Leggett & Platt INCORPORATED

April 23, 2007

Via E-Mail

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

RE: File No. S7-03-06
Executive Compensation Disclosure Rules

Dear Ms. Morris:

As the SEC begins to evaluate the initial disclosures prepared under the new executive compensation rules, we are writing to make the Commission aware of a common misinterpretation of our executive compensation information. We believe the new rules contribute to an erroneous calculation of total compensation. In addition, we are concerned that the Commission's data tagging project may inadvertently serve to reinforce this misinterpretation.

Within hours after we filed our proxy statement on March 29, 2007, the Associated Press published an article summarizing the 2006 compensation of our Chief Executive Officer under the headline, "Leggett & Platt CEO Got $4.2 Million in 2006." Under the AP's methodology for calculating total compensation, our CEO's 2006 compensation was actually $3.0 million. **The AP reporter overstated his compensation by $1.2 million, or 40%, because he relied exclusively on the information presented in the Summary Compensation Table and Grants of Plan-Based Awards Table and disregarded essential information contained in the footnotes to those tables.**

By the time we saw the article, our local newspaper had posted it online and residents in our small community were already posting outraged comments. Once notified, our local newspaper quickly pulled the article and notified the AP of the error. Three days later the AP issued a correction.

The AP reporter, like virtually all proxy statement readers, was interested in identifying total compensation for fiscal 2006. Unfortunately, that number, as it is commonly understood by most investors, is not readily available in the Summary Compensation Table without performing an additional calculation.[1] In order to identify only 2006 compensation, the AP reporter disregarded amounts reported in the "Option Awards" column of the Summary Compensation Table and substituted the amounts reported in the "Grant Date Fair Value of Stock and Option Awards" column from the Grants of Plan-Based Awards table. **In our case, this simple methodology for arriving at a "total compensation" figure for the year resulted in the double counting of compensation our CEO had deferred into stock options under our deferred compensation program, because the reader did not read the footnotes accompanying the tables.** If the AP reporter had consulted footnote #6 to the Grants of Plan-Based Awards Table, he would have learned that $1.2M of the $1.5M value of the CEO's December 30, 2005 stock option grant reported in the table represented compensation he voluntarily gave up in exchange for the option – *i.e.* compensation that was already included in the numbers he extracted from the Summary Compensation Table.

The AP was not alone in this error. Last week we received a copy of the proxy analysis Glass Lewis prepared on our company and distributed to their subscribers. The Glass Lewis analysis pegged our CEO compensation at a grossly inflated $5.8M. After numerous phone calls and e-mails, the Glass Lewis analyst finally agreed to review the calculation with us, and it included the same mistake. The analyst had double-counted not only the CEO's deferred compensation, but also the compensation of other NEOs. Like the AP reporter, he had not read the footnotes. In the course of our conversation, we directed his attention to the appropriate footnote, which he admitted he didn't have in front of him **because he had only printed the tables!** Some of the analysts following our stock have also made this same mistake.

In response to comments on the proposed rules, the Commission made several changes in the final rules to simplify the tabular presentation by relegating key information to the footnotes or narrative text accompanying the tables. For example, a column reporting the dollar amount of consideration paid for equity awards was eliminated from the Grants of Plan-Based Awards Table as it was originally proposed, because such arrangements were considered uncommon.[2] Those companies, including ours, for whom that information would be relevant were instructed to include the information in a footnote to the table. We followed that instruction and have learned firsthand that even the most sophisticated readers don't read that closely. We believe our compensation arrangements would have been more readily understood if that column had been retained.

The AP is not the only party employing this method of calculating total compensation. In fact, Chairman Cox appears to encourage this technique, as reflected in the following excerpt from his March 23rd speech at the University of Southern California:

> But let's say we want to get fancy, and calculate total compensation a different way. For example, we might want to figure total pay using the grant date fair value of all of the options that were granted last year, instead of the annual 123R expense that ties to the income statements.

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[1] "Total Compensation" as presented in the Summary Compensation Table includes an option valuation that represents the expense the company recognized for financial reporting purposes during the covered fiscal year, which includes amounts attributable to awards made in multiple years. To locate the full grant date fair value of the equity awards made during the covered fiscal year, a reader must refer to the Grants of Plan-Based Awards Table.

[2] Proposed Item 402(d)(2)(v). See footnote 237 to the Adopting Release.

> Let's do that for GE's chief executive officer.
>
> Here on the Summary Compensation Table we find the 123R figures for the option and stock awards. So let's do some simple math. We'll subtract the 123R values from total pay, because we don't want to use them.
>
> Now we need to find the grant date fair value of all the stock awards and options granted to the CEO last year, because that's what we want to use instead. So let's scroll two pages down to the Plan-Based Awards table in the proxy statement.
>
> [Chairman Cox displays Plan-Based Awards table]
>
> And here are the grant date fair value figures we're looking for. The last bit of math we'll need to do is add this to the CEO's total compensation.
>
> Now we can see the CEO's compensation measured a different way. Instead of the 123R measurement for the value of stock options, we've used the grant date fair value for all the options he was granted last year. As you can see, if we figure it this way, GE's CEO actually made about $1.7 million less in 2006 than was reported using the 123R number.

Nowhere does Chairman Cox advise his audience to also consult the footnotes to the tables to ensure the accuracy of this simple calculation.

The comments above were part of a larger discussion in which Chairman Cox illustrated how the Commission's data tagging project will enable investors to quickly and easily manipulate executive compensation data to find the information they desire. We do not claim to fully understand this project, but based on the excerpt below, we are very concerned that it simply automates the "cut and paste" methodology described above and will serve to perpetuate incorrect interpretations of the data. We would be relieved to learn that our concerns are unfounded.

> Just as a final flourish before I wrap up, let's say we want to compare the total CEO compensation at all seven of these companies using the 123R figure for stock options, on the one hand, and using grant date fair value of all grants last year, on the other hand.
>
> As you'll see, this is going to be a lot easier and faster using interactive data than it was when we had to cut and paste the data into our calculator.
>
> We start by adding "Grant Date Fair Value" as a category we want to report. Now, just for variety, let's check "Graph" instead of "Table." All that's left is to click "Build Report."
>
> As you can see, this time the hidden XBRL code has done all the work for us. We've created a graphic display comparing the total compensation for each CEO as calculated using each of the two different methods.
>
> With no more effort than that, we can now see which firms show higher compensation using the 123R method, and which companies show higher compensation using the grant date fair value for all of last year's grants. In this case, five of the seven firms show higher compensation using 123R. Two show higher compensation using all of last year's grants.

We can certainly appreciate the Commission's interest in making compensation data easily accessible and user-friendly for investors and analysts – a tall order, given the complexity and variety of executive compensation arrangements. This goal is made more challenging by the

Commission's competing objective to keep the tabular disclosure as simple as possible. We believe the requirements of the current tabular disclosure result in the presentation of misleading information and rely too heavily on the use of footnotes to ensure an accurate portrayal of compensation arrangements.

We urge the Commission to consider the following changes to its executive compensation disclosure rules:

- Amend the rules governing the reporting of stock option values in the Summary Compensation Table to require the disclosure of the full grant date fair value of awards made during the covered fiscal year instead of the expense recognized for financial reporting purposes. This is clearly the information investors most want. Accordingly, it should be the default number presented in the Summary Compensation Table, thus eliminating the need for any further calculations.
- Amend the Grants of Plan-Based Awards Table to include a column reporting the dollar amount of any consideration paid for equity awards, instead of relegating that information to a footnote.
- Reverse the December 22nd rule change requiring cash compensation foregone in lieu of stock, equity, or another form of non-cash compensation to be reported in the Salary or Bonus column, as appropriate, instead of the relevant equity column of the Summary Compensation Table. Investors are best served when information presented in the Summary Compensation Table is most accurate on its face. If compensation was paid in equity, report it as equity, not as cash. A footnote will still be required to explain why the compensation was delivered in equity, but the basic facts will be apparent at a glance.

In addition, we urge the Commission to consider whether its data tagging project sufficiently accounts for the essential information contained in the footnotes and narrative explanations accompanying the disclosure tables necessary to make accurate interpretations of that information.

We appreciate the Commission's consideration of our concerns. Should you have any further questions, please contact John Moore or Aileen Gronewold by phone at 417-358-8131 or electronically at john.moore@leggett.com and aileen.gronewold@leggett.com.

Sincerely,

Ernest C. Jett
Senior Vice President, General Counsel & Secretary

c: SEC
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