Form 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended June 30, 2000

OR

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

for the transition period from ____________ to ________________

| For Quarter Ended | Commission File Number |
|---|---|
| June 30, 2000 | 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<br>Carthage, Missouri | 64836 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

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

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 and 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 X No

Common stock outstanding as of August 1, 2000: 196,579,920

PART I. FINANCIAL INFORMATION
LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES
ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)

| (Amounts in millions) | June 30, 2000 | December 31, 1999 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 17.7 | $ 20.6 |
| Accounts and notes receivable | 693.4 | 572.7 |
| Allowance for doubtful accounts | (14.0) | (13.3) |
| Inventories | 676.9 | 605.8 |
| Other current assets | 71.8 | 70.4 |
| Total current assets | 1,445.8 | 1,256.2 |
| PROPERTY, PLANT & EQUIPMENT, NET | 981.8 | 915.0 |
| OTHER ASSETS | | |
| Excess cost of purchased companies over net assets acquired, less accumulated amortization of $77.5 in 2000 and $67.3 | | |

| | | |
|---|---|---|
| in 1999 | 851.0 | 714.3 |
| Other intangibles, less accumulated amortization of $35.1 in 2000 and $32.6 in 1999 | 54.2 | 45.2 |
| Sundry | 54.2 | 46.8 |
| Total other assets | 959.4 | 806.3 |
| TOTAL ASSETS | $3,387.0 | $2,977.5 |
| CURRENT LIABILITIES | | |
| Accounts and notes payable | $ 183.1 | $ 146.1 |
| Accrued expenses | 227.0 | 194.2 |
| Other current liabilities | 87.4 | 91.2 |
| Total current liabilities | 497.5 | 431.5 |
| LONG-TERM DEBT | 1,031.5 | 787.4 |
| OTHER LIABILITIES | 43.4 | 43.9 |
| DEFERRED INCOME TAXES | 66.2 | 68.5 |
| SHAREHOLDERS' EQUITY | | |
| Common stock | 2.0 | 2.0 |
| Additional contributed capital | 425.0 | 424.8 |
| Retained earnings | 1,388.7 | 1,278.1 |
| Accumulated other comprehensive income | (28.7) | (18.9) |
| Treasury stock | (38.6) | (39.8) |
| Total shareholders' equity | 1,748.4 | 1,646.2 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $3,387.0 | $2,977.5 |

Items excluded are either not applicable or de minimis in amount and, therefore, are not shown separately.

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(Unaudited)

(Amounts in millions, except per share data)

| | Six Months Ended June 30, | | Three Months Ended June 30, | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| Net Sales | $2,139.2 | $1,822.8 | $1,095.6 | $ 935.2 |
| Cost of goods sold | 1,579.2 | 1,337.0 | 807.1 | 681.8 |
| Gross profit | 560.0 | 485.8 | 288.5 | 253.4 |
| Selling, distribution and administrative expenses | 277.1 | 233.5 | 143.1 | 120.8 |
| Other deductions (income),net | 15.5 | 14.1 | 8.4 | 8.0 |
| Earnings before interest and income taxes | 267.4 | 238.2 | 137.0 | 124.6 |
| Interest expense | 32.2 | 19.4 | 17.6 | 10.0 |
| Interest income | 2.7 | 1.4 | 1.2 | 0.5 |
| Earnings before income taxes | 237.9 | 220.2 | 120.6 | 115.1 |
| Income taxes | 87.8 | 81.7 | 44.3 | 42.7 |
| NET EARNINGS | $ 150.1 | $ 138.5 | $ 76.3 | $ 72.4 |
| Earnings Per Share | | | | |
| Basic | $ 0.75 | $ 0.70 | $ 0.38 | $ 0.37 |
| Diluted | $ 0.75 | $ 0.69 | $ 0.38 | $ 0.36 |
| Cash Dividends Declared Per Share | $ 0.20 | $ 0.18 | $ 0.10 | $ 0.09 |
| Average Shares Outstanding | | | | |
| Basic | 198.9 | 198.6 | 199.0 | 198.1 |
| Diluted | 200.5 | 201.2 | 200.6 | 200.9 |

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

| (Amounts in millions) | Six Months Ended June 30, 2000 | Six Months Ended June 30, 1999 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net Earnings | $ 150.1 | $ 138.5 |
| Adjustments to reconcile net earnings to net cash provided by operating activities | | |
| Depreciation | 65.2 | 61.3 |
| Amortization | 16.3 | 12.9 |
| Other | 3.0 | 5.3 |
| Other changes, net of effects from purchase of companies | | |
| (Increase) in accounts receivable, net | (56.6) | (33.5) |
| (Increase) in inventories | (27.9) | (6.7) |
| (Increase) in other current assets | (3.3) | (0.2) |
| Increase in current liabilities | 41.5 | 37.3 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 188.3 | 214.9 |
| INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (81.5) | (77.0) |
| Purchases of companies, net of cash acquired | (203.4) | (105.1) |
| Other | (16.2) | 6.7 |
| NET CASH USED FOR INVESTING ACTIVITIES | (301.1) | (175.4) |
| FINANCING ACTIVITIES | | |
| Additions to debt | 392.0 | 45.8 |
| Payments on debt | (203.1) | (43.4) |
| Dividends paid | (57.0) | (51.0) |
| Issuances of common stock | 2.3 | 1.8 |
| Purchases of common stock | (25.4) | (63.1) |
| Other | 1.1 | 0.3 |
| NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES | 109.9 | (109.6) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (2.9) | (70.1) |
| CASH AND CASH EQUIVALENTS - January 1, | 20.6 | 83.5 |
| CASH AND CASH EQUIVALENTS - June 30, | $ 17.7 | $ 13.4 |

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Amounts in millions)

1. STATEMENT

In the opinion of management, the accompanying consolidated condensed financial statements contain all adjustments necessary for a fair statement of results of operations and financial positions of Leggett & Platt, Incorporated and Consolidated Subsidiaries (the `Company').

2. INVENTORIES

Inventories, about 50% of which are valued using the Last-in, First-out (LIFO) cost method and the remainder using the First-In, First-Out (FIFO) cost method, comprised the following:

| | June 30, 2000 | December 31, 1999 |
|---|---|---|
| At First-In, First-Out (FIFO) cost | | |
| Finished goods | $ 345.3 | $ 309.9 |
| Work in process | 71.2 | 63.2 |
| Raw materials and supplies | 269.1 | 238.2 |
| | 685.6 | 611.3 |
| Excess of FIFO cost over LIFO cost | (8.7) | (5.5) |
| | $ 676.9 | $ 605.8 |

3. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment comprised the following:

| | June 30, 2000 | December 31, 1999 |
|---|---|---|
| Property, plant and equipment, at cost | $1,765.1 | $1,628.7 |
| Less accumulated depreciation | 783.3 | 713.7 |
| | $ 981.8 | $ 915.0 |

4. COMPREHENSIVE INCOME

In accordance with the provisions of Financial Accounting Standard No. 130, the Company has elected to report comprehensive income in its Statement of Changes in Shareholders' Equity. For the six months ending June 30, 2000 and 1999, comprehensive income was $140.3 and $139.5, respectively.

## 5. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

| | Six Months Ended June 30, 2000 | Six Months Ended June 30, 1999 | Three Months Ended June 30, 2000 | Three Months Ended June 30, 1999 |
|---|---|---|---|---|
| **Basic** | | | | |
| Weighted average shares outstanding, including shares issuable for little or no cash | 198.9 | 198.6 | 199.0 | 198.1 |
| Net earnings | $ 150.1 | $ 138.5 | $ 76.3 | $ 72.4 |
| Earnings per share - basic | $ .75 | $ .70 | $ .38 | $ .37 |
| **Diluted** | | | | |
| Weighted average shares outstanding, including shares issuable for little or no cash | 198.9 | 198.6 | 199.0 | 198.1 |
| Additional dilutive shares principally from the assumed exercise of outstanding stock options | 1.6 | 2.6 | 1.6 | 2.8 |
| | 200.5 | 201.2 | 200.6 | 200.9 |
| Net earnings | $ 150.1 | $ 138.5 | $ 76.3 | $ 72.4 |
| Earnings per share-diluted | $ .75 | $ .69 | $ .38 | $ .36 |

## 6. 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.

7. 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. 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. 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.

A summary of segment results for the six months ended June 30, 2000 and 1999 and the quarters ended June 30, 2000 and 1999 are shown in the following tables:

| | External Sales | Inter-Segment Sales | Total Sales | EBIT |
|---|---|---|---|---|
| Six Months ended June 30, 2000 | | | | |
| Residential Furnishings | $ 1,076.3 | $ 4.9 | $ 1,081.2 | $ 127.3 |
| Commercial Furnishings | 462.8 | 3.7 | 466.5 | 53.2 |
| Aluminum Products | 301.6 | 8.3 | 309.9 | 29.8 |
| Industrial Materials | 159.6 | 108.7 | 268.3 | 42.2 |
| Specialized Products | 138.9 | 25.4 | 164.3 | 24.7 |
| Intersegment eliminations | - | - | - | (6.5) |
| Change in LIFO reserve | - | - | - | (3.3) |
| | $ 2,139.2 | $151.0 | $ 2,290.2 | $ 267.4 |
| Six Months ended June 30, 1999 | | | | |
| Residential Furnishings | $ 950.7 | $ 5.0 | $ 955.7 | $ 104.7 |
| Commercial Furnishings | 340.4 | 1.6 | 342.0 | 57.2 |
| Aluminum Products | 282.5 | 8.5 | 291.0 | 27.8 |
| Industrial Materials | 135.8 | 105.6 | 241.4 | 35.2 |
| Specialized Products | 113.4 | 22.8 | 136.2 | 16.4 |
| Intersegment eliminations | - | - | - | (3.3) |
| Change in LIFO reserve | - | - | - | .2 |
| | $ 1,822.8 | $143.5 | $1,966.3 | $ 238.2 |

7. SEGMENT INFORMATION (continued)

| | External Sales | Inter-Segment Sales | Total Sales | EBIT |
|---|---|---|---|---|
| Quarter ended June 30, 2000 | | | | |
| Residential Furnishings | $ 544.0 | $ 2.7 | $ 546.7 | $ 65.3 |
| Commercial Furnishings | 253.0 | 2.0 | 255.0 | 29.6 |
| Aluminum Products | 142.6 | 4.4 | 147.0 | 13.2 |
| Industrial Materials | 82.8 | 53.5 | 136.3 | 22.0 |
| Specialized Products | 73.2 | 12.8 | 86.0 | 12.6 |
| Intersegment eliminations | - | - | - | (3.8) |
| Change in LIFO reserve | - | - | - | (1.9) |
| | $1,095.6 | $ 75.4 | $1,171.0 | $ 137.0 |
| Quarter ended June 30, 1999 | | | | |
| Residential Furnishings | $ 481.3 | $ 2.7 | $ 484.0 | $ 53.0 |
| Commercial Furnishings | 180.4 | .8 | 181.2 | 31.6 |
| Aluminum Products | 144.9 | 4.3 | 149.2 | 15.7 |
| Industrial Materials | 69.8 | 50.5 | 120.3 | 18.1 |
| Specialized Products | 58.8 | 11.5 | 70.3 | 7.1 |
| Intersegment eliminations | - | - | - | (.9) |
| Change in LIFO reserve | - | - | - | - |
| | $ 935.2 | $ 69.8 | $1,005.0 | $ 124.6 |

Asset information for the Company's segments at June 30, 2000 and December 31, 1999 is shown in the following table:

| | June 30, 2000 | December 31, 1999 |
|---|---|---|
| Assets | | |
| Residential Furnishings | $ 1,186.1 | $ 1,173.4 |
| Commercial Furnishings | 871.9 | 721.4 |
| Aluminum Products | 494.1 | 441.1 |
| Industrial Materials | 236.8 | 204.8 |
| Specialized Products | 348.1 | 216.8 |
| Unallocated assets | 268.6 | 204.0 |
| Adjustment to period-end vs. agerage assets | (18.6) | 16.0 |
| | $ 3,387.0 | $ 2,977.5 |

## ITEM 2. - 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. Also, liquidity is necessary 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.

The expansion of capital resources - debt and equity - is planned 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 June 30, 2000 and December 31, 1999. Also, the table shows the amount of unused committed credit available through the Company's revolving bank credit agreements and the amount of cash and cash equivalents.

| (Dollar amounts in millions) | June 30, 2000 | December 31, 1999 |
|---|---|---|
| Long-term debt outstanding: | | |
| Scheduled maturities | $ 991.5 | $ 642.7 |
| Average interest rates | 6.7% | 6.7% |
| Average maturities in years | 5.0 | 5.5 |
| Revolving credit/commercial paper | 40.0 | 144.7 |
| Total long-term debt | 1,031.5 | 787.4 |
| Deferred income taxes and other liabilities | 109.6 | 112.4 |
| Shareholders' equity | 1,748.4 | 1,646.2 |
| Total capitalization | $2,889.5 | $2,546.0 |
| Unused committed credit: | | |
| Long-term | $ 187.5 | $ 52.8 |
| Short-term | 112.5 | 97.5 |
| Total unused committed credit | $ 300.0 | $ 150.3 |
| Cash and cash equivalents | $ 17.7 | $ 20.6 |

Cash provided by operating activities was $188.3 million in the first six months of 2000, compared to $214.9 million in the first six months of 1999. The decrease in cash provided by operating activities principally reflects an increase in working capital levels due to increases in accounts receivable and inventories, partially offset by increased earnings.

Long-term debt outstanding increased to $1,031.5 million at June 30, 2000, while the Company's net debt-to-total-capital ratio was 35.3%, up from 30.4% at the end of 1999. As shown in the table above, obligations having scheduled maturities are the base "layer" of the Company's debt capital. At June 30, 2000, these obligations consisted primarily of the Company's medium-term notes and tax-exempt industrial development bonds. In November 1999, the Company completed a $500 million shelf registration of debt. In February 2000, $350 million of 7.65% five-year notes were issued under the shelf registration. 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.

The second "layer" 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.

Uses of Capital Resources

The Company's internal investments to modernize and expand manufacturing capacity were $81.5 million in the first six months of 2000. The Company invested $203.4 million (net of cash acquired) to acquire thirteen businesses and issued 266,438 shares or share equivalents at a value of $5.3 million for acquisitions. In addition, the Company assumed $115.9 million of acquisition companies' debt and other liabilities.

The Company repurchased approximately 1.4 million shares of its common stock for $25.4 million in cash during the first six months of 2000. These purchases were made primarily for employee stock plans and to replace shares issued in purchase acquisitions. In February 2000, the Company's Board of Directors authorized management, at its discretion, to buy up to 2,000,000 shares of Leggett stock for use in employee benefit plans. The 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 accounted for as purchases.

Cash dividends paid on the Company's common stock were $57.0 million during the first six months of 2000. As a percent of earnings per share (diluted), cash dividends declared per share were 26.7% during the period.

Short-term Liquidity

To gain additional flexibility in capital management and to improve the return on shareholders' equity, the Company continuously seeks efficient use of working capital. Working capital, including working capital from acquired companies, at June 30, 2000 was $948.3 million, up from $824.7 million at year-end. The higher level of working capital resulted principally from the working capital of businesses acquired during the first six months of 2000. There was no short-term bank debt outstanding at the end of either period.

Results of Operations

Discussion of Consolidated Results

The Company achieved record sales and earnings for the second quarter of 2000. Sales increased to $1.1 billion (up 17.2%), and earnings per diluted share increased to $.38 (up 5.6%) - both compared with the second quarter of 1999.

Results for the first half of 2000 also increased to new highs. Sales were $2.1 billion (up 17.4%) and earnings were $.75 per diluted share (up 8.7%) - both compared with the first half of last year.

This performance reflects ongoing benefits from the Company's active acquisition program. Approximately three-fourths of sales growth for the second quarter and first six months of 2000 resulted from acquisitions completed over the past year. Same location sales volume increased approximately 3% in the second quarter and 4% in the first six months of 2000, as many operations achieved excellent improvements. Commercial Furnishings accounted for almost half of the increase in consolidated sales in the second quarter of 2000, while Residential Furnishings accounted for 40%.

During the second quarter of 2000, the Company acquired seven businesses with annualized sales of approximately $255 million. The newly acquired companies have expanded annualized volume in the Company's segments as follows: Specialized Products - $125 million; Commercial Furnishings - $105 million; Residential Furnishings - $15 million; Aluminum Products - $10 million.

Earnings growth in the second quarter of 2000 lagged sales growth, reflecting disappointing performance in some of the Company's store fixture and display businesses and in aluminum operations. Net earnings were 7.0% of second quarter 2000 sales compared with 7.7% in the second quarter of 1999. Approximately half of the net margin decline is attributable to a single store fixtures operation that was acquired by the Company approximately one year ago. Approximately 40% of the margin decrease was due to an increase in interest expense. As a percent of sales, interest expense (before tax) increased from 1.0% to 1.5% this year. Long-term debt grew from $612 million one year ago, to $1.03 billion at the end of the second quarter of 2000.

The Company expects sales and earnings improvements in its store fixture and display operations as they move toward their strongest business in the third quarter. See below for a further discussion of the effect of seasonality on the Company's operations. Interest expense should continue to reflect the Company's higher debt levels.

The following table shows various measures of earnings as a percentage of sales for the second quarter in both of the last two years. It also shows the effective income tax rate and the ratio of earnings to fixed charges.

| | Six Months Ended June 30, | | Quarter Ended June 30, | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| Gross profit margin | 26.2% | 26.7% | 26.3% | 26.7% |
| EBIT (earnings before interest and taxes) margin | 12.5 | 13.1 | 12.5 | 13.3 |
| Net profit margin | 7.0 | 7.6 | 7.0 | 7.7 |
| Effective income tax rate | 36.9 | 37.1 | 36.7 | 37.1 |
| Ratio of earnings to fixed charges | 7.3x | 10.2x | 6.9x | 10.3x |

Seasonality

The Company does not experience significant seasonality, however, quarter-to-quarter sales can vary to the total year by 1-2%. Management estimates that this 1-2% sales impact can have, at current average net margins and considering overhead absorption, an impact on quarter-to-quarter net earnings of approximately 5-10%, plus or minus. The timing of acquisitions in any year can distort the underlying seasonality in certain of the Company's businesses. For the Company's businesses in total, the second and third quarters have proportionately greater sales, while the first and fourth quarters are lower. Over the last three years, this small seasonality has become somewhat more pronounced, with the first and fourth quarters showing proportionately lower 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 fixture products, with the first and fourth quarters significantly 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.

Discussion of Segment Results

A description of the products included in each segment, segment sales, segment EBIT and other segment data appear in Note 7 of the Notes to Consolidated Condensed Financial Statements.

Second Quarter Discussion

Residential Furnishings sales increased 13.0%, with same location growth of 4.5%. Numerous acquisitions accounted for the balance of sales growth. EBIT increased 23.2%. EBIT margin increased from 11.0% to 11.9%, reflecting acquisitions and improved efficiencies in operations producing furniture components. These improvements were partially offset by increasing costs in bedding operations, where steel rod and wire are the predominant raw materials. Prices for rod began increasing in the first quarter, driving up overall manufacturing costs. The Company has completed the process of passing these higher costs through to customers to compensate for the increased cost of raw materials.

Commercial Furnishings sales increased 40.7%, due almost entirely to numerous acquisitions. Same location volume was up fractionally as increased sales of components for office and contract furniture and plastic components more than offset lower volume in some operations producing store fixtures, displays and storage products. EBIT declined 6.3%, and EBIT margins moved from 17.4% last year to 11.6% this year as a result of additional operational problems at a store fixture and design firm acquired at the end of last year's second quarter. This operation experienced persistent supplier disruptions and higher costs. The Company is taking steps to correct these problems. Another factor negatively affecting margins during the period is the seasonal nature of the fixtures business discussed previously.

The Company expects annual margins in the Commercial Furnishings segment to be lower than last year, due to the changing mix of businesses within the segment. As the Company acquires fixtures businesses, though they are profitable ventures, segment margins are expected to be lower than in previous years, but still somewhat higher than the corporate average, as the Company continues to implement its strategy of becoming a "one stop" supplier.

Aluminum Products sales declined 1.5%, and EBIT declined 15.9%. EBIT margin decreased from 10.5% last year to 9.0% this year, reflecting inefficiencies at some of the Company's die casting facilities during the quarter. Abnormally high rejects and maintenance costs caused short-term margin depression at some plants. The Company has also experienced lower than expected demand for aluminum die castings, especially for gas barbecue grills, negatively affecting overhead absorption.

Industrial Materials sales increased 13.3%, with same location growth of 6.7%. Acquisitions accounted for the balance of the sales growth. EBIT increased 21.5%, and EBIT margins were up from 15.0%

last year to 16.1% this year. The majority of these improvements reflect the recovery of one of the Company's major wire producing mills, which experienced extensive fire damage in 1998 and negatively affected operations during 1999.

Specialized Products sales increased 22.3%, with same location growth of 4.5%. Acquisitions accounted for the balance of the sales growth. EBIT increased 77.5%, and EBIT margin improved from 10.1% last year to 14.7% this year, as both production efficiency and volume increased. Sales of specialized machinery have been strong, resulting in margin improvement. In addition, one of the Company's automotive seat suspension operations completed a move to new facilities, and is returning to more-typical efficiencies.

Six Month Discussion

Residential Furnishings sales increased 13.1%, with same location growth of 4.4%. Numerous acquisitions accounted for the balance of the growth. EBIT increased 21.6%. EBIT margin increased from 11.0% to 11.8%, reflecting acquisitions and improved efficiencies, primarily in operations producing furniture components.

Commercial Furnishings sales increased 36.4%, due to numerous acquisitions. Same location sales were down fractionally from stronger than usual 1999 sales of store fixtures and displays. EBIT declined 7.0%, and EBIT margins moved from 16.7% last year to 11.4% this year, primarily because a store fixture and design firm acquired at the end of last year's second quarter experienced persistent supplier disruptions and higher costs, which more than offset improved performance in operations producing components for office and contract furniture and plastic components

Aluminum Products sales increased 6.5% due to first quarter same location growth and improved aluminum market conditions. EBIT increased 7.2% and EBIT margin remained at 9.6%, reflecting increased first quarter efficiencies on higher production and increased sales of dies and die castings for non-automotive applications.

Industrial Materials sales increased 11.1%, with same location growth of 4.8%. Acquisitions accounted for the balance of the sales growth. EBIT increased 19.9%, and EBIT margins were up from 14.6% last year to 15.7% this year, reflecting increased efficiencies on higher production and acquisitions

Specialized Products sales increased 20.6%, with same location growth of 6.2%. Acquisitions accounted for the balance of the sales growth. EBIT increased 50.6%, and EBIT margin improved from 12.0% last year to 15.0% this year, reflecting acquisitions, increased sales of specialized machinery with higher margins, and improved efficiencies.

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 that 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: 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 3. DISCLOSURES ABOUT MARKET RISK

(Unaudited)
(Amounts in millions)

### INTEREST RATE

The Company has debt obligations sensitive to changes in interest rates. In the first quarter of 2000, $350 of 7.65% fixed rate debt maturing in February 2005 and, in the second quarter of 1999, $14 of 6.90% fixed rate debt maturing in June 2004 was 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. The effective swap rate for the second quarter of 2000 was 6.89% for the $350 and 6.59% for the $14. The difference in interest paid or received as a result of swap agreements is recorded as an adjustment to interest expense during the related debt period. Substantially all of the Company's debt is denominated in United States dollars (U.S.$). The fair value of fixed rate debt was less than its carrying value by $21.2 and $11.2 at June 30, 2000 and December 31, 1999, respectively. The fair value of fixed rate debt was calculated using the U.S. Treasury Bond rate as of June 30, 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.

### 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 for certain machinery purchases, 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 June 30, 2000 was not significant.

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 was $362.9 at June 30, 2000, as compared to $301.8 at December 31, 1999. The increase in translation exposure was due primarily to the Company's acquisition activity in Canada, Western Europe and Mexico, and other factors.

### COMMODITY PRICE

The Company does not 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 $67 (at cost) in inventory at June 30, 2000. 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.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

During the second quarter of 2000 the Company issued 90,873 shares of its common stock and equity securities convertible into 175,565 shares of its common stock in transactions which qualified for exemption from registration under the Securities Act by virtue of Regulation D and Section 4(2) of the Securities Act. The common stock was issued on June 22, 2000 in connection with the acquisition of Southern Bedding, Inc. from its shareholders. The equity securities convertible into the Company's common stock were issued on May 8, 2000 in connection with the acquisition of Schukra Manufacturing, Inc., an Ontario corporation, from its shareholders.

ITEM 5. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its annual meeting of shareholders on May 3, 2000. Matters voted upon were (1) election of directors, and (2) proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's Independent Auditors for the Fiscal Year ending December 31, 2000.

The number of votes cast for, against or withheld, as well as abstentions, with respect to each matter are set out below.

1. Election of Directors

| DIRECTOR | FOR | WITHHELD |
|---|---|---|
| Raymond F. Bentele | 161,434,317 | 2,638,888 |
| Ralph W. Clark | 160,363,718 | 3,709,487 |
| Harry M. Cornell, Jr. | 161,332,351 | 2,740,854 |
| Robert Ted Enloe III | 161,421,395 | 2,651,810 |
| Richard T. Fisher | 161,443,555 | 2,629,650 |
| Bob L. Gaddy | 161,329,012 | 2,744,193 |
| David S. Haffner | 161,254,875 | 2,818,330 |
| Thomas A. Hays | 161,413,035 | 2,660,170 |
| Robert A. Jefferies, Jr. | 161,444,158 | 2,629,047 |
| Alexander M. Levine | 161,323,361 | 2,749,844 |
| Duane W. Potter | 161,333,913 | 2,739,292 |
| Maurice E. Purnell, Jr. | 158,945,147 | 5,128,058 |
| Alice L. Walton | 147,250,553 | 16,822,652 |
| Felix E. Wright | 151,781,457 | 12,291,748 |

2. Ratification of Independent Auditors

| FOR | AGAINST | ABSTAIN |
|---|---|---|
| 163,456,380 | 147,557 | 469,268 |

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibit 12 - Computation of Ratio of Earnings to Fixed Charges

Exhibit 27 - Financial Data Schedule

(B) No reports on Form 8-K have been filed during the quarter for which this report is filed.

## SIGNATURES

Pursuant to the requirements 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

DATE: August 11, 2000

By: /s/ FELIX E. WRIGHT
------------------------
Felix E. Wright
President and
Chief Executive Officer

DATE: August 11, 2000

By: /s/ MICHAEL A. GLAUBER
-------------------------
Michael A. Glauber
Senior Vice President,
Finance and Administration

EXHIBIT INDEX

EXHIBIT 12

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

| | Six Months Ended | | Twelve Months Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | 6/30/00 | 6/30/99 | 1999 | 1998 | 1997 | 1996 | 1995 |
| Earnings | | | | | | | |
| Income from continuing operations before income tax | $237.9 | $220.2 | $462.6 | $395.6 | $333.3 | $249.7 | $220.6 |
| Interest expense (excluding amount capitalized) | 32.2 | 19.4 | 43.0 | 38.5 | 31.8 | 30.0 | 30.4 |
| Portion of rental expense under operating leases representative of an interest factor | 4.7 | 4.1 | 8.2 | 6.7 | 6.1 | 5.5 | 5.1 |
| Total earnings | $274.8 | $243.7 | $513.8 | $440.8 | $371.2 | $285.2 | $256.1 |
| Fixed charges | | | | | | | |
| Interest expense (including amount capitalized) | $32.7 | $19.9 | $44.0 | $39.2 | $32.7 | $31.0 | $31.4 |
| Portion of rental expense under operating leases representative of an interest factor | 4.7 | 4.1 | 8.2 | 6.7 | 6.1 | 5.5 | 5.1 |
| Total fixed charges | $37.4 | $24.0 | $52.2 | $45.9 | $38.8 | $36.5 | $36.5 |
| Ratio of earnings to fixed charges | 7.3 | 10.2 | 9.8 | 9.6 | 9.6 | 7.8 | 7.0 |

Earnings consist principally of income from continuing operations before income taxes, plus fixed charges. Fixed charges consist principally of interest costs.

6-MOS
DEC-31-2000
JUN-30-2000
17,700
0
693,400
14,000
676,900
1,445,800
1,765,100
783,300
3,387,000
497,500
1,031,500
0
0
2,000
1,746,400
3,387,000
2,139,200
2,139,200
1,579,200
1,579,200
0
0
32,200
237,900
87,800
150,100
0
0
0
150,100
0.75
0.75