



Leggett & Platt[®]
INCORPORATED

April 10, 2006

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
Proposed Amendments to Requirements for Executive Compensation and
Related Party Disclosure

Dear Ms. Morris:

Thank you for the opportunity to comment on the proposed executive compensation and related party disclosure rules. I am Senior Vice President, General Counsel and Secretary of Leggett & Platt, Incorporated, a Fortune 500 diversified manufacturing company with a global workforce of 33,000 employees and annual sales of \$5.3 billion. I ask you to consider the following comments from the viewpoint of the in-house professionals charged with preparing the proposed disclosures.

Compensation Discussion & Analysis

Principles-based disclosure. While we appreciate the Commission's intention to provide flexibility and avoid boilerplate, the absence of clear disclosure requirements makes it difficult for companies to assess the quality of their disclosure. Beyond the six specific questions required in the proposed CD&A section, we are given several "potentially appropriate" questions without clear guidance as to how to determine which are appropriate for discussion. For example, if a company does not consider amounts realized from prior compensation (e.g. gains from prior option awards) when setting other elements of compensation, may a company conclude that that potential question is not applicable, or does the Commission expect the company to discuss why it does not consider amounts realized from prior compensation? In other words, in what scenario would that question not be considered appropriate? Is it possible for a company to thoroughly discuss the six required questions without addressing any of the "potentially appropriate" questions? We appreciate, and are happy to comply with, clear expectations.

Filed vs. furnished. We believe the removal of the requirement to have the compensation report presented above the names of the compensation committee members is inconsistent with the committee's independent role in setting executive compensation. In addition, it is inappropriate to make the CEO and CFO personally liable for disclosure of compensation-setting processes from which they are necessarily excluded. Accordingly, we urge the Commission to continue to require the compensation report to be presented over the names of the compensation committee and to treat the report as furnished rather than filed.

Stock Performance Graph. We believe the stock performance graph contains useful information to investors and should continue to be required. We do not agree that the information provided in the graph is widely available on the Internet, and even if it were, it is a service to investors to make the information easily accessible in the proxy statement.

Summary Compensation Table

Persons Covered. We agree with the automatic inclusion of the principal financial officer in the Summary Compensation Table. However, we recommend that the Commission continue to use salary and bonus only, rather than "total compensation" (as defined in the proposed rules) to determine the remaining three named executive officers (NEOs). We object to using the "total compensation" figure for the following reasons:

- Certain elements comprising the "total compensation" figure may vary widely from year to year and/or are driven by individual decisions rather than compensation committee decisions (e.g. a one-time stock award; deferred compensation gains attributable to voluntary deferral decisions)
- Pension accruals are set actuarial calculations and are affected by the age of the executive. Accordingly, they do not reflect a committee action related to compensation, nor do they provide a true apples-to-apples comparison between executives of differing ages.
- The process for determining "total compensation" as proposed is overly complicated and time-consuming, making it difficult for the company to identify the NEOs in a timely manner.

Disclosure of total compensation for up to three additional employees. We do not see the value of this requirement to investors, given that the persons covered by this disclosure have no policy making function in the company. Our company has a long history of acquiring relatively small companies. These acquisitions frequently provide for one-to-three-year bonus programs for key employees based on the performance of the acquired companies. If an acquired company performs well, the bonus could be significant enough to require disclosure under this item even though employee is several layers below the NEOs on the corporate organizational chart. What value would disclosure of these amounts provide to investors?

In addition, this requirement places a significant burden and cost on companies with a global workforce for whom payroll information is not readily available and is often subject to the data privacy laws of foreign jurisdictions.

Total Compensation Column. In theory, a total compensation figure seems like a reasonable and straightforward addition to the Summary Compensation Table. As proposed, however, the figure will likely be very misleading for the following reasons:

- It presents as “annual compensation” a mix of both current and future compensation
- It combines actual amounts earned with estimated values of future “at risk” compensation that may never be realized

While we recognize the keen interest in a total compensation figure, we believe the table should clearly distinguish between actual amounts earned in the current year and the estimated values ascribed to equity compensation with an uncertain future value. Columns representing each type of compensation should be grouped in the table and followed by a subtotal column, with a final column (on the right) reflecting the total. This format would more clearly distinguish between the actual current and future estimated compensation.

The table is further misleading because:

- It would include the full value of a modified stock award, rather than the incremental value of the modification in excess of the amount previously reported, resulting in double counting of compensation attributable to a single award.
- It includes earnings on deferred compensation that represent notional earnings on hypothetical investments that have nothing to do with company liabilities or compensation decisions. Only above-market or preferential earnings should be included.

Perquisites and Other Personal Benefits. As previously discussed in the CD&A section above, we believe the principles-based approach to this disclosure leaves companies without sufficient guidance. The implicit threat in the last paragraph of page 48 and footnote 113 of the release is especially troubling. We believe the lack of specific guidance on perk disclosure is unfair to company personnel charged with preparing the disclosure. Not only do we need more specificity on what constitutes a perk, we need better guidance on how to value perks. “Incremental cost” is not a one-size fits all measurement.

Outstanding Equity Awards at Fiscal Year-End. As proposed, this table would require footnote disclosure of the expiration dates of options, stock appreciation rights and similar instruments held at fiscal year-end, separately identifying those that are exercisable and unexercisable. A similar footnote would be required for outstanding equity awards held by directors. In our case, this would be a very lengthy footnote. Given the extensive

detail required throughout the proposed rules, we believe this level of detail is unwarranted and should be eliminated.

Other Potential Post-Employment Payments. The calculation of tax gross-up payments arising upon a change-in-control is a very complex calculation. Although the proposed rule permits companies to use “reasonable estimates” of these amounts, it would be very helpful to have additional guidance on this point. Companies will likely incur significant costs to engage special consultants to calculate these amounts.

Overall comment

We believe the proposed rules will result in information overload for investors. Rather than wade through page after page of supplemental tables and narrative disclosure, investors are going to seize on the “total compensation” column of the Summary Compensation Table in the erroneous belief that they now know exactly what a company pays its top executives. We urge the Commission to address the misinformation inherent in the proposed structure of the Summary Compensation Table. In addition, we urge the Commission to modify its principles-based approach to provide some much-needed clarity for issuers.

Sincerely,

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