

LEGGETT & PLATT INC
Form DEF 14A
March 28, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o

Preliminary Proxy Statement

o

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x

Definitive Proxy Statement

o

Definitive Additional Materials

o

Soliciting Material Pursuant to §240.14a-12

Leggett & Platt, Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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No fee required.

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(1)

Amount Previously Paid:

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Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

March 28, 2013

Dear Shareholder:

I am pleased to invite you to attend the annual meeting of shareholders of Leggett & Platt, Incorporated to be held on Thursday, May 9, 2013, at 10:00 a.m. Central Time, at the Company's Wright Conference Center. Directions are included on the back cover of this Proxy Statement.

The Proxy Statement contains three proposals from our Board of Directors: (i) the election of eleven directors, (ii) the ratification of the Audit Committee's selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2013, and (iii) an advisory vote to approve named executive officer compensation. The Board encourages you to vote **FOR** each of these proposals.

The Proxy Statement also contains a shareholder proposal seeking to add sexual orientation and gender identity to the Company's written non-discrimination policy. For reasons explained in the Proxy Statement, the Board encourages you to vote **AGAINST** this proposal.

Your vote is important. Whether or not you plan to attend the meeting, please vote as soon as possible. You may vote your shares online at www.eproxy.com/leg or by returning the enclosed proxy or voting instruction card. Specific instructions for these voting alternatives are contained on the proxy or voting instruction card.

I appreciate your continued interest in Leggett & Platt.

Sincerely,

LEGGETT & PLATT, INCORPORATED

Richard T. Fisher
Board Chair

Leggett & Platt, Incorporated

No. 1 Leggett Road
Carthage, Missouri 64836

NOTICE OF 2013 ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of Leggett & Platt, Incorporated (the *Company*) will be held at the Company s Wright Conference Center, No. 1 Leggett Road, Carthage, Missouri 64836, on Thursday, May 9, 2013, at 10:00 a.m. Central Time:

1. To elect eleven directors;
2. To ratify the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the year ending December 31, 2013;
3. To provide an advisory vote to approve named executive officer compensation;
4. If properly presented at the meeting, to vote on a shareholder proposal requesting the addition of sexual orientation and gender identity to the Company s written non-discrimination policy; and
5. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

You are entitled to vote only if you were a Leggett & Platt shareholder at the close of business on March 7, 2013.

An Annual Report to Shareholders outlining the Company s operations during 2012 accompanies this Notice of Annual Meeting and Proxy Statement.

By Order of the Board of Directors,

John G. Moore
Secretary

Carthage, Missouri
March 28, 2013

**Important Notice Regarding the Availability of Proxy Materials
for the Shareholder Meeting to Be Held on May 9, 2013**

The enclosed proxy materials and access to the proxy voting site are also available to you on the Internet. You are encouraged to review all of the information contained in the proxy materials before voting.

**The Company s Proxy Statement and Annual Report to Shareholders are available at:
www.leggett.com/proxy/2013/default.asp**

**The Company s proxy voting site can be found at:
www.eproxy.com/leg**

Leggett & Platt, Incorporated

PROXY STATEMENT

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QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Why did I receive these materials?

The Board of Directors (the *Board*) of Leggett & Platt, Incorporated (the *Company* or *Leggett*) is providing these materials to you in connection with its solicitation of proxies for the Company's annual meeting of shareholders on May 9, 2013. These materials were sent to shareholders on March 28, 2013. As a Leggett shareholder, you are entitled and encouraged to vote on the proposals presented in these proxy materials. We invite you to attend the annual meeting, but you do not have to attend to be able to vote.

Where can I obtain financial information about Leggett?

Our Annual Report to Shareholders, including our Form 10-K with financial statements for 2012, is enclosed in the same mailing with this proxy statement. The Company's Proxy Statement and Annual Report to Shareholders (including Form 10-K) are also available at www.leggett.com/proxy/2013/default.asp. Information on our website does not constitute part of this proxy statement.

What business will be voted on at the annual meeting?

Shareholders will vote on the following proposals at the annual meeting:

Election of eleven directors.

Ratification of PricewaterhouseCoopers LLP (*PwC*) as our independent registered public accounting firm for 2013.

Advisory vote to approve named executive officer compensation.

A shareholder proposal requesting the addition of sexual orientation and gender identity to the Company's written non-discrimination policy, if properly presented at the meeting.

Any other business that is properly brought before the meeting.

The Board recommends that you vote **FOR** each of the director nominees, the ratification of PwC, and the executive compensation package, and that you vote **AGAINST** the shareholder proposal. If you return a signed proxy card without marking one or more proposals, your proxy will be voted in accordance with the Board's recommendations.

What shares can I vote?

The only class of outstanding voting securities is the Company's \$.01 par value common stock. Each share of common stock issued and outstanding at the close of business on March 7, 2013 (the *Record Date*) is entitled to one vote on each matter submitted to a vote at the annual meeting. On the Record Date, we had 142,877,761 shares of common stock issued and outstanding.

You may vote all shares of Leggett common stock you owned on the Record Date. This includes shares held directly in your name as the *shareholder of record* and shares held for you as the *beneficial owner* through a broker, trustee or other nominee, sometimes referred to as shares held in *street name*.

Shareholder of Record: If your shares are registered directly in your name with our transfer agent, Wells Fargo, you are the shareholder of record, and these proxy materials were sent to you directly. As the shareholder of record, you have the right to grant your proxy vote directly or to vote in person at the annual meeting. We have enclosed a proxy card for you to use.

Beneficial Owner: If you hold shares in a brokerage account or through some other nominee, you are the beneficial owner of the shares, and these proxy materials were forwarded to you from the broker, trustee or nominee, together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote your shares by proxy. Although you are invited to attend the annual meeting, you may not vote these shares in person unless you obtain a legal proxy from the broker, trustee or nominee.

How do I submit my vote?

You may vote your shares (i) online at www.eproxy.com/leg, (ii) by signing and returning the proxy or voting instruction card, or (iii) in person at the meeting. If you vote online, you do not need to return your proxy or voting instruction card, but you will need to have it in hand when you access the voting website. Specific voting instructions are found on the proxy card or voting instruction card included with this proxy statement.

Can I change my vote?

Shareholder of Record: If you are a shareholder of record, you may change your vote or revoke your proxy any time before the annual meeting by (i) submitting a valid, later-dated proxy, (ii) submitting a valid, subsequent vote online, (iii) notifying the Company's Secretary that you have revoked your proxy, or (iv) completing a written ballot at the annual meeting.

Beneficial Owner: If you hold shares as the beneficial owner, you may change your vote by (i) submitting new voting instructions to your broker, trustee, or nominee or (ii) voting in person at the annual meeting if you have obtained a legal proxy from your broker, trustee, or nominee.

How many votes are needed to conduct business at the annual meeting?

A majority of the outstanding shares of common stock entitled to vote must be present at the annual meeting, or represented by proxy, in order to meet the quorum requirement to transact business. Both abstentions and broker non-votes (described below) are counted in determining a quorum. If a quorum is not present, the annual meeting will be adjourned for no more than 90 days to reach a quorum.

What vote is required to elect a director?

A director nominee must receive the affirmative vote of a majority of those shares present (either in person or by proxy) and entitled to vote.

As required by our Corporate Governance Guidelines, each nominee has submitted a contingent resignation to the Nominating & Corporate Governance Committee (the *N&CG Committee*) in order to be nominated for election as a director. If a nominee fails to receive a majority of the votes cast in the director election, the N&CG Committee will make a recommendation to the Board of Directors whether to accept or reject the director's resignation and whether any other action should be taken. If a director's resignation is not accepted, that director will continue to serve until the Company's next annual meeting and his or her successor is duly elected and qualified. If the Board accepts the director's resignation, it may, in its sole discretion, either fill the resulting vacancy or decrease the size of the Board to eliminate the vacancy.

What vote is required to approve the other proposals?

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote is required for ratification of the appointment of PwC as Leggett's independent registered public accounting firm and for the shareholder proposal. Since the vote on named executive officer compensation is an advisory vote, the Board will give due consideration to the outcome; however, that proposal is not approved as such.

What is the effect of an abstention vote on the election of directors and other proposals?

A share voted *abstain* with respect to any proposal is considered present and entitled to vote with respect to that proposal. For the proposals requiring a majority vote in order to pass, an abstention will have the effect of a vote against the proposal.

What is the effect of a *broker non-vote*?

If you are the beneficial owner of shares held through a broker or other nominee and do not vote your shares or provide voting instructions, your broker may vote for you on *routine* proposals but not on *non-routine* proposals. Therefore, if you do not vote on the *non-routine* proposals or provide voting instructions, your broker will not be allowed to vote your shares *this will result in a *broker non-vote**. Broker non-votes are not counted as shares present and entitled to vote, so they will not affect the outcome of the vote. All proposals on the agenda are *non-routine*, other than the ratification of PwC as the Company's auditor.

Who pays the cost of soliciting votes at the annual meeting?

Leggett is making this solicitation and will pay the full cost of preparing, printing, assembling, and mailing these proxy materials. Upon request, we will also reimburse brokers and other nominees for forwarding proxy and solicitation materials to shareholders.

We have hired Georgeson Inc. to assist in the solicitation of proxies by mail, telephone, in person, or otherwise. Georgeson's fees are expected to be \$10,500 plus expenses. If necessary to assure sufficient representation at the meeting, Company employees, at no additional compensation, may request the return of proxies.

Where can I find the voting results of the annual meeting?

We will announce preliminary voting results at the annual meeting and plan to issue a press release immediately after the meeting. Within four business days after the annual meeting, we will file a Form 8-K reporting the vote count.

What should I do if I receive more than one set of proxy materials?

You may receive multiple sets of proxy materials if you hold shares in more than one brokerage account or if you are a shareholder of record and have shares registered in more than one name. Please vote the shares on each proxy card or voting instruction card you receive.

We have adopted *householding* which allows us, unless a shareholder withholds consent, to send one proxy statement and annual report to multiple shareholders sharing the same address. Each shareholder at a given address will receive a separate proxy card. If you currently receive multiple sets of proxy materials and wish to have your accounts *household*ed, or if you no longer want to participate in *householding* and wish to revoke your consent, call Wells Fargo Shareowner Services at 877-602-7615 or send written instructions to Wells Fargo Shareowner Services, Attn: Leggett & Platt, Incorporated, P.O. Box 64854, St. Paul, MN 55164-0854. You will need to provide Leggett's company number (203) and your 10-digit Wells Fargo account number which is printed at the top of your proxy card.

Many brokerage firms practice *householding* as well. If you have a *householding* request for your brokerage account, please contact your broker.

How may I obtain another set of proxy materials?

If you received only one set of proxy materials for multiple shareholders of record and would like us to send you another set this year, please call 800-888-4569 or write to Leggett & Platt, Incorporated, Attn: Investor Relations, No. 1 Leggett Road, Carthage, MO 64836. You can also access a complete set of proxy materials (the Notice of Meeting, Proxy Statement, and Annual Report to Shareholders including Form 10-K) online at www.leggett.com/proxy/2013/default.asp. To ensure that you receive multiple copies in the future, please contact your broker or Wells Fargo at the number or address in the preceding answer to withhold your consent for *householding*.

What is the deadline to propose actions for next year's annual meeting or to nominate a director?

Shareholders may propose actions for consideration at future annual meetings either by presenting them for inclusion in the Company's proxy statement or by soliciting votes independent of our proxy statement. To be properly brought before the meeting, all shareholder actions must comply with our bylaws, as well as SEC requirements under Regulation 14A. Leggett's bylaws are posted on our website at www.leggett-search.com/governance. Notices specified for the types of shareholder actions set forth below must be addressed to Leggett & Platt, Incorporated, Attn: Corporate Secretary, No. 1 Leggett Road, Carthage, MO 64836.

Shareholder Proposal Included in Proxy Statement: If you intend to present a proposal at the 2014 annual meeting, the SEC requires that the Corporate Secretary receive the proposal at the address given above by November 29, 2013 for possible inclusion in the proxy statement. We will decide whether to include a proposal in the proxy statement in accordance with SEC rules governing the solicitation of proxies.

Shareholder Proposal Not Included in Proxy Statement: If you intend to present a proposal at the 2014 annual meeting by soliciting votes independent of the Company's proxy statement, Section 1.2 of our bylaws requires that the Company receive timely notice of the proposal no earlier than January 9, 2014 and no later than February 8, 2014. This notice must include a description of the proposed business, your name and address, the number of shares you hold, any of your material interests in the proposal, and other matters specified in the bylaws. The nature of the business also must be appropriate for shareholder action under applicable law. The bylaw requirements also apply in determining whether notice is timely under SEC rules relating to the exercise of discretionary voting authority.

Director Nominee Included in Proxy Statement: If you wish to recommend a director candidate to the N&CG Committee for possible inclusion in the proxy statement, please see the requirements described under Consideration of Director Nominees and Diversity on page 8.

Director Nominee Not Included in Proxy Statement: If you intend to nominate a director candidate for election outside of the Company's nomination process, our bylaws require that the Company receive timely notice of the nomination no earlier than January 9, 2014 and no later than February 8, 2014. This notice must include the information specified in Section 2.2 of the bylaws, including your name and address, the number of shares you hold, and the name, address and occupation of each proposed nominee.

CORPORATE GOVERNANCE AND BOARD MATTERS

Corporate Governance

Leggett has a long-standing commitment to sound corporate governance principles and practices. The Board has adopted Corporate Governance Guidelines that establish the roles and responsibilities of the Board and Company management. The Board has also adopted a Code of Business Conduct and Ethics applicable to all Company employees, officers and directors, as well as a separate Financial Code of Ethics applicable to the Company's CEO, CFO, principal accounting officer and corporate controller. These documents are posted on our website at www.leggett-search.com/governance.

Director Independence

The Board reviews director independence annually and upon learning of any change in circumstances during the year that may affect a director's independence. The Company has adopted director independence standards (the *Independence Standards*) that satisfy the NYSE listing standards. The Independence Standards are posted on our website at www.leggett-search.com/governance. A director who meets all the Independence Standards will be presumed to be independent.

While the Independence Standards help the Board to determine director independence, they are not the exclusive measure for doing so. The Board also reviews the relevant facts and circumstances of any material relationships between the Company and its directors during the independence assessment. Based on its review, the Board has determined that all of its non-management directors are independent (the director biographies accompanying Proposal 1 Election of Directors identify our independent and management directors).

All Audit Committee members meet the higher independence standard for audit committee service under NYSE and SEC rules and are financially literate, as defined by NYSE rules. In addition, all Committee members meet the SEC's definition of an audit committee financial expert. None of the members serves on the audit committee of more than three public companies.

Independent Board Chair and Board Leadership Structure

Richard Fisher, a non-management director of the Company, was elected by the Board of Directors in 2008 to serve as the independent Board Chair. The Company has split the positions of Board Chair and Chief Executive Officer since 2006, when David Haffner was appointed as Leggett's CEO. The Board evaluates annually the responsibilities of the independent Board Chair and whether the separation of the chairmanship and CEO continues to best serve the Board and our shareholders. The Board does not have a fixed policy with respect to the separation of the Board Chair and the CEO and maintains the flexibility to make this determination on a case-by-case basis in a manner it deems in the Company's best interests.

In accordance with our Corporate Governance Guidelines, non-management directors regularly hold executive sessions without management present. At least one executive session per year is attended by only independent, non-management directors (typically, these executive sessions take place at each regularly scheduled quarterly Board meeting). Mr. Fisher presides over these meetings of the non-management directors.

Communication with the Board

Shareholders and all other interested parties may e-mail Mr. Fisher at boardchair@leggett.com. They can also write to Leggett & Platt Board Chair, P.O. Box 637, Carthage, MO 64836. The Corporate Secretary's office reviews this correspondence and periodically sends Mr. Fisher all communications except items unrelated to Board functions (for example, advertisements and junk mail). In his discretion, Mr. Fisher may forward communications to the full Board or to any of the other independent directors for further consideration.

Board and Committee Composition and Meetings

The Board held five meetings in 2012, and its committees met the number of times listed in the table below. All directors attended at least 75% of the Board meetings and their respective committee meetings. Directors are expected to attend the Company's annual meeting of shareholders, and all of them attended the 2012 annual meeting.

The Board has a standing Audit Committee, Compensation Committee, Nominating & Corporate Governance Committee, and Executive Committee. Except for the Executive Committee (comprised of Richard Fisher - Chair, David Haffner and Maurice Purnell), each committee consists entirely of independent directors and operates under a written charter adopted by the Board. The Audit, Compensation and Nominating & Corporate Governance Committee charters are posted on our website at www.leggett-search.com/governance.

Audit Committee

Judy C. Odom (Chair)
Robert E. Brunner
Robert G. Culp, III
Richard T. Fisher
Joseph W. McClanathan
Phoebe A. Wood

The Audit Committee assists the Board in the oversight of:

- Independent registered public accounting firm's qualifications, independence, appointment, compensation, retention, and performance.
- Internal controls over financial reporting.
- Guidelines and policies to govern risk assessment and management.
- Performance of the Company's internal audit function.
- Integrity of the financial statements and external financial reporting.
- Legal and regulatory compliance.
- Complaints and investigations of any questionable accounting, internal control, or auditing matters.

Meetings in 2012: 6

Compensation Committee

R. Ted Enloe, III (Chair)
Robert E. Brunner
Richard T. Fisher

The Compensation Committee assists the Board in the oversight and administration of:

- Corporate goals and objectives regarding CEO compensation and evaluation of the CEO's performance in light of those goals and objectives.
- Non-CEO executive officer compensation.
- Cash and equity compensation for directors.

Joseph W. McClanathan
Judy C. Odom
Phoebe A. Wood

Meetings in 2012: 7

Incentive compensation and equity-based plans that are subject to Board approval.
Grants of awards under incentive and equity plans required to comply with applicable tax laws.
Employment agreements and severance benefit agreements with the CEO and executive officers, as applicable.
Related person transactions of a compensatory nature.

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Nominating & Corporate Governance Committee

Maurice E. Purnell, Jr. (Chair)
Ralph W. Clark
Robert G. Culp, III
Richard T. Fisher
Joseph W. McClanathan
Judy C. Odom

Meetings in 2012: 4

The N&CG Committee assists the Board in the oversight of:
Corporate governance principles, policies and procedures.
Identifying qualified candidates for Board membership and recommending director nominees.
Director independence and related person transactions.

Board's Oversight of Risk Management

The Audit Committee is responsible for oversight of our guidelines and policies to assess and manage risk. The Company's CEO and other senior management are responsible for assessing and managing various risk exposures on a day-to-day basis. In 2003, we established the Enterprise Risk Management Committee (the *ERM Committee*) which is currently comprised of 14 executives and chaired by our CFO. The ERM Committee adopted guidelines by which the Company identifies, assesses, monitors and reports financial and non-financial risks material to the Company. The ERM Committee meets regularly throughout the year and provides an annual report to senior management and the Audit Committee of (i) the likelihood and significance of risks, (ii) the policies and guidelines regarding risk assessment and management, (iii) management's steps to monitor and control risks, and (iv) an evaluation of the process. The Audit Committee reviews and discusses the report with management and the independent auditor.

An overall review of risk is inherent in the Board's consideration of the Company's strategies and other matters. In furtherance of this review, our CFO updates other senior managers and the entire Board every quarter on notable activities of the ERM Committee.

The Compensation Committee's oversight of executive officer compensation, including the assessment of compensation risk for executive officers, is detailed in the Compensation Discussion & Analysis section on page 23. The Committee also assesses our compensation structure for employees generally and has concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. The following factors contributed to this determination:

We use a common annual incentive plan across all business units.

We use a combination of short-term and long-term incentive rewards that are tied to different measures of performance.

Our annual incentive plan and our omnibus equity plan contain clawback provisions that enable the Committee to recoup incentive payments.

Our employees below key management levels have a small percentage of their total pay in variable compensation.

We promote an employee ownership culture to better align employees with shareholders, with approximately 3,700 employees contributing their own funds to purchase Company stock under various stock purchase plans.

Compensation Committee Interlocks and Insider Participation

No Compensation Committee member had an interlocking relationship as described in Item 407(e)(4) of Regulation S-K.

Consideration of Director Nominees and Diversity

The Nominating & Corporate Governance Committee is responsible for identifying and evaluating qualified candidates for election to the Board of Directors. Following its evaluation, the N&CG Committee recommends to the full Board a slate of director candidates for inclusion in the Company's proxy statement and proxy card. This procedure is posted on the Company's website at www.leggett-search.com/governance.

In the case of incumbent directors, the N&CG Committee reviews each director's overall service during his or her current term, including the number of meetings attended, level of participation, quality of performance, and any transactions between the director and the Company. The Company's Bylaws and Corporate Governance Guidelines set the director retirement age at 72; however, the Board Chair, CEO or President may request a waiver for any director. At the request of Leggett's CEO, the N&CG Committee recommended, and the full Board granted, retirement age waivers for Mr. Clark, Mr. Enloe and Mr. Fisher so they may stand for re-election at the 2013 annual meeting.

In the case of new director candidates, the N&CG Committee first determines whether the nominee must be independent under NYSE rules, then identifies any special needs of the Board. The N&CG Committee will consider individuals recommended by Board members, Company management, shareholders and, if it deems appropriate, a professional search firm. Mr. Culp, who was added to the Board in early 2013, was recommended to the N&CG Committee by Mr. Haffner.

The Board of Directors may also consider candidates to fill a vacancy in the Board outside of the annual shareholder meeting process. The N&CG Committee will use the same criteria as are used to evaluate a director nominee to be elected by shareholders. In the event of a vacancy to be filled by the Board, the N&CG Committee will recommend one or more candidates for election and proxies will not be solicited.

The N&CG Committee seeks to identify and recruit the best available candidates. Qualified candidates will be considered without regard to race, color, religion, sex, ancestry, national origin or disability. The N&CG Committee believes director candidates should have the following minimum qualifications:

Character and integrity.

A commitment to the long-term growth and profitability of the Company.

A willingness and ability to make a sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a director, including regular attendance at Board and committee meetings.

Significant business or public experience relevant and beneficial to the Board and the Company.

In addition to the minimum qualifications described above, the N&CG Committee may also consider the following factors in evaluating candidates for recommendation to the Board:

Present and anticipated needs of the Board for particular experience or expertise and whether the candidate would satisfy those needs.

Requirement for the Board to have a majority of independent directors and whether the candidate would be considered independent.

Whether the candidate would be considered an audit committee financial expert or financially literate as described in NYSE listing standards, SEC rules and the Audit Committee charter.

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Accomplishments of each candidate in his or her field.

Outstanding professional and personal reputation.

Relevant experience, including experience at the strategy/policy setting level, high level managerial experience in a complex organization, industry experience, and familiarity with the products and processes used by the Company.

Ability to exercise sound business judgment.

Breadth of knowledge about issues affecting the Company.

Ability and willingness to contribute special competencies to Board activities.

A willingness to assume broad fiduciary responsibility.

Fit with the Company's culture.

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Following the N&CG Committee's initial review of a candidate's qualifications, one or more N&CG Committee members will interview the candidate. The N&CG Committee may arrange subsequent interviews with the Board Chair and/or members of the Company's management. The N&CG Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, for candidates recommended by a shareholder.

Shareholders who wish to recommend candidates for the N&CG Committee's consideration must submit a written recommendation to the Secretary of the Company at No. 1 Leggett Road, Carthage, MO 64836. Recommendations must be sent by certified or registered mail and received by December 15th for the N&CG Committee's consideration for the following year's annual meeting of shareholders. Recommendations must include the following:

Shareholder's name, number of shares owned, length of period held, and proof of ownership.

Candidate's name, address, phone number and age.

A resume describing, at a minimum, the candidate's educational background, occupation, employment history, and material outside commitments (memberships on other boards and committees, charitable foundations, etc.).

A supporting statement which describes the shareholder's and candidate's reasons for nomination to the Board of Directors and documents the candidate's ability to satisfy the director qualifications described above.

The candidate's consent to a background investigation.

The candidate's written consent to stand for election if nominated by the Board and to serve if elected by the shareholders.

Any other information that will assist the N&CG Committee in evaluating the candidate in accordance with this procedure.

The Corporate Secretary will promptly forward these materials to the N&CG Committee Chair and the Board Chair. The N&CG Committee may contact recommended candidates to request additional information necessary for its evaluation or for disclosure under applicable SEC rules.

Separate procedures apply if a shareholder wishes to nominate a director candidate for election at a meeting of shareholders. Those procedures, contained in our bylaws, are discussed on page 4.

Although the N&CG Committee does not have a formal policy concerning its consideration of diversity in identifying director nominees, as the foregoing description of the N&CG Committee's procedure for identifying and evaluating director candidates shows, the N&CG Committee develops the Board's diversity by seeking candidates with business and public experience relevant to the Board's current and anticipated needs as well as Leggett's businesses. The N&CG Committee seeks to identify and recruit the best available candidates, without regard to race, color, religion, sex, ancestry, national origin or disability.

Transactions with Related Persons

According to the Corporate Governance Guidelines, the N&CG Committee reviews and approves or ratifies transactions in which the Company or a subsidiary is a participant, the amount involved exceeds \$120,000, and a related person has a direct or indirect material interest. If the transaction with a related person concerns compensation, the review of the transaction falls to the Compensation Committee.

The Company's executive officers and directors are expected to notify the Company's Corporate Secretary of any current or proposed transaction that may be a related person transaction. The Corporate Secretary will determine if it is a related person transaction and, if so, will include it for consideration at the next meeting of the appropriate Committee. Approval should be obtained in advance of a related person transaction whenever practicable. If it becomes necessary to approve a related person transaction between meetings, the Chair of the appropriate Committee is authorized to act on behalf of the Committee. The Chair will provide a report on the matter to the full Committee at its next meeting.

The full policy for reviewing transactions with related persons, including categories of pre-approved transactions, is found in our Corporate Governance Guidelines (available on Leggett's website at www.leggett-search.com/governance/corporate-governance-guidelines.asp).

Each of the following transactions was approved in accordance with our Corporate Governance Guidelines:

We buy shares of our common stock from our employees from time to time. In 2012 and early 2013, we purchased shares from six of our executive officers: 110,983 shares from David Haffner for a total of \$3,090,852; 130,035 shares from Karl Glassman for \$3,523,688; 40,000 shares from Matthew Flanigan for \$1,057,350; 5,000 shares from Jack Crusa for \$135,925; 57,000 shares from Joseph Downes for \$1,555,090; and 9,167 shares from John Moore for \$209,844. All employees, including executive officers, pay a \$25 administrative fee for each transaction. If the Company agrees to purchase stock before noon, the purchase price is the closing stock price on the prior business day; if the agreement is made after noon, the purchase price is the closing stock price on the day of purchase.

The Company employs certain relatives of its directors and executive officers, but only two had total compensation in excess of the \$120,000 related person transaction threshold: Jason Higdon, Assistant General Counsel, the stepson of Industrial Materials Segment President, Joe Downes, was hired in November 2012 and has an annual salary of \$125,000 with a 20% annual incentive target; and Bren Flanigan, Director of Business Development Industrial Materials, the brother of CFO Matt Flanigan, had total compensation of \$230,249 in 2012 (consisting of salary and annual incentive earned in 2012 and the grant date fair value of equity awards issued in 2012).

Director Compensation

Our non-employee directors receive an annual retainer, consisting of a mix of cash and restricted stock as set forth below. Our employee directors (Mr. Haffner, Mr. Glassman and Mr. Flanigan) do not receive additional compensation for their Board service. Directors may elect to receive restricted stock units (*RSUs*) instead of restricted stock. Electing RSUs enables directors to defer receipt of the shares for 2 to 10 years while accruing dividend equivalents at a 20% discount to market price over the deferral period. The restricted stock and RSUs vest one year after the grant date.

Item

Amount

Cash Compensation	
Director Retainer (<i>Non-Employee</i>)	\$ 50,000
Audit Committee Retainer	
Chair	18,000
Member	8,000
Compensation Committee Retainer	
Chair	15,000
Member	6,000
N&CG Committee Retainer	
Chair	10,000
Member	5,000
Equity Compensation Restricted Stock or RSUs	
Independent Chair Retainer (including director retainer)	290,000
Director Retainer	125,000

The Compensation Committee reviews director compensation every year and recommends any changes to the full Board for consideration at its May meeting. The Committee considers national survey data and trends but does not target director compensation to any specific percentage of the median. No change was made to the Director's compensation package in 2012.

Our non-employee directors' 2012 compensation is set forth in the following table. Directors may elect to defer their cash compensation into a cash deferral arrangement, stock options or stock units under the Company's Deferred Compensation Program, described on page 31. We also pay for all travel expenses the directors incur to attend Board meetings.

Director Compensation in 2012⁽¹⁾

Director	Fees Earned or Paid in Cash (2)	Non-Qualified Deferred All Stock Compensation Awards			Total
		(3)	(4)	(5)	
Robert E. Brunner	\$64,000				