Company's current Plan targets and the projected consolidated Operating Profits of L&P's EST, Assured and Culp operations. Schedule B sets out the initial thoughts of the Company and L&P on this process. However, nothing in this Plan or in Schedule B requires the Company or L&P to reach "agreement" on consolidated Operating Profit Targets and related topics. In the absence of reaching agreement, this Plan shall continue in full force in accordance with its terms.

PACE INDUSTRIES, INC.

LEGGETT & PLATT, INCORPORATED

By: /s/ Bob L. Gaddy

By: /s/ R.A. Jefferies, Jr.

Name: Bob L. Gaddy

Name: R.A. Jefferies, Jr.

Title: Chairman & CEO

Title: Senior Vice President

LEGGETT & PLATT, INCORPORATED  
 EXECUTIVE STOCK UNIT PROGRAM

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LEGGETT & PLATT, INCORPORATED  
EXECUTIVE STOCK UNIT PROGRAM  
(Effective as of January 1, 2002)

1. NAME AND PURPOSE  
-----

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

1.2 Purpose. This Program is intended to attract, motivate, retain and reward Key Employees by giving them the opportunity to share in the appreciation in value of the Company's Common Stock. The Program is an unfunded deferred compensation plan for a select group of management and/or highly compensated employees as described in ERISA. The Program is established pursuant to the Leggett & Platt, Incorporated 1989 Flexible Stock Plan.

2. DEFINITIONS  
-----

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

2.2 Additional Matching Contribution. The Company's additional contribution of amounts to a Participant's Account made pursuant to Section 4.5.

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

2.4 Board. The Board of Directors of the Company.

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

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

2.7 Company. Leggett & Platt, Incorporated.

2.8 Compensation. Salary, bonuses, and all other forms of cash compensation which may become payable to a Participant to the extent designated by the Committee. In the case of a sales representative whose regular paycheck includes funds for travel and expenses, Compensation means 75% of the total. Compensation will also include remuneration which would have been received in cash but for the Participant's election to defer such remuneration or to receive a stock option in lieu of such remuneration in accordance with any deferred compensation program of the Company. Any amounts considered as Compensation by virtue of the preceding sentence will be counted as Compensation only once even if the benefits derived from such compensation are includible in the Participant's taxable income in a subsequent year.

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

2.10 Dividend Contribution. The Company's contribution of dividend amounts to a Participant's Account made pursuant to Section 4.6.

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

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

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

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

2.15 FICA. Federal Income Contributions Act, as amended.

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

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

2.18 Matching Contribution. The Company's contribution of amounts to a Participant's Account equal to 50% of a Participant's Contribution made pursuant to Section 4.4.

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

2.20 Participant's Contribution. The Participant's contribution of Compensation which is used to acquire Stock Units pursuant to Section 4.2.

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

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

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

3. ELIGIBILITY AND PARTICIPATION  
-----

3.1 Selection of Participants. The Committee will select the Key Employees eligible to become Participants. Unless waived by the Committee, a Key Employee must have at least one Year of Service prior to becoming a Participant. A Key Employee so selected will become a Participant on the first July 1 or January 1 following his delivery to the Company of a Participant's Election.

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

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

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

4.2 Participant's Contribution. Each Participant may elect to contribute to the Program a percentage of his Compensation in excess of \$23,700 for the calendar year (which amount may be increased by the Committee for years after 2002). The Committee will determine the maximum percentage. Participant's Contributions will be made on a bi-weekly basis, unless the Committee determines otherwise.

4.3 Forms and Modification. A Participant's Election will be made in a form approved by the Committee. The election must be made on or before June 30 or December 31, and will only apply to Compensation earned and payable after such dates. An Election may be changed twice each calendar year. Once a change is made, it will become effective on the first July 1 or January 1 following delivery of such change to the Company.

4.4 Matching Contributions. The Company will make a Matching Contribution equal to 50% of the Participant's Contribution. Matching Contributions will be made at the same time as the Participant's Contributions.

4.5 Additional Matching Contribution. If the Company's return on adjusted average equity for a calendar year is at least 12.5%, the Company will make an Additional Matching Contribution equal to 50% of the Participant's Contribution for the applicable year. If the Company fails to achieve a 12.5% return, the Committee will determine the amount, if any, of the Additional Matching Contribution. Such Contribution will be credited to the Account of each Participant who was employed as of the last business day of the calendar year, plus each Participant whose employment terminated prior to such date: (a) due to permanent and total disability or death, or (b) after the Participant has attained 55 years of age and has at least 5 Years of Service. Additional Matching Contributions, if any, will be made after the end of the year when the amount has been determined.



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

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

4.8 FICA Tax Gross-Up. The Company will pay on behalf of a Participant any FICA taxes due on Matching Contributions and Additional Matching Contributions. Such payment will be determined by the Committee and may include a tax "gross-up" on such payments.

4.9 Impact of Deferred Compensation Program. Some Participants are eligible to defer up to 100% of their Compensation under the Company's Deferred Compensation Program. If the Compensation remaining after such a deferral is not sufficient to allow the Participant to make the full Participant's Contribution, the Company will make the Matching Contribution and any Additional Matching Contribution as though the full Participant's Contribution had been made.

## 5. DISTRIBUTION -----

5.1 Distribution. Distribution of a Participant's Account will be made within 90 days after termination of employment either in a lump sum or installments if elected. Prior to distribution, the Stock Units will be converted to the appropriate number of whole shares of Common Stock.

Distribution of a Participant's Account will be based on the number of Stock Units credited to his Account upon termination of employment. If Stock Units are credited to the Participant's Account after a distribution has been made (e.g., as a result of Dividend Contributions or Additional Matching Contributions), a subsequent distribution of those Stock Units will be made.

5.2 Form of Distribution. Distributions will be made in the form elected by the Participant. The forms of distribution are: (a) a lump sum amount, or (b) annual installments for up to 15 years. Annual installment distributions will be made by January 31st of each year following the year of the initial distribution. Each annual distribution will be equal to the balance of Stock Units in the Account divided by the number of payments remaining.

If the Participant (or his Beneficiary in the event of death) does not make an election within 30 days after termination of employment, the distribution will be made in a lump sum. If a Participant's Account value does not exceed \$50,000 on termination of employment, the distribution will be made in a lump sum regardless of the Participant's election otherwise.

5.3 Withholding from Distributions. When Stock Units are converted to Common Stock for distribution, the Company may withhold from such Common Stock any amount required to pay applicable taxes (at the Company's required withholding rate). Alternatively, the Participant may pay such taxes in cash if he elects to do so before the distribution date.

5.4 Forfeiture of Stock Units. Notwithstanding the above, upon the termination of employment of a Participant who has less than 5 Years of Service, any Stock Units acquired by Company Matching and Additional Matching Contributions will be forfeited (unless the Committee determines otherwise). However, such Stock Units will not be forfeited if (a) the Participant is at least 60 years of age upon termination of employment, or (b) the Participant's employment is terminated due to death or total and permanent disability.

5.5 Beneficiary. If a Participant dies before he has received all distributions due under the Program, the remaining distributions will be made to his Beneficiary. Each Participant may designate a Beneficiary and change his Beneficiary from time to time. No such designation will become effective until received in writing by the Company. If a Participant has no living designated Beneficiary, then his Beneficiary will be his personal representative.

5.6 Hardship Distribution. In the event of a hardship of a Participant, the Committee may, in its sole discretion, permit distribution of such portion of Participant's Stock Units, as it deems appropriate.

## 6. ADMINISTRATION -----

6.1 Administration. Except to the extent the Committee otherwise designates pursuant to Section 6.2(e), the Committee will control and manage the operation and administration of the Program.

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

6.3 Section 16 Officers. Notwithstanding the foregoing, the Committee may not delegate its authority with respect to Section 16 Officers.

## 7. CLAIMS -----

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

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

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

8. GENERAL PROVISIONS  
-----

8.1 No Contract. Nothing contained in the Program will restrict the right of the Employer to discharge a Participant or the right of a Participant to resign from employment. The Program should not be construed as an employment contract.

8.2 No Assignment. No Participant or Beneficiary may transfer, assign or otherwise encumber any benefits payable by the Company under the Program. Such benefits may not be seized by any creditor of Participant or Beneficiary or transferred by operation of law in the event of bankruptcy, insolvency or death. Any attempted assignment or transfer will be void.

8.3 Unfunded Program. No person will have any interest in the Company's assets by virtue of the Program. No Participant or Beneficiary will have any of the rights of a shareholder with respect to Stock Units.

8.4 No Trust Created. The Program and any action taken pursuant to the Program should not be construed as creating a trust or other fiduciary relationship between the Company, the Participant, his Beneficiary or any other person.

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

8.6 Amendments and Termination. The Company will have the right to amend or terminate the Program at any time. However, no such amendment or termination will deprive any Participant of the right to distribution of Stock Units previously credited to his Account.

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

8.8 Notices. Any notice or claim given under the Program will be in writing and signed by the party giving the same. If such notice or claim is mailed, it will be sent by United States first class mail, postage prepaid, addressed to the recipient's last known address as shown on the Company's records. The date of such mailing will be deemed the date of notice.

## EXHIBIT 12

LEGGETT AND PLATT, INCORPORATED AND SUBSIDIARIES  
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES  
 (Amounts in millions of dollars)

	Twelve Months Ended December 31,				
	2001	2000	1999	1998	1997
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Earnings					
Income from continuing operations before income tax	\$297.3	\$418.6	\$462.6	\$395.6	\$333.3
Interest expense (excluding amount capitalized)	58.8	66.3	43.0	38.5	31.8
Portion of rental expense under operating leases representative of an interest factor	10.6	9.4	8.2	6.7	6.1
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Total earnings	\$366.7	\$494.3	\$513.8	\$440.8	\$371.2
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Fixed charges					
Interest expense (including amount capitalized)	\$60.2	\$67.7	\$44.0	\$39.2	\$32.7
Portion of rental expense under operating leases representative of an interest factor	10.6	9.4	8.2	6.7	6.1
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Total fixed charges	\$70.8	\$77.1	\$52.2	\$45.9	\$38.8
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Ratio of earnings to fixed charges	5.2	6.4	9.8	9.6	9.6
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Earnings consist principally of income from continuing operations before income taxes, plus fixed charges. Fixed charges consist principally of interest costs.

## DOMESTIC SUBSIDIARIES

Name of Organization	Country or State of Incorporation	Percentage of Voting Interest
ARC Specialties, Inc.	California	100%
Advantage Technologies, Inc.	Michigan	100%
Beeline Group, Inc.	California	100%
Bergen Cable Technology, Inc.	Delaware	100%
Bonded Fiber Products, Inc.	North Carolina	100%
Cambridge Tool & Mfg. Co., Inc.	Massachusetts	100%
Collier-Keyworth, Inc.	North Carolina	100%
Crest-Foam Corp.	New Jersey	100%
Davidson Plyforms, Inc.	Michigan	100%
Design Fabricators, Inc.	Colorado	100%
Dresher, Inc.	Delaware	100%
Duro Metal Manufacturing, Inc.	Texas	100%
Edron Fixture Corp.	Florida	100%
Flex-O-Lators, Incorporated	Missouri	100%
Foothills Manufacturing Company	North Carolina	100%
Fremont Wire Company	Indiana	100%
Genesis Fixtures, Inc.	Colorado	100%
Genesis Seating, Inc.	Michigan	100%
Hanes CNC Services Co.	North Carolina	100%
Hanes Companies - New Jersey, Inc.	Delaware	100%
Hanes Companies, Inc.	North Carolina	100%
Hanes Fabrics, Inc.	Tennessee	100%
Indiana Acquisition Corp.	Indiana	100%
Japenamelac Corp.	Massachusetts	100%

## DOMESTIC SUBSIDIARIES

Name of Organization -----	Country or State of Incorporation -----	Percentage of Voting Interest -----
Jarke Corporation	Illinois	100%
KLM Industries, Inc.	Tennessee	100%
KelMax Equipment Co.	Georgia	100%
Kelmax Equipment Southwest, Inc.	Georgia	100%
L&P Acquisition Company - 18	Delaware	100%
L&P Acquisition Company - 31	Delaware	100%
L&P Acquisition Company - 33	Delaware	100%
L&P Acquisition Company - 35, Inc.	Ohio	100%
L&P Acquisition Company - 38	Illinois	100%
L&P Acquisition Company - 41	Delaware	100%
L&P Acquisition Company - 43	Delaware	100%
L&P Acquisition Company - 44	Delaware	100%
L&P Acquisition Company - 45	Delaware	100%
L&P Acquisition Company - 50	Delaware	100%
L&P Acquisition Company - 53	Delaware	100%
L&P Acquisition Company - 54	Delaware	100%
L&P Central Asia Trading Company	Delaware	100%
L&P Financial Services Co.	Delaware	100%
L&P International Holdings Company	Delaware	100%
L&P Manufacturing, Inc.	Delaware	100%
L&P Materials Manufacturing, Inc.	Delaware	100%
L&P Mississippi Manufacturing, Inc.	Mississippi	100%
L&P Partners Holding Company, Inc.	Delaware	100%
L&P Products Company, Inc.	Delaware	100%

## DOMESTIC SUBSIDIARIES

Name of Organization	Country or State of Incorporation	Percentage of Voting Interest
L&P Property Management Company	Delaware	100%
L&P TexPro, Inc.	Delaware	100%
L&P Transportation Co.	Delaware	100%
Leaving Taos, Inc.	Delaware	100%
Leggett & Platt Asia Marketing, Inc.	Delaware	100%
Leggett & Platt Components Company, Inc.	Delaware	100%
Leggett & Platt International Development Co.	Delaware	100%
Leggett & Platt International Service Corporation	Delaware	100%
Leggett & Platt Middle East, Incorporated	Delaware	100%
Leggett & Platt Tax Partnership	Missouri	100%
Leggett & Platt Turkey, Inc.	Delaware	100%
Leggett Partners, L.P.	Texas	100%
Leggett and Platt International Corporation	Missouri	100%
MG Loan Company	Delaware	100%
MPI (A Leggett & Platt Company), Inc.	Texas	100%
MPI, Inc.	Mississippi	100%
Met Displays, Inc.	Illinois	100%
Metal Bed Rail Company, Inc.	North Carolina	100%
Metrock Steel & Wire Company, Inc.	Alabama	100%
Nagle Industries, Inc.	Michigan	100%
National Fibers Company	Tennessee	100%
Option Spring Products, LLC	Tennessee	100%
Pace Industries, Inc.	Arkansas	100%
Pace Industries of Mexico, LLC	Delaware	51%
Parthenon Metal Works, Inc.	Tennessee	100%

## DOMESTIC SUBSIDIARIES

Name of Organization - - - - -	Country or State of Incorporation - - - - -	Percentage of Voting Interest - - - - -
Product Technologies, Inc.	Minnesota	100%
Pulsar Plastics, Inc.	Illinois	100%
Schukra USA, Inc.	Michigan	100%
Shaped Wire, Inc.	Delaware	100%
Southern Bedding, Inc.	Mississippi	100%
Southwest Carpet Pad, Inc.	California	100%
Steadley Company	Missouri	100%
Syd-Ren Industries, Inc.	California	100%
Syndicate Systems, Inc.	Indiana	100%
Talbot Industries, Inc.	Missouri	100%
Technical Plastics Corporation	Missouri	100%
Vantage Industries, Inc.	Georgia	100%
Vertex Fasteners, Inc.	Illinois	100%
Wichita Wire, Inc.	Kansas	100%



## FOREIGN SUBSIDIARIES

Name of Organization -----	Country of State of Incorporation -----	Percentage of Voting Interest -----
1314116 Ontario Inc.	Canada	100%
9038-8315 Quebec Inc.	Canada	100%
A.E.A. Management Co., Inc.	Canada	100%
Administradora Soal S.A. de C.V.	Mexico	100%
Agimex, S.A.	France	100%
Bizzy Lizzy Limited	United Kingdom	100%
Brinmark Limited	United Kingdom	100%
Cable Bergen de Mexico, S.A. de C.V.	Mexico	100%
Carreiro Holdings S.A. de C.V.	Mexico	100%
Carreiro S.A. de C.V.	Mexico	100%
Comercializadora Soal S.A. de C.V.	Mexico	100%
Consortio Industrial Serrano, S.A. de C.V.	Mexico	100%
D.T.A. Comercializaciones, S.A. de C.V.	Mexico	100%
De Todo en Alambre de Aguascalientes, S.A. de C.V.	Mexico	100%
DisplayPlan Limited	United Kingdom	100%
Edmund Bell & Co., Limited	United Kingdom	100%
Fibras Acolchables S.A. de C.V.	Mexico	100%
Fides S.r.l.	Italy	100%
Gateway (Textiles) Limited	United Kingdom	100%
Gateway Holdings Limited	United Kingdom	100%
Gateway Ibercia S.r.l.	Spain	100%
Globe Spring & Cushion Company Limited	Canada	50%
Hanes International - France SAS	France	100%
Hanes International UK Limited	United Kingdom	100%

## FOREIGN SUBSIDIARIES

Name of Organization -----	Country or State of Incorporation -----	Percentage of Voting Interest -----
ILMA Italia S.r.l.	Italy	100%
Impact Wire Products Inc.	Canada	100%
Industrias Subinas Aragon, S.L.	Spain	100%
Industrias Subinas, S.L.	Spain	100%
Innovatech International S.A.	Greece	100%
Inter-Spring Limited	United Kingdom	100%
J.A. Wilson Display Ltd./Les Etalages J.A. Wilson Ltee	Canada	100%
Jentschmann AG	Switzerland	100%
John Pring & Son Limited	United Kingdom	100%
Kelmax Lopez Manufacturing, S.A. de C.V.	Mexico	100%
L and P Mexico, S.A. de C.V.	Mexico	100%
L&P (Australia) Acquisition Co. No. 1 Pty Ltd	Australia	100%
L&P Automotive Europe GmbH	Germany	100%
L&P Denmark Aps	Denmark	100%
L&P Europe Limited	United Kingdom	100%
L&P Fahrzeug-und Matratzenkomponenten Geschäftsführung GmbH	Germany	100%
L&P Fahrzeug-und Matratzenkomponenten GmbH & Co. KG	Germany	100%
L&P Netherlands Holdings B.V.	The Netherlands	100%
L&P Swiss Holding Company	Switzerland	100%
L&P tehnologije d.o.o.	Croatia	100%
LeggPlatt, S.L.	Spain	100%
Leggett & Platt (Alberta) Ltd.	Canada	100%
Leggett & Platt (Australia) Pty Ltd	Australia	100%
Leggett & Platt (Barbados) Ltd.	Barbados	100%

## FOREIGN SUBSIDIARIES

Name of Organization -----	Country or State of Incorporation -----	Percentage of Voting Interest -----
Leggett & Platt (Guang Zhou) Co. Ltd.	China	100%
Leggett & Platt (Shanghai) Co. Ltd.	China	100%
Leggett & Platt (Southeast Asia) Pte Ltd	Singapore	100%
Leggett & Platt Administradora S.A. de C.V.	Mexico	100%
Leggett & Platt Canada Holdings Ltd.	Canada	100%
Leggett & Platt de Guadalajara, S.A. de C.V.	Mexico	100%
Leggett & Platt de Mexico S.A. de C.V.	Mexico	100%
Leggett & Platt do Brasil Ltda.	Brazil	100%
Leggett & Platt Foreign Sales Corporation	Barbados	100%
Leggett & Platt Korea, Ltd.	South Korea	100%
Leggett & Platt Ltd.	Canada	100%
Leggett & Platt Polska Sp. z.o.o.	Poland	100%
Leggett & Platt U.K. Limited	United Kingdom	100%
MF Knitting Co. Limited	United Kingdom	100%
MF Warping Company Limited	United Kingdom	100%
MZM Wire S.A. de C.V.	Mexico	100%
MZM, S.A. de C.V.	Mexico	100%
Masterack International Limited	United Kingdom	100%
Masterack Latinoamerica, S.A. de C.V.	Mexico	100%
Miotto International S.r.l.	Italy	100%
Muelles Andalucia, S.L.	Spain	100%
Northeastern Components (International) Ltd.	United Kingdom	100%
Pace Industries de Chihuahua, S.A. de C.V.	Mexico	100%
Pace Industries de Mexico, S.A. de C.V.	Mexico	100%

## FOREIGN SUBSIDIARIES

Name of Organization -----	Country or State of Incorporation -----	Percentage of Voting Interest -----
Pleasant Valley Remanufacturing Ltd.	Canada	100%
Pullmaflex AB	Sweden	100%
Pullmaflex Benelux N.V.	Belgium	100%
Pullmaflex International B.V. (Netherlands)	Holland	100%
Pullmaflex International Limited	United Kingdom	100%
Pullmaflex Japan KK	Japan	100%
Pullmaflex U.K. Limited	United Kingdom	100%
SCHUKRA-Geratebau AG	Austria	100%
SR Holbrook Limited	United Kingdom	100%
Schukra Acquisition Co. Inc.	Ontario	100%
Schukra Berndorf Ges.m.b.H.	Austria	100%
Schukra Europa GmbH	Germany	100%
Schukra of North America Ltd.	Canada	100%
Spruceland Forest Products Inc.	Canada	100%
Spuhl AG	Switzerland	100%
Toledo Federungen GmbH	Germany	100%
Toledo Fjederindlaeg A/S	Germany	100%
Wyn Products Pty Ltd	Australia	100%

RELATED COMPANIES WHICH ARE NOT SUBSIDIARIES OF THE REGISTRANT

Name of Organization -----	Country or State of Incorporation -----	Percentage of Voting Interest -----
Craftmatic/Contour Industries, Inc.	Delaware	4.9%
Fastening Technologies, LLC	Delaware	50%
GS Technologies Corporation	Delaware	10%
Pullmaflex Southern Africa (Proprietary) Ltd.	South Africa	49%
Wuxi Leggett & Platt-Huaguang Automobile Parts Co. Ltd.	China	50%

## Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statements of Leggett & Platt, Incorporated, listed below, of our report dated January 30, 2002 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

1. Post-Effective Amendment No. 1 to Form S-8, Registration No. 33-15441, filed August 29, 1989.
2. Form S-8, Registration No. 33-44224, filed November 27, 1991.
3. Form S-8, Registration No. 33-45334, filed January 27, 1992.
4. Form S-8, Registration No. 33-45335, filed January 27, 1992.
5. Form S-8, Registration No. 33-45336, filed January 27, 1992.
6. Post-Effective Amendment No. 1 to Form S-8, Registration No. 33-45334, filed June 26, 1992.
7. Form S-8, Registration No. 33-67910, filed August 26, 1993.
8. Form S-8, Registration No. 33-54339, filed June 28, 1994.
9. Form S-8, Registration No. 33-54431, filed July 1, 1994.
10. Form S-8, Registration No. 333-69073, filed December 17, 1998.
11. Form S-8, Registration No. 333-35280, filed April 20, 2000.
12. Form S-8, Registration No. 333-45074, filed September 1, 2000.
13. Form S-8, Registration No. 333-46952, filed September 29, 2000.
14. Form S-3, Registration No. 333-90443, filed November 5, 1999.
15. Pre-Effective Amendment No. 1 to Form S-3, Registration No. 333-90443, filed November 15, 1999.
16. Post-Effective Amendment No. 1 to Form S-3, Registration No. 333-90443, filed December 23, 1999.
17. Post-Effective Amendment No. 2 to Form S-3, Registration No. 333-90443, filed February 3, 2000.
18. Post-Effective Amendment No. 3 to Form S-3, Registration No. 333-90443, filed February 9, 2000.
19. Form S-3, Registration No. 333-51164, filed December 1, 2000 (also Post-Effective Amendment No. 4 to Form S-3, Registration No. 333-90443).
20. Pre-Effective Amendment No. 1 to Form S-3, Registration No. 333-51164, filed December 14, 2000 (also Post-Effective Amendment No. 5 to Form S-3, Registration No. 333-90443).
21. Post-Effective Amendment No. 1 to Form S-8, Registration No. 33-54431, filed December 12, 2001.
22. Form S-8, Registration No. 333-74960, filed December 12, 2001.
23. Form S-8, Registration No. 333-60494, filed May 9, 2001.
24. Form S-8, Registration No. 333-82524, filed February 11, 2002.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP  
St. Louis, Missouri

March 28, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors of LEGGETT & PLATT, INCORPORATED, a Missouri corporation (the "Corporation"), does hereby nominate, constitute and appoint Harry M. Cornell, Jr., Felix E. Wright, David S. Haffner, Michael A. Glauber, and Ernest C. Jett, or any one of them, his or her true and lawful attorneys-in-fact, to sign in the name of and on behalf of the undersigned directors of the Corporation and to file with the Securities & Exchange Commission ("SEC") the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and any other documents or further Amendments to said Annual Report, and to take such other action, all as said attorneys-in-fact, or any one of them, deem necessary or advisable to the end that such Annual Report or amendments thereto in respect of same, shall comply with the Securities Exchange Act of 1934, as amended, and the applicable rules of the SEC thereunder; and does hereby ratify and confirm all that said attorneys-in-fact, and each of them, may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned have executed this Power of Attorney or a counterpart hereof, as of the 13th day of February 2002.

/s/ RAYMOND F. BENTELE  
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Raymond F. Bentele

/s/ THOMAS A. HAYS  
-----  
Thomas A. Hays

/s/ RALPH W. CLARK  
-----  
Ralph W. Clark

/s/ ROBERT A. JEFFERIES, JR.  
-----  
Robert A. Jefferies, Jr.

/s/ HARRY M. CORNELL, JR.  
-----  
Harry M. Cornell, Jr.

/s/ ALEXANDER M. LEVINE  
-----  
Alexander M. Levine

/s/ ROBERT TED ENLOE, III  
-----  
Robert Ted Enloe, III

/s/ DUANE W. POTTER  
-----  
Duane W. Potter

/s/ RICHARD T. FISHER  
-----  
Richard T. Fisher

/s/ MAURICE E. PURNELL, JR.  
-----  
Maurice E. Purnell, Jr.

/s/ BOB L. GADDY  
-----  
Bob L. Gaddy

/s/ ALICE L. WALTON  
-----  
Alice L. Walton

/s/ DAVID S. HAFFNER  
-----  
David S. Haffner

/s/ FELIX E. WRIGHT  
-----  
Felix E. Wright