

The 'Wish List' is not direct investment advice: we the producers are private investors, not professional investment advisors.

### **Leggett & Platt Removed From Wish List**

From finalizing a key asset sale to pushing through price increases and acquiring market share across many business segments, Leggett has done an excellent job at traversing the U.S. economic slow down. Moreover, with the company recently expanding its share repurchase program and reaffirming its near-term dividend/earnings outlook, there is little reason to suspect that the company's stock price is due for a serious fall. These positives noted, and after much debate, we are removing LEG from the Wish List for two key reasons:

- 1) The *positive* catalyst that is 'restructuring' may already be baked in. Moreover, with LEG's store fixtures segment still suffering and the potential for future asset sales to fall short of expectations, there is the possibility that new restructuring *uncertainties* will arise.
- 2) While in 20-years time shareholders will have likely generated an acceptable return by owning LEG, we see a strong possibility to purchase shares at lower prices over say the next 20-months. This conclusion is based upon the still weak(en)ing U.S. economy, the uncertainty derived from another major round of LEG price hikes set to hit in August, and the swath of LEG competitors reporting terrible financial results/outlooks today. In other words, the conclusion that LEG will fair better than many of its competitors in today's slow growth/high inflation environment, while probably correct, is, in our opinion, not grounds for investor exuberance.

If our current assessment is wrong we miss out on tomorrow's gains. If we are right we log a reasonable profit today (in a severe down-market no less), and the money we avoid losing as LEG shares correct can potentially be put to use reacquiring LEG sometime in the future. Whatever the outcome, we believe that delegating capital efficiently remains one of the keys to successful long-term investing, and acting on potentially worthwhile investment ideas in a bear market is significantly easier to do if you have more capital at your disposal.

We previously noted that "*We are willing to hang around and allow the company some time to pull things together.*" Well, the company has pulled things together and its share price is up (albeit less than we would have preferred). We would consider a reinvestment in LEG at the low side of its current trading range, or around \$14-\$15/share.

\$19.72\* represents a 14.88% ROI year to date before taxes and commissions, or 12.04% when not including dividends.

\*\$19.72 represents the bid on LEG at approximately 2:01 PM.

Sincerely,

Brady Willett and Todd Alway