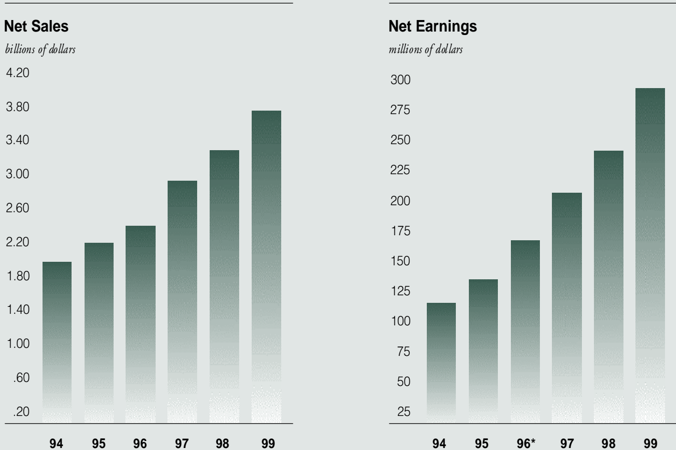
FINANCIAL HIGHLIGHTS

(Dollar amounts in millions, except per share data)

Year ended December 31	**1999**	1998	% Change
Net sales	**$3,779.0**	$3,370.4	12.1%
Earnings before interest and income taxes (EBIT)	**502.5**	429.1	17.1
Net earnings	**290.5**	248.0	17.1
Earnings before interest, income taxes, depreciation and amortization (EBITDA)	**651.8**	557.0	17.0
Earnings per share			
Basic	**$ 1.46**	$ 1.25	16.8%
Diluted	**1.45**	1.24	16.9
Cash dividends declared per share	**.36**	.315	14.3
Book value per share	**8.36**	7.27	15.0
EBIT margin	**13.3%**	12.7%	
Net earnings margin	**7.7**	7.4	
Return on average shareholders' equity	**18.8**	19.0	
Long-term debt as a percent of total capital	**30.9**	26.9	
Return on average total capital	**13.6**	14.1	
Average shares outstanding (in millions)			
Basic	**198.5**	197.7	
Diluted	**200.9**	200.7	

FINANCIAL REPORTS AND REVIEW

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES



Financial Data 1999 - 1989 32

Management's Discussion and Analysis of
Financial Condition and Results of Operations 34

Audited Financial Statements

Report of Independent Accountants 40

Consolidated Statements of Earnings .41

Consolidated Balance Sheets 42

Consolidated Statements of Cash Flows 44

Consolidated Statements of Changes in Shareholders' Equity . . .45

Notes to Consolidated Financial Statements 46

Unaudited Financial Information

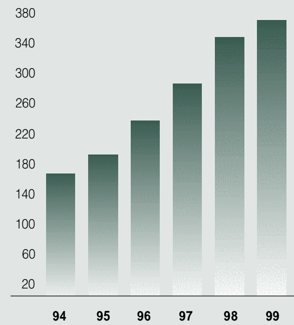
Disclosures About Market Risk 57

Quarterly Summary of Earnings 58

Selected Financial Data 58

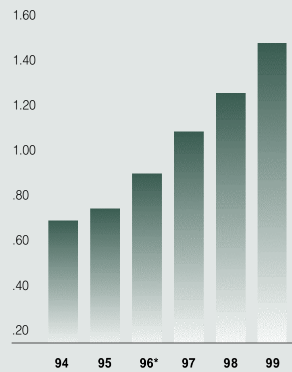
Cash Provided by Operating Activities

millions of dollars



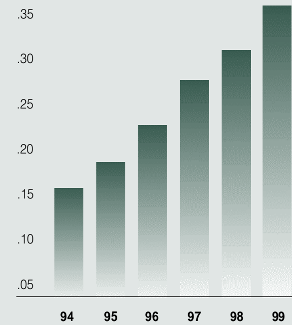
Earnings Per Share – Diluted

dollars



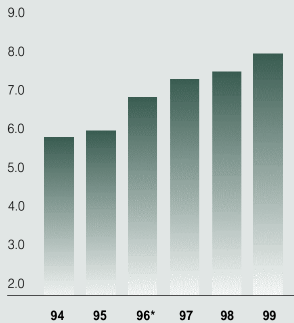
Dividends Per Share

dollars



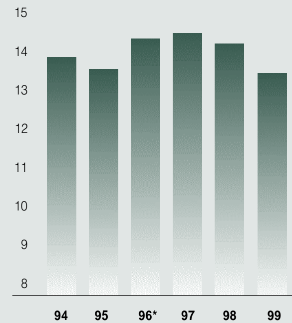
Net Profit Margin

percent



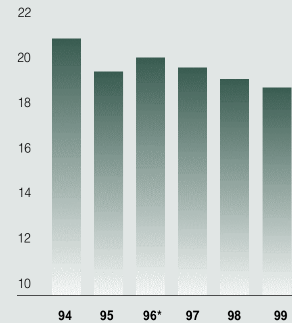
Return on Average Total Capital

percent



Return on Average Shareholders'Equity

percent



*See note (1) to financial data on page 32.

Financial Data 1999 - 1989

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

(Dollar amounts in millions, except per share data)

	1999	1998	1997
Summary of Operations			
Net sales	**$3,779.0**	$3,370.4	$2,909.2
% change	**12.1%**	15.9%	18.0%
Gross profit	**1,020.3**	871.5	737.8
Interest expense	**43.0**	38.5	31.8
Earnings from continuing operations before income taxes and non-recurring costs [1]	**462.6**	395.6	333.3
Net earnings before non-recurring costs [1]	**290.5**	248.0	208.3
% change	**17.1%**	19.1%	23.0%
Net earnings	**290.5**	248.0	208.3
Common Stock Data			
Earnings per share			
Net earnings before non-recurring costs - basic [1]	**$ 1.46**	$ 1.25	$ 1.09
Net earnings before non-recurring costs - diluted [1]	**1.45**	1.24	1.08
% change	**16.9%**	14.8%	17.4%
Net earnings - basic	**1.46**	1.25	1.09
Net earnings - diluted	**1.45**	1.24	1.08
Cash dividends declared per share	**.36**	.315	.27
Average number of shares outstanding			
Basic	**198.5**	197.7	190.3
Diluted	**200.9**	200.7	193.2
Year-End Financial Position			
Working capital	**$ 824.7**	$ 735.7	$ 572.1
Property, plant and equipment, net	**915.0**	820.4	693.2
Total assets	**2,977.5**	2,535.3	2,106.3
Long-term debt	**787.4**	574.1	466.2
Shareholders' equity	**1,646.2**	1,436.8	1,174.0
Total capital [2]	**2,546.0**	2,133.9	1,733.8
Other Financial Data, Profit Measures and Ratios			
Earnings before net interest expense, taxes and non-recurring costs [1]	**$ 502.5**	$ 429.1	$ 362.5
Earnings before net interest expense, taxes, depreciation, amortization and non-recurring costs [1]	**651.8**	557.0	468.1
Net cash provided by operating activities	**370.8**	354.9	288.3
Capital expenditures	**159.1**	147.6	119.4
Depreciation	**120.5**	106.1	88.3
Amortization	**28.8**	21.8	17.3
PERCENTAGES			
Net profit margin before non-recurring costs [1]	**7.7**	7.4	7.2
Return on average shareholders' equity [1]	**18.8**	19.0	19.7
Return on average total capital [1] [3]	**13.6**	14.1	14.5
Long-term debt as % of total capital	**30.9**	26.9	26.9
RATIOS			
Net sales/average working capital [4]	**5.2**	5.5	5.6
Net sales/average total assets	**1.4**	1.5	1.5

(1) 1996 amounts exclude merger related costs of $26.6 pre-tax and $16.4 after-tax, or $.09 per basic and diluted share, and an extraordinary item of $12.5 after-tax, or $.07 per basic and diluted share. A restructuring charge of $20.3 pre-tax and $14.3 after-tax, or $.10 per basic share and $.09 per diluted share is excluded from 1990.

(2) Total capital includes long-term debt, deferred taxes, other long-term liabilities and shareholders' equity.

(3) This percentage is computed by adding the after-tax interest expense to net earnings and then dividing the sum by average total capital.

(4) For the purpose of this ratio, average working capital excludes cash and cash equivalents.

1996	1995	1994	1993	1992	1991	1990	1989
$2,466.2	$2,256.9	$2,009.1	$1,526.7	$1,315.0	$1,221.4	$1,231.3	$1,117.4
9.3%	12.3%	31.6%	16.1%	7.7%	(.8%)	10.2%	30.0%
623.5	534.9	471.7	348.4	300.7	260.9	262.4	239.3
30.0	30.4	26.0	10.2	13.5	19.9	23.1	20.5
276.3	220.6	196.3	140.4	107.2	65.2	73.1	81.5
169.4	134.3	119.5	85.6	65.8	39.5	44.5	48.9
26.1%	12.4%	39.6%	30.1%	66.6%	(11.2%)	(9.0%)	29.7%
140.5	134.3	119.5	85.6	65.8	39.5	30.2	48.9
$ .94	$ .76	$ .69	$ .53	$ .42	$ .27	$ .30	$ .34
.92	.75	.68	.52	.41	.26	.30	.33
22.7%	10.3%	30.8%	26.8%	57.7%	(13.3%)	(9.1%)	22.2%
.78	.76	.69	.53	.42	.27	.21	.34
.77	.75	.68	.52	.41	.26	.20	.33
.23	.19	.155	.135	.115	.11	.105	.095
181.1	177.3	173.2	160.2	155.9	146.8	146.3	144.1
183.7	179.7	175.7	164.6	160.8	157.1	156.2	154.1
$ 470.5	$ 411.5	$ 353.6	$ 297.8	$ 237.9	$ 233.6	$ 236.9	$ 203.8
582.9	510.6	440.7	353.4	259.7	263.4	255.7	240.3
1,712.9	1,478.1	1,327.0	1,080.1	772.5	746.7	768.8	662.6
388.5	380.6	364.1	306.1	147.9	232.7	269.4	205.0
941.1	746.8	628.3	514.6	442.1	346.3	316.4	294.5
1,420.1	1,203.0	1,060.4	892.5	631.5	621.0	626.8	535.2
$ 304.2	$ 249.2	$ 220.2	$ 148.4	$ 118.0	$ 84.1	$ 95.0	$ 100.4
396.4	327.2	286.8	193.7	160.6	125.5	134.3	132.6
238.1	187.8	171.9	145.7	100.4	103.0	69.0	64.1
96.2	106.8	97.1	54.2	35.8	36.5	45.1	31.2
75.8	62.6	52.5	39.1	36.5	34.6	32.8	28.1
16.4	15.4	14.1	6.2	6.1	6.8	6.5	4.1
6.9	6.0	5.9	5.6	5.0	3.2	3.6	4.4
20.1	19.5	20.9	17.9	16.7	11.9	14.6	17.8
14.3	13.5	13.9	12.0	11.8	8.3	10.1	12.4
27.4	31.6	34.3	34.3	23.4	37.5	43.0	38.3
5.7	6.0	6.2	5.8	5.8	5.4	5.7	6.1
1.5	1.6	1.7	1.6	1.7	1.6	1.7	1.8

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 the end of the three most recent years. 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 at the end of the three most recent years.

(Dollar amounts in millions)	**1999**	1998	1997
Long-term debt outstanding:			
Scheduled maturities	**$ 642.7**	$ 574.1	$ 402.9
Average interest rates	**6.7%**	6.6%	6.8%
Average maturities in years	**5.5**	6.2	6.6
Revolving credit/commercial paper	**144.7**	–	63.3
Total long-term debt	**787.4**	574.1	466.2
Deferred income taxes and other liabilities	**112.4**	123.0	93.6
Shareholders' equity	**1,646.2**	1,436.8	1,174.0
Total capitalization	**$2,546.0**	$2,133.9	$1,733.8
Unused committed credit	**$ 52.8**	$ 300.0	$ 176.7
Cash and cash equivalents	**$ 20.6**	$ 83.5	$ 7.7

Cash provided by operating activities was $370.8 million, $354.9 million and $288.3 million for 1999, 1998 and 1997, respectively, or a three year total of $1,014.0 million. The increase in cash provided by operating activities principally reflects earnings improvements, offset somewhat by higher working capital requirements.

Long-term debt outstanding was 30.9% of total capitalization at the end of 1999 and 26.9% at the end of both 1998 and 1997. As shown in the table above, obligations having scheduled maturities are the base "layer" of the Company's debt capital. At the end of 1999, these obligations consisted primarily of the Company's privately placed medium-term notes and tax-exempt industrial development bonds. In the second and third quarters of 1999, the Company issued a total of $104 million in medium-term notes. Proceeds from the notes were used to repay maturing notes and for acquisitions. In November 1999, the Company completed a $500 million shelf registration of debt, the proceeds of which will be used for working capital additions, capital expenditures, stock redemption, debt repayment or financing for acquisitions. 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.

In the first and second quarters of 1998, the Company issued a total of $176 million in medium-term notes. Proceeds from the notes were used to repay commercial paper outstanding and to provide financing for acquisitions. A portion of the proceeds were temporarily held in cash and cash equivalents at December 31, 1998. In the second quarter of 1997, the Company issued $100 million of medium-term notes to repay commercial paper outstanding.

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. The long-term portion of the Company's revolving credit agree-

ments was $197.5 million at December 31, 1999, and was increased to $227.5 million in January 2000. At the end of 1999, the Company had $144.7 million of commercial paper outstanding. Additional details of long-term debt, including scheduled maturities, revolving credit and commercial paper are discussed in Note E of the Notes to Consolidated Financial Statements.

USES OF CAPITAL RESOURCES

The Company's internal investments to modernize and expand manufacturing capacity totaled $426.1 million in the last three years. In 2000, management anticipates internal investments will approximate $170 million. During the last three years, the Company employed $578.8 million in cash (net of cash acquired) and issued 6.1 million shares of common stock in acquisitions. During 1999, twenty-nine businesses were acquired for $290.1 million in cash (net of cash acquired) and 1.2 million shares of common stock. In addition, the Company assumed $54.2 of acquisition companies' debt. About one-half of the 1999 acquisition investments (cash and stock) were made in Commercial Furnishings and about 40% were made in Residential Furnishings. Additional details of acquisitions are discussed in Note B of the Notes to Consolidated Financial Statements. Additions, by segment, to property, plant and equipment and purchases of long-lived assets are shown in Note J of the Notes to Consolidated Financial Statements.

Company purchases of its common stock totaled $81.5 million in 1999, $13.5 million in 1998, and $5.7 million in 1997. These purchases were made primarily for employee stock plans, to replace shares issued in purchase acquisitions and to satisfy contractual obligations. In mid-1998, the Company's Board of Directors authorized management, at its discretion, to buy up to 500,000 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. In February 2000, the Board of Directors increased this authorization to 2,000,000 shares.

Cash dividends on the Company's common stock in the last three years totaled $177.0 million. Over this three-year period, cash dividends per share have increased at a 16.1% compounded annual rate. As a percent of earnings per share (diluted), cash dividends per share were 24.8% in 1999, 25.4% in 1998 and 25.0% in 1997.

Future commitments under lease obligations are described in Note F and contingencies are discussed in Note K of the Notes to Consolidated Financial Statements.

SHORT-TERM LIQUIDITY

Working capital, including working capital from acquired companies, increased $354.2 million in the last three years. To gain additional flexibility in capital management and to improve the return on shareholders' equity, the Company continuously seeks efficient use of working capital. The following table shows the annual turnover on average year-end working capital, trade receivables and inventories. Inventory levels at the end of 1999 reflect an unusual amount of purchases made in anticipation of higher prices for certain key raw materials. Also, the ratios may be affected by the timing of the Company's acquisitions.

	1999	1998	1997
Working capital turnover (excluding cash and cash equivalents)	**5.2x**	5.5x	5.6x
Trade receivables turnover	**7.3**	7.2	7.5
Inventory turnover	**5.1**	5.4	5.4

No segment's working capital requirements vary significantly from the consolidated ratios, except Aluminum Products. Aluminum Products' receivables turnover is lower than the other segments due principally to the seasonal nature of its gas barbecue grill business. Also, aluminum commitments to certain customers result in carrying higher levels of inventory than the Company's other segments.

RESULTS OF OPERATIONS

DISCUSSION OF CONSOLIDATED RESULTS

The results of operations during the last three years reflect various elements of the Company's long-term growth strategy, along with general economic trends and the specific market conditions. The Company's growth strategy continues to include internal initiatives and acquisitions which provide for increased market penetration and operating efficiencies and broaden product lines. With a continuing emphasis on the development of new and improved products and advancements in production technologies, the Company is able to consistently offer high quality products, competitively priced.

Trends in the general economy were very favorable during the last three years. In each year, acquisitions accounted for more of the Company's sales growth than other factors. The balance of the Company's sales growth during this period primarily reflected increases in unit volumes, although 1999 was also impacted by lower selling prices for certain products. Aluminum and certain product lines in Residential Furnishings and Industrial Materials experienced selling price declines in 1999. Residential Furnishings accounted for 41.4% of the 1999 increase in consolidated sales, and Commercial Furnishings accounted for 37.9% of the 1999 increase. In 1998, Residential Furnishings accounted for 39.7% of the consolidated sales increase over 1997 and Commercial Furnishings accounted for 34.4% of the increase.

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

	1999	1998	1997
Gross profit margin	**27.0%**	25.9%	25.4%
EBIT (Earnings before interest and taxes) margin	**13.3**	12.7	12.5
Net profit margin	**7.7**	7.4	7.2
Effective income tax rate	**37.2**	37.3	37.5
Ratio of earnings to fixed charges	**9.8x**	9.6x	9.6x

The Company's gross profit margins improved in each of the last two years. The increase in 1999 reflected several favorable factors. These included continued increases in production efficiencies, increased sales of products with above average margins, lower material costs and better manufacturing overhead absorption. The EBIT margin also increased due to these factors, offset somewhat by higher operating costs as a percentage of sales. The higher operating expenses as a percentage of sales, which include some amount of fixed administrative and other costs, was impacted by the effect on sales of lower selling prices in certain product lines and higher operating costs in acquired companies as a percentage of sales. The increase in the 1998 gross profit and EBIT margins versus 1997 also reflected the Company's continuing sales growth in products with above average margins, increased production efficiencies, lower material costs and better manufacturing overhead absorption.

SEASONALITY

The percent of consolidated net sales by quarter, excluding the impact of acquisitions, is as follows for the last three years:

	1999	1998	1997
First Quarter	**23.9%**	23.6%	23.6%
Second Quarter	**25.6**	25.1	25.1
Third Quarter	**25.7**	25.9	25.5
Fourth Quarter	**24.8**	25.4	25.8
Year	**100.0%**	100.0%	100.0%

The Company does not experience significant seasonality, however, as indicated in the above table, quarter-to-quarter sales can vary in proportion 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 approximately 5-10% plus or minus impact on quarter-to-quarter net earnings. 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 fourth quarter 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 calendar quarters. Commercial Furnishings particularly has heavy third quarter sales of its store fixtures 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 earnings before interest and taxes (EBIT) and other segment data appear in Note J of the Notes to Consolidated Financial Statements. Following is a comparison of EBIT margins (Segment EBIT divided by Total Segment Sales):

	1999	1998	1997
Residential Furnishings	**11.2%**	11.1%	10.7%
Commercial Furnishings	**16.2**	17.8	18.4
Aluminum Products	**9.6**	6.3	9.7
Industrial Materials	**14.5**	11.2	9.9
Specialized Products	**12.1**	11.6	11.5

Residential Furnishings sales increased 9.6% in 1999, principally from acquisitions, although volume growth was also a significant factor. The growth in sales was negatively impacted by declining selling prices in certain product lines. EBIT increased 10.8% in 1999 versus 1998, and EBIT margin increased slightly as higher volume improved operating efficiencies and raw material costs were lower. For 1998, Residential Furnishings sales were up 11.6% due primarily to acquisitions. EBIT improved in 1998 by 15.9%, and EBIT margin improved slightly. Operating efficiencies and lower raw material costs improved EBIT margins.

Commercial Furnishings sales in 1999 increased 25.0% over the prior year due primarily to acquisition activity. EBIT improved 14.2% in 1999, but EBIT margin declined due to product mix, lower volume in certain product lines and the fact that the Company has not yet fully realized the integration benefits of the substantial acquisition activity in this segment. In 1998, Commercial Furnishings sales improved 34.5%, principally from significant acquisition activity. EBIT in 1998 was 30.2% higher than 1997, but EBIT margin declined somewhat. Product mix and integration issues related to new acquisitions impacted EBIT margin.

In 1999, Aluminum Product sales increased 5.9%, principally from improved operations. This improvement was moderated by declining aluminum prices. EBIT increased 61.3% and EBIT margin improved from gains in operating efficiency and a shift to higher margin products at certain die cast facilities. Aluminum Products sales in 1998 improved 12.8% over 1997, primarily as a result of acquisitions. EBIT declined 26.9% and EBIT margin was reduced as the impact of acquisitions was more than offset by a major die cast customer's restructuring and inventory reduction activities, reduced smelting production as a result of low scrap prices, and production inefficiencies in certain die cast facilities.

In 1999, Industrial Materials sales were 4.7% higher than 1998, principally reflecting acquisition-related sales. The sales improvement was lower than unit volume gains as selling prices declined for drawn wire. EBIT improved 35.1% in 1999 and EBIT margin was better reflecting lower raw material prices and improved operating efficiencies. Industrial Materials sales in 1998 increased 5.3% over 1997, primarily from acquisitions. EBIT improved 19.3% in 1998, and EBIT margins were higher due to production efficiencies, better overhead absorption and lower raw material prices.

Specialized Products sales increased 14.3% in 1999 due primarily to acquisitions. EBIT improved 19.2%, reflecting acquisition growth and higher automotive sales. EBIT margin was up somewhat from improved efficiencies and acquisitions. In 1998, Specialized Products sales increased 33.3% reflecting acquisitions. EBIT grew 35.5% in 1998 versus 1997 reflecting the acquisitions and improved machinery operations.

NEW FINANCIAL ACCOUNTING STANDARDS BOARD STATEMENTS

During 1998, the Financial Accounting Standards Board (FASB) issued a new accounting standard on "Accounting for Derivative Instruments and Hedging Activities" (FASB No. 133). This new accounting standard will become effective for 2001 financial reporting. FASB No. 133 is not expected to have a major effect on the Company's financial statements since the Company has not engaged in significant hedging or other activities involving derivative instruments in the past.

YEAR 2000 DISCLOSURE

The "Year 2000" issue refers to older computer programs that used only two digits to represent the year, rather than four digits. As a result, these older computer programs may not process information or otherwise function properly when using the year "2000", since that year will be indistinguishable from the year "1900". These computer programs are found in information processing applications and in timing devices for certain machinery and equipment.

To monitor Year 2000 issues, the Company implemented a Corporate level Year 2000 Steering Committee (the Steering Committee). The Steering Committee met regularly to review the Company's progress, and to consider other actions that may be necessary for Year 2000 issues.

The Company recognized the Year 2000 issue several years ago, and had been working since to correct this problem in its computer systems and manufacturing equipment. As a result of these multi-year efforts, the Company experienced no disruption of its operations following the Year 2000 "rollover". None of the Company's major customers or suppliers reported experiencing any significant problems with Year 2000 issues.

Since the Company has been working on Year 2000 issues for several years, the costs of mitigating these issues, which costs have not been material in the past, were expensed in ongoing operations. No material costs are expected from any remaining efforts. Costs of all the Company's system conversion and implementation efforts, which include those efforts related to the Year 2000 issue, were less than $6 million in 1999. These system conversion and implementation costs are considered by management to be primarily recurring costs to remain technologically competitive, and no significant reduction is expected in these costs in the future as the Company pursues "E-commerce" and other initiatives. It is not practical to segregate past or anticipated capital expenditures between Year 2000 compliance and expenditures which occur normally to keep operations technologically competitive. However, management believes that capital requirements related to Year 2000 compliance issues were not significant to its operations.

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 which 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 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.

Report of Independent Accountants

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF LEGGETT & PLATT, INCORPORATED:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, of cash flows and of changes in shareholders' equity present fairly, in all material respects, the financial position of Leggett & Platt, Incorporated and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

February 2, 2000

(Dollar amounts in millions, except per share data)

Year ended December 31	**1999**	1998	1997
Net sales	**$3,779.0**	$3,370.4	$2,909.2
Cost of goods sold	**2,758.7**	2,498.9	2,171.4
Gross profit	**1,020.3**	871.5	737.8
Selling, distribution and administrative expenses	**491.2**	422.8	358.8
Amortization of excess cost of purchased companies and other intangibles	**28.8**	21.8	17.3
Other income, net of other deductions	**2.2**	2.2	.8
Earnings before interest and income taxes	**502.5**	429.1	362.5
Interest expense	**43.0**	38.5	31.8
Interest income	**3.1**	5.0	2.6
Earnings before income taxes	**462.6**	395.6	333.3
Income taxes	**172.1**	147.6	125.0
Net earnings	**$ 290.5**	$ 248.0	$ 208.3
Earnings per share			
Basic	**$ 1.46**	$ 1.25	$ 1.09
Diluted	**$ 1.45**	$ 1.24	$ 1.08

The accompanying notes are an integral part of these financial statements.

(Dollar amounts in millions, except per share data)

December 31	**1999**	1998
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 20.6**	$ 83.5
Accounts and notes receivable, less allowance of $13.3 in 1999 and $13.5 in 1998	**559.4**	503.1
Inventories		
Finished goods	**309.9**	251.7
Work in process	**63.2**	56.2
Raw materials and supplies	**238.2**	185.5
LIFO reserve	**(5.5)**	(7.2)
Total inventories	**605.8**	486.2
Other current assets	**70.4**	64.3
Total current assets	**1,256.2**	1,137.1
Property, Plant and Equipment – at cost		
Machinery and equipment	**1,050.9**	915.5
Buildings and other	**524.3**	470.6
Land	**53.5**	48.9
Total property, plant and equipment	**1,628.7**	1,435.0
Less accumulated depreciation	**713.7**	614.6
Net property, plant and equipment	**915.0**	820.4
Other Assets		
Excess cost of purchased companies over net assets acquired, less accumulated amortization of $67.3 in 1999 and $50.8 in 1998	**714.3**	498.9
Other intangibles, less accumulated amortization of $32.6 in 1999 and $25.3 in 1998	**45.2**	29.7
Sundry	**46.8**	49.2
Total other assets	**806.3**	577.8
TOTAL ASSETS	**$2,977.5**	$2,535.3

The accompanying notes are an integral part of these financial statements.

	1999	1998
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	**$ 146.1**	$ 134.8
Accrued expenses	**194.2**	168.8
Other current liabilities	**91.2**	97.8
Total current liabilities	**431.5**	401.4
Long-Term Debt	**787.4**	574.1
Other Liabilities	**43.9**	48.1
Deferred Income Taxes	**68.5**	74.9
Shareholders' Equity		
Capital stock		
Preferred stock – authorized, 100,000,000 shares; none issued		
Common stock – authorized, 600,000,000 shares of $.01 par value; issued 198,727,750 and 197,766,091 shares in 1999 and 1998, respectively	**2.0**	2.0
Additional contributed capital	**424.8**	396.1
Retained earnings	**1,278.1**	1,058.7
Accumulated other comprehensive income	**(18.9)**	(18.2)
Less treasury stock - at cost (1,847,456 and 82,580 shares in 1999 and 1998, respectively)	**(39.8)**	(1.8)
Total shareholders' equity	**1,646.2**	1,436.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$2,977.5**	$2,535.3

Consolidated Statements of Cash Flows

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

(Dollar amounts in millions)

Year ended December 31	**1999**	1998	1997
Operating Activities			
Net earnings	**$290.5**	$248.0	$208.3
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation	**120.5**	106.1	88.3
Amortization	**28.8**	21.8	17.3
Stock and deferred compensation	**3.0**	10.8	7.9
Deferred income tax expense (benefit)	**(6.7)**	17.3	(1.5)
Other	**(7.3)**	(3.6)	(2.1)
Other changes, excluding effects from purchases of companies			
(Increase) decrease in accounts receivable, net	**5.0**	(31.5)	(52.1)
(Increase) in inventories	**(74.0)**	(6.6)	(15.0)
(Increase) in other current assets	**(4.7)**	(7.2)	(5.1)
(Decrease) increase in current liabilities	**15.7**	(.2)	42.3
Net Cash Provided by Operating Activities	**370.8**	354.9	288.3
Investing Activities			
Additions to property, plant and equipment	**(159.1)**	(147.6)	(119.4)
Purchases of companies, net of cash acquired	**(290.1)**	(117.1)	(171.6)
Other	**8.2**	6.7	8.2
Net Cash Used for Investing Activities	**(441.0)**	(258.0)	(282.8)
Financing Activities			
Additions to debt	**255.6**	269.7	214.8
Payments on debt	**(98.6)**	(216.9)	(164.7)
Dividends paid	**(69.1)**	(59.9)	(48.0)
Issuances of common stock	**4.0**	5.0	6.6
Purchases of common stock	**(81.5)**	(13.5)	(5.7)
Other	**(3.1)**	(5.5)	(4.5)
Net Cash Provided by (Used for) Financing Activities	**7.3**	(21.1)	(1.5)
Increase (Decrease) in Cash and Cash Equivalents	**(62.9)**	75.8	4.0
Cash and Cash Equivalents – Beginning of Year	**83.5**	7.7	3.7
Cash and Cash Equivalents – End of Year	**$ 20.6**	$ 83.5	$ 7.7
Supplemental Information			
Interest paid	**$ 42.6**	$ 36.5	$ 30.3
Income taxes paid	**170.5**	142.6	124.4
Liabilities assumed of acquired companies	**106.7**	118.9	81.1
Common stock issued for acquired companies	**26.9**	66.8	52.0
Common stock issued for employee stock plans	**29.6**	26.4	27.4

The accompanying notes are an integral part of these financial statements.

(Dollar amounts in millions, except per share data)

Year ended December 31	**1999**	1998	1997
Common Stock			
Balance, beginning of period	**$ 2.0**	$ 1.0	$ .9
Common stock issued	**–**	–	.1
Two-for-one stock split	**–**	1.0	–
Balance, end of period	**$ 2.0**	$ 2.0	$ 1.0
Additional Contributed Capital			
Balance, beginning of period	**$ 396.1**	$ 311.9	$ 240.2
Common stock issued	**37.8**	87.3	74.6
Treasury stock issued	**(11.9)**	(6.2)	(9.7)
Tax benefit related to stock options	**2.8**	4.1	6.8
Two-for-one stock split	**–**	(1.0)	–
Balance, end of period	**$ 424.8**	$ 396.1	$ 311.9
Retained Earnings			
Balance, beginning of period	**$1,058.7**	$ 871.3	$ 704.4
Net earnings for the year	**290.5**	248.0	208.3
Retained earnings of pooled companies at date of acquisition	**–**	1.7	9.2
Cash dividends declared (per share: 1999 – $.36; 1998 - $.315; 1997 - $.27)	**(71.1)**	(62.3)	(50.6)
Balance, end of period	**$1,278.1**	$1,058.7	$ 871.3
Treasury Stock			
Balance, beginning of period	**$ (1.8)**	$ (.1)	$ (.2)
Treasury stock purchased	**(88.5)**	(19.7)	(17.3)
Treasury stock issued	**50.5**	18.0	17.4
Balance, end of period	**$ (39.8)**	$ (1.8)	$ (.1)
Accumulated Other Comprehensive Income			
Balance, beginning of period	**$ (18.2)**	$ (10.1)	$ (4.2)
Foreign currency translation adjustment	**(.7)**	(8.1)	(5.9)
Balance, end of period	**$ (18.9)**	$ (18.2)	$ (10.1)
Total Shareholders' Equity	**$1,646.2**	$1,436.8	$1,174.0
Comprehensive Income			
Net earnings	**$ 290.5**	$ 248.0	$ 208.3
Foreign currency translation adjustment (net of income tax expense (benefit): 1999–($.8); 1998–$2.2; 1997–$1.1)	**(.7)**	(8.1)	(5.9)
Total Comprehensive Income	**$ 289.8**	$ 239.9	$ 202.4

The accompanying notes are an integral part of these financial statements.

(Dollar amounts in millions, except per share data)
December 31, 1999, 1998 and 1997

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of Leggett & Platt, Incorporated (Leggett & Platt) and its majority-owned subsidiaries (the Company). All significant intercompany transactions and accounts have been eliminated in consolidation.

CASH EQUIVALENTS: Cash equivalents include cash in excess of daily requirements which is invested in various financial instruments with original maturities of three months or less.

SALES RECOGNITION: The Company primarily recognizes sales upon the shipment of its products. Exceptions to this policy are not significant and conform to industry practices.

INVENTORIES: All inventories are stated at the lower of cost or market. Cost includes materials, labor and production overhead. Cost is determined by the last-in, first-out (LIFO) method for approximately 50% of the inventories at December 31, 1999 and 1998. The first-in, first-out (FIFO) method is principally used for the remainder. The FIFO cost of inventories at December 31, 1999 and 1998 approximated replacement cost.

DEPRECIATION, AMORTIZATION AND ASSET IMPAIRMENT: Property, plant and equipment are depreciated by the straight-line method. The rates of depreciation range from 7% to 25% for machinery and equipment, 3% to 7% for buildings and 12% to 33% for other items. Accelerated methods are used for tax purposes. The excess cost of purchased companies over net assets acquired is amortized by the straight-line method over forty years. Other intangibles are amortized by the straight-line method over their estimated lives. The rates of amortization range from 5% to 33%. In accordance with FASB Statement No. 121, long-lived assets, including intangibles, are evaluated for probable recovery of their carrying amount. Appropriate adjustment, using current market values, estimates of discounted future cash flows and other methods, is made when recovery of the carrying amount is not reasonably assured.

CONCENTRATION OF CREDIT RISKS, EXPOSURES AND FINANCIAL INSTRUMENTS: The Company engages in manufacturing, marketing, and distributing engineered products for markets served by the Company as described in Note J. The Company's operations are principally in the United States, although the Company also has manufacturing subsidiaries in Canada, Europe, Mexico, China, Brazil and Australia and marketing and distribution operations in other areas.

The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral from its customers, some of which are highly leveraged. The Company maintains allowances for potential credit losses and such losses have generally been within management's expectations.

From time to time, the Company will enter into forward exchange contracts to hedge equipment purchases and other transactions in foreign currencies and interest rate swaps related to fixed rate debt. The amounts outstanding under the forward contracts and interest rate swaps at any point in time are not significant to the Company. The Company has minimal continuing exposures to other foreign currency transactions and interest rate fluctuations.

The carrying value of cash and short-term financial instruments approximates fair value due to the short maturity of those instruments. The fair value of long-term debt is less than the carrying value by approximately $11.

OTHER RISKS: The Company obtains insurance for workers' compensation, automobile, product and general liability, property loss and medical claims. However, the Company has elected to retain a significant portion of expected losses through the use of deductibles. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregate liability for claims incurred. These estimates utilize the Company's prior experience and actuarial assumptions that are provided by the Company's insurance carriers.

ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

INCOME TAXES: The Company provides for taxes on undistributed earnings of foreign subsidiaries where appropriate. The tax effect of most distributions would be significantly offset by available foreign tax credits.

STOCK-BASED COMPENSATION: The Company applies the intrinsic value based method of accounting prescribed by APB Opinion No. 25 and related interpretations in accounting for stock-based compensation plans. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock.

FOREIGN CURRENCY TRANSLATION: The functional currency for most foreign operations is the local currency. The translation of foreign currencies into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for income and expense accounts using monthly average exchange rates. The cumulative effects of translating the functional currencies into the U.S. dollar are included in comprehensive income. Foreign entities whose functional currency is the U.S. dollar are not significant.

B - ACQUISITIONS

During 1999, the Company acquired 29 businesses in transactions accounted for as purchases. These transactions required the use of $290.1 in cash, net of cash acquired, and 1,227,500 shares of common stock valued at $25.8. Options to purchase an additional 39,568 shares of common stock valued at $1.1 were also extended by the Company in substitution for previously existing options. These amounts include additional consideration of $19.3 paid for prior year acquisitions. The excess of the purchase price over the fair value of the net assets acquired increased goodwill by $233.4. These acquired businesses manufacture and distribute products primarily to the commercial furnishings and residential furnishings markets, as well as the other markets the Company serves.

The unaudited pro forma consolidated net sales for the years ended December 31, 1999 and 1998 as though the 1999 acquisitions had occurred on January 1 of each year presented were $4,031.3 and $3,810.7, respectively. The unaudited pro forma consolidated net earnings and earnings per share are not materially different from the amounts reflected in the accompanying financial statements. These pro forma amounts are not necessarily indicative of either results of operations that would have occurred had the purchases been made on January 1 of each year or of future results of the combined companies.

During 1998, the Company acquired 16 businesses in transactions accounted for as purchases. These transactions required the use of $117.1 in cash, net of cash acquired, and 2,741,480 shares of common stock valued at $59.8. The excess of the purchase price over the fair value of the net assets acquired increased goodwill by $121.8. The Company also issued 183,892 shares to acquire one business in a transaction accounted for as a pooling of interests. The Company elected not to restate its financial statements as the effect of this pooling was not material. These acquired businesses manufacture and distribute products primarily to the commercial furnishings and residential furnishings markets, as well as the other markets the Company serves.

During 1997, the Company acquired the assets of 28 companies in exchange for $171.6 in cash, net of cash acquired, and 2,180,100 shares of common stock valued at $38.7 in transactions accounted for as purchases. The excess of the purchase price over the fair value of the net assets acquired increased goodwill by $116.0. These companies manufacture and distribute products to residential furnishings, commercial furnishings and other markets. The Company also issued 3,736,960 shares to acquire two businesses in transactions accounted for as poolings of interests. The Company elected not to restate its financial statements as the effect of these poolings was not material. These businesses manufacture and distribute products to aluminum products markets.

The results of operations of the above acquired companies have been included in the consolidated financial statements since the dates of acquisition.

The terms of certain of the Company's acquisition agreements provide for additional consideration to be paid if the acquired company's results of operations exceed certain targeted levels. Such additional consideration may be paid in cash or shares of the Company's common stock, and is recorded when earned as additional purchase price. The maximum amount of additional consideration remaining at December 31, 1999 is approximately $92 and will be payable, if earned, through 2004.

C - EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

	1999	1998	1997
Basic			
Weighted average shares outstanding, including shares issuable for little or no cash	**198,492,506**	197,682,147	190,268,516
Net earnings	**$290.5**	$248.0	$208.3
Earnings per share	**$ 1.46**	$ 1.25	$ 1.09
Diluted			
Weighted average shares outstanding, including shares issuable for little or no cash	**198,492,506**	197,682,147	190,268,516
Additional dilutive shares principally from the assumed exercise of outstanding stock options	**2,445,498**	2,987,686	2,921,108
	200,938,004	200,669,833	193,189,624
Net earnings	**$290.5**	$248.0	$208.3
Earnings per share	**$ 1.45**	$ 1.24	$ 1.08

D - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities at December 31 consist of the following:

	1999	1998
Accrued expenses		
Wages and commissions payable	**$ 48.5**	$ 36.0
Workers' compensation, medical, auto and product liability insurance	**42.9**	45.5
Income taxes	**11.2**	5.9
Other	**91.6**	81.4
	$194.2	$168.8
Other current liabilities		
Outstanding checks in excess of book balances	**$ 47.4**	$ 46.5
Current maturities of long-term debt	**3.8**	5.2
Other	**40.0**	46.1
	$ 91.2	$ 97.8

E - LONG-TERM DEBT

Long-term debt, weighted average interest rates and due dates at December 31 are as follows:

	1999	1998
Medium-term notes, fixed interest rates of 6.8% for both 1999 and 1998, due dates through 2009	**$560.0**	$491.0
Commercial paper, variable interest rate of 5.9% for 1999, due dates in 2000	**144.7**	–
Industrial development bonds, principally variable interest rates of 5.7% and 4.5% for 1999 and 1998, respectively, due dates through 2030	**39.9**	38.9
Other, partially secured	**46.6**	49.4
	791.2	579.3
Less current maturities	**3.8**	5.2
	$787.4	$574.1

At December 31, 1999, the revolving credit agreements provided for a maximum line of credit of $295. In January 2000, this amount was increased to $340. For any revolving credit agreement, the Company may elect to pay interest based on 1) the bank's base lending rate, 2) LIBOR, 3) an adjusted certificate of deposit rate, or 4) the money market rate, as specified in the revolving credit agreements. Agreement amounts of $227.5 and $112.5 will terminate July 31, 2004 and August 28, 2000, respectively, at which time all outstanding balances will become due.

Medium-term notes and commercial paper that mature in the current year are classified as long-term debt since the Company intends to refinance them on a long-term basis either through continued issuance or unused credit available under the revolving credit agreements.

The revolving credit agreements and certain other long-term debt contain restrictive covenants which, among other restrictions, limit the amount of additional debt and require net earnings to meet or exceed specified levels of funded debt.

Maturities of long-term debt for each of the five years following 1999 are:

Year ended December 31	
2000	$ 3.8
2001	62.2
2002	80.4
2003	123.4
2004	274.2

In November 1999, the Company completed a $500 shelf registration of debt, of which $350 of 7.65% five-year public notes was issued in February 2000. This debt was subsequently converted to variable rate debt by the use of an interest rate swap agreement.

F - LEASE OBLIGATIONS

The Company conducts certain operations in leased premises and also leases most of its automotive and trucking equipment and some other assets. Terms of the leases, including purchase options, renewals and maintenance costs, vary by lease.

Total rental expense entering into the determination of results of operations was $36.4, $29.6 and $27.3 for the years ended December 31, 1999, 1998 and 1997, respectively.

Future minimum rental commitments for all long-term noncancelable operating leases are as follows:

Year ended December 31	
2000	$19.0
2001	12.8
2002	8.4
2003	4.9
2004	2.4
Later years	2.6
	$50.1

The above lease obligations expire at various dates through 2010. Certain leases contain renewal and/or purchase options. Aggregate rental commitments above include renewal amounts where it is the intention of the Company to renew the lease.

G - CAPITAL STOCK

STOCK ACTIVITY

Activity in the Company's stock accounts for each of the three years ended December 31 is as follows:

	Common Stock	Treasury Stock
Balance, January 1, 1997	184,227,572	(12,540)
Shares issued	8,531,548	930,280
Treasury stock purchased	–	(922,514)
Balance, December 31, 1997	192,759,120	(4,774)
Shares issued	5,006,971	779,695
Treasury stock purchased	–	(857,501)
Balance, December 31, 1998	197,766,091	(82,580)
Shares issued	961,659	2,342,411
Treasury stock purchased	–	(4,107,287)
Balance, December 31, 1999	**198,727,750**	**(1,847,456)**

The Company issues shares for employee stock plans and acquisitions. The Company purchases its common stock to meet the requirements of the employee stock purchase and incentive plans, to replace shares issued in purchase acquisitions and to satisfy contractual obligations. The Company will also receive shares in stock-for-stock option exercises.

STOCK OPTIONS

At December 31, 1999, the Company had 13,643,867 common shares authorized for issuance under stock option plans. Generally, options become exercisable in varying installments, beginning 6 to 18 months after the date of grant, and have a maximum term of 5-15 years. Options may be issued with exercise prices at or below market price. Compensation cost charged against income related to the Company's stock option grants for each of the years ending December 31, 1999, 1998 and 1997 was $11.5, $8.9 and $6.6, respectively. Compensation cost includes amounts for options granted under the deferred compensation plan for certain executives, which allows the executive to elect stock options in lieu of future salary and bonuses. Had compensation cost for the Company's stock-based compensation plans been determined based on the estimated fair value of the options at the grant dates, consistent with the method of FASB Statement No. 123, the Company's net income and earnings per share would not be significantly reduced.

A summary of the Company's stock option plans as of December 31, 1999, 1998 and 1997, and changes during the years ending on those dates is presented below:

	Shares	Weighted Average Exercise Price per Share
Outstanding at January 1, 1997	8,791,304	$ 8.01
Granted	1,429,502	10.18
Exercised	(2,066,732)	6.45
Forfeited	(161,480)	11.76
Outstanding at December 31, 1997	7,992,594	8.72
Granted	966,798	14.38
Exercised	(1,218,447)	9.05
Forfeited	(36,760)	16.85
Outstanding at December 31, 1998	7,704,185	9.34
Granted	4,998,591	16.33
Exercised	(1,279,755)	6.29
Forfeited	(104,340)	19.99
Outstanding at December 31, 1999	**11,318,681**	**$ 12.67**
Options exercisable at		
December 31, 1999	**5,605,669**	**$ 8.43**
December 31, 1998	4,646,155	6.67
December 31, 1997	3,488,022	6.16

	1999	1998	1997
Weighted-average fair value of options:			
Granted at market price	**$ 4.59**	$ 5.66	$ 4.44
Granted below market price	**17.67**	16.52	12.27
Weighted-average exercise price of options:			
Granted at market price	**20.09**	23.20	20.31
Granted below market price	**2.50**	3.17	4.54
Principal assumptions used in calculating fair value consistent with the method of FASB Statement No. 123:			
Risk-free interest rate	**5.2%**	5.1%	6.0%
Expected life in years	**4.8**	5.1	4.8
Expected volatility	**23.0%**	20.0%	19.0%
Expected dividend yield	**1.5%**	1.5%	1.7%

The following table summarizes information about stock options outstanding at December 31, 1999:

	Options Outstanding		
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life In Years	Weighted-Average Exercise Price
$ .01 – $ 2.60	1,866,376	9.9	$ .09
2.61 – 5.19	988,965	14.5	4.01
5.20 – 10.39	1,217,732	1.9	9.14
10.40 – 12.98	1,830,013	1.2	11.45
12.99 – 15.58	551,366	6.2	13.69
15.59 – 18.18	68,906	2.2	16.47
18.19 – 20.78	3,861,273	4.5	20.01
20.79 – 23.37	777,500	3.2	22.41
23.38 – 25.97	156,550	4.0	24.62

	Options Exercisable	
Range of Exercise Prices	Number Exercisable	Weighted-Average Exercise Price
$ .01 – $ 2.60	1,407,166	$ .12
2.61 – 5.19	478,819	4.03
5.20 – 10.39	987,569	8.94
10.40 – 12.98	1,823,990	11.45
12.99 – 15.58	518,362	13.69
15.59 – 18.18	43,152	16.45
18.19 – 20.78	86,428	20.71
20.79 – 23.37	246,354	22.44
23.38 – 25.97	13,829	25.41

The Company also has authorized shares for issuance in connection with certain employee stock benefit plans discussed in Note H.

PAR VALUE AMENDMENT

In 1993, the Company's shareholders approved an amendment to the Company's Restated Articles of Incorporation reducing the par value of Common Stock to $.01 from $1. The amendment provided that the stated capital of the Company would not be affected as of the date of the amendment. Accordingly, stated capital of the Company exceeds the amount reported as common stock in the financial statements by approximately $39.

SHAREHOLDER PROTECTION RIGHTS PLAN

In 1989, the Company declared a dividend distribution of one preferred stock purchase right (a Right) for each share of common stock. The Rights were attached to and traded with the Company's common stock. The Rights became exercisable only under certain circumstances involving actual or potential acquisitions of the Company's common stock. The Rights expired in February 1999. The Company simultaneously issued substantially identical rights, which remain in existence until February 2009, unless they are exercised, exchanged or redeemed at an earlier date. Depending upon the circumstances, if these Rights become exercisable, the holder may be entitled to purchase shares of Series A junior preferred stock of the Company, shares of the Company's common stock or shares of common stock of the acquiring entity.

H - EMPLOYEE BENEFIT PLANS

The following table provides information at December 31 as to the Company sponsored defined benefit pension plans:

	1999	1998	1997
Change in Benefit Obligation			
Benefit obligation,			
beginning of period	**$100.1**	$ 89.5	$ 69.2
Service cost	**3.2**	2.2	1.6
Interest cost	**5.3**	5.1	5.0
Plan participants' contributions	**4.3**	4.0	3.5
Actuarial (gains) losses	**(4.9)**	4.4	14.7
Benefits paid	**(5.9)**	(5.1)	(4.5)
Benefit obligation, end of period	**102.1**	100.1	89.5
Change in Plan Assets			
Fair value of plan assets,			
beginning of period	**132.1**	127.6	98.8
Actual return on plan assets	**24.1**	5.6	29.8
Plan participants' contributions	**4.3**	4.0	3.5
Benefits paid	**(5.9)**	(5.1)	(4.5)
Fair value of plan assets, end of period	**154.6**	132.1	127.6
Plan Assets in Excess of			
Benefit Obligations	**52.5**	32.0	38.1
Unrecognized net actuarial gains	**(24.3)**	(5.6)	(14.8)
Unrecognized net transition asset	**(0.7)**	(1.0)	(1.7)
Unrecognized prior service cost	**(0.2)**	(.3)	(.3)
Prepaid pension cost	**$ 27.3**	$ 25.1	$ 21.3
Components of Net Pension Income			
Service cost	**$ (3.2)**	$ (2.2)	$ (1.6)
Interest cost	**(5.3)**	(5.1)	(5.0)
Expected return on plan assets	**10.3**	10.0	7.9
Amortization of net transition asset	**.4**	.7	.7
Recognized net actuarial gain	**–**	.4	–
Net pension income	**$ 2.2**	$ 3.8	$ 2.0
Weighted Average Assumptions			
Discount rate	**6.00%**	5.50%	6.00%
Expected return on plan assets	**8.00%**	8.00%	8.00%
Rate of compensation increase	**4.40%**	4.40%	5.20%

Plan assets are invested in a diversified portfolio of equity, debt and government securities, including 1,176,000 shares of the Company's common stock at December 31, 1999.

Contributions to union sponsored, defined benefit, multiemployer pension plans were $.7, $.2, and $.2 in 1999, 1998 and 1997, respectively. These plans are not administered by the Company and contributions are determined in accordance with provisions of negotiated labor contracts. As of 1999, the actuarially computed values of vested benefits for these plans were primarily equal to or less than the net assets of the plans. Therefore, the Company would have no material withdrawal liability. However, the Company has no present intention of withdrawing from any of these plans, nor has the Company been informed that there is any intention to terminate such plans.

Net pension expense, including Company sponsored defined benefit plans, multiemployer plans and other plans, was $4.3, $2.1 and $2.1 in 1999, 1998 and 1997, respectively.

The Company has a contributory stock purchase/ stock bonus plan (SPSB Plan), a nonqualified executive stock purchase program (ESPP) and an employees' discount stock plan (DSP). The SPSB Plan provides Company pre-tax contributions of 50% of the amount of employee contributions. The ESPP provides cash payments of 50% of the employees' contributions, along with an additional payment to assist employees in paying taxes on the cash payments. To the extent possible, contributions to the ESPP are invested in the Company's common stock through the DSP. In addition, the Company matches its contributions when certain profitability levels, as defined in the SPSB Plan and the ESPP, have been attained. The Company's total contributions to the SPSB Plan and the ESPP were $8.5, $6.9 and $5.8 for 1999, 1998 and 1997, respectively.

Under the DSP, eligible employees may purchase a maximum of 19,000,000 shares of Company common stock. The purchase price per share is 85% of the closing market price on the last business day of each month. Shares purchased under the DSP were 1,026,479, 894,445 and 871,394 during 1999, 1998 and 1997, respectively. Purchase prices ranged from $10 to $24 per share. Since inception of the DSP in 1982, a total of 14,127,222 shares have been purchased by employees.

I - INCOME TAXES

The components of earnings before income taxes are as follows:

Year ended December 31	**1999**	1998	1997
Domestic	**$ 397.2**	$ 340.8	$ 292.2
Foreign	**65.4**	54.8	41.1
	$ 462.6	$ 395.6	$ 333.3

Income tax expense is comprised of the following components:

Year ended December 31	**1999**	1998	1997
Current			
Federal	**$ 141.1**	$ 108.1	$ 102.2
State and local	**11.8**	4.2	9.9
Foreign	**25.9**	18.0	14.4
	178.8	130.3	126.5
Deferred			
Federal	**(5.1)**	4.1	(5.5)
State and local	**3.3**	11.0	4.1
Foreign	**(4.9)**	2.2	(.1)
	(6.7)	17.3	(1.5)
	$ 172.1	$ 147.6	$ 125.0

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The major temporary differences that give rise to deferred tax assets or liabilities are as follows:

December 31	**1999**	1998
Property, plant and equipment	**$ (67.8)**	$ (70.0)
Accrued expenses	**55.0**	51.3
Prepaid pension cost	**(10.7)**	(10.1)
Other, net	**(19.2)**	(20.8)
	$ (42.7)	$ (49.6)

Deferred tax assets and liabilities included in the consolidated balance sheet are as follows:

December 31	**1999**	1998
Other current assets	**$ 25.8**	$ 25.3
Deferred income taxes	**(68.5)**	(74.9)
	$(42.7)	$(49.6)

A valuation allowance has not been provided for the deferred tax asset as the Company believes it will be realized through future taxable income and reversal of other timing differences.

Income tax expense, as a percentage of earnings before income taxes, differs from the statutory federal income tax rate as follows:

Year ended December 31	**1999**	1998	1997
Statutory federal income tax rate	**35.0%**	35.0%	35.0%
Increases in rate resulting primarily			
from state and other jurisdictions	**2.2**	2.3	2.5
Effective tax rate	**37.2%**	37.3%	37.5%

J - SEGMENT INFORMATION

The Company has primarily determined its reportable segments based upon the internal organization, which is generally focused on broad end-user markets for its diversified products. Residential Furnishings derives its revenues from bedding, furniture and other furnishings components and related consumer products. Commercial Furnishings derives its revenues from office and institutional furnishings components, retail store fixtures, displays and other commercial products and systems. The Aluminum Products segment derives its revenues from die castings, custom tooling and dies, machining and coating and aluminum raw materials (ingot). Industrial Materials derives its revenues from drawn wire, specialty wire products and welded steel tubing materials. Specialized Products is a combination of segments which derive their revenues from machinery and manufacturing equipment and automotive seating suspension, lumbar support and control cable systems.

The accounting principles used in the preparation of the segment information are the same as used for the consolidated financial statements, except that the segment assets and income reflect the FIFO basis of accounting for inventory. Certain inventories are accounted for using the LIFO basis in the consolidated financial statements. The Company evaluates performance based on earnings from operations before interest and income taxes (EBIT). Intersegment sales are made primarily at prices that approximate market-based selling prices. Centrally incurred costs are allocated to the segments based on estimates of services used by the segment. Certain general and administrative costs of the Company are allocated to the segments based on sales. Asset information for the segments includes only inventory, trade receivables, net property, plant and equipment and unamortized purchased intangibles. These segment assets are reflected in the segment information at their estimated average for the year. Long-lived assets as disclosed include property, plant and equipment, goodwill and other intangibles, and long-term assets. Centrally incurred costs and allocated general and administrative costs include depreciation and other costs related to assets that are not allocated or otherwise included in the segment assets. Prior years' segment results have been restated due to a change in organizational structure and to conform to the current presentation. The impact of restatement of prior years is not significant.

Summarized financial information concerning the Company's reportable segments is shown in the following tables:

Year ended December 31	External Sales	Inter-Segment Sales	Total Sales	EBIT
1999				
Residential Furnishings	**$1,946.6**	**$ 9.5**	**$1,956.1**	**$219.7**
Commercial Furnishings	**778.1**	**2.9**	**781.0**	**126.9**
Aluminum Products	**532.8**	**15.6**	**548.4**	**52.6**
Industrial Materials	**282.6**	**202.1**	**484.7**	**70.1**
Specialized Products	**238.9**	**41.9**	**280.8**	**34.1**
Intersegment eliminations				**(2.6)**
Adjustment to LIFO method				**1.7**
	$3,779.0	**$272.0**	**$4,051.0**	**$502.5**
1998				
Residential Furnishings	$1,777.2	$ 6.8	$1,784.0	$198.3
Commercial Furnishings	623.3	1.7	625.0	111.1
Aluminum Products	501.1	16.8	517.9	32.6
Industrial Materials	269.6	193.5	463.1	51.9
Specialized Products	199.2	46.4	245.6	28.6
Intersegment eliminations				(1.3)
Adjustment to LIFO method				7.9
	$3,370.4	$265.2	$3,635.6	$429.1
1997				
Residential Furnishings	$ 1,592.6	$ 2.8	$1,595.4	$171.1
Commercial Furnishings	464.4	.3	464.7	85.3
Aluminum Products	441.4	17.6	459.0	44.6
Industrial Materials	259.7	180.1	439.8	43.5
Specialized Products	151.1	33.1	184.2	21.1
Intersegment eliminations				.3
Adjustment to LIFO method				(3.4)
	$2,909.2	$233.9	$3,143.1	$362.5

	Assets	Additions to Property, Plant and Equipment	Acquired Companies' Long-Lived Assets	Depreciation and Amortization
1999				
Residential Furnishings	**$1,173.4**	**$ 60.7**	**$128.3**	**$ 61.7**
Commercial Furnishings	**721.4**	**21.8**	**163.2**	**28.4**
Aluminum Products	**441.1**	**30.5**	**–**	**22.2**
Industrial Materials	**204.8**	**17.6**	**5.3**	**13.9**
Specialized Products	**216.8**	**15.0**	**16.2**	**12.4**
Unallocated assets	**204.0**	**13.5**		**10.7**
Adjustment to year-end vs. average assets	**16.0**			
	$2,977.5	**$159.1**	**$313.0**	**$149.3**
1998				
Residential Furnishings	$ 971.0	$ 54.4	$ 64.7	$ 58.0
Commercial Furnishings	469.8	9.7	116.1	21.4
Aluminum Products	404.4	42.6	24.5	17.9
Industrial Materials	204.5	7.3	10.4	12.7
Specialized Products	188.8	28.1	4.6	8.9
Unallocated assets	285.9	5.5		9.0
Adjustment to year-end vs. average assets	10.9			
	$2,535.3	$147.6	$220.3	$127.9
1997				
Residential Furnishings	$ 856.7	$ 40.4	$ 67.7	$ 48.9
Commercial Furnishings	315.0	13.3	75.7	15.4
Aluminum Products	353.3	23.9	11.1	13.6
Industrial Materials	179.9	18.3	2.8	11.5
Specialized Products	178.9	15.0	46.9	8.4
Unallocated assets	227.6	8.5		7.8
Adjustment to year-end vs. average assets	(5.1)			
	$2,106.3	$119.4	$204.2	$105.6

Revenues from external customers, by product line, are as follows:

Year ended December 31	**1999**	1998	1997
Residential Furnishings			
Bedding components	**$ 742.8**	$ 663.2	$ 596.3
Residential furniture components	**444.4**	412.0	371.7
Finished & consumer products	**510.5**	463.3	414.2
Other residential furnishings products	**248.9**	238.7	210.4
	1,946.6	1,777.2	1,592.6
Commercial Furnishings			
Store displays, fixtures & storage products	**502.1**	369.7	236.9
Office furnishings & plastic components	**276.0**	253.6	227.5
	778.1	623.3	464.4
Aluminum Products			
Die cast products	**457.7**	423.3	355.3
Smelter, tool & die operations	**75.1**	77.8	86.1
	532.8	501.1	441.4
Industrial Materials			
Wire, wire products & steel tubing	**282.6**	269.6	259.7
Specialized Products			
Automotive products & specialized machinery	**238.9**	199.2	151.1
	$3,779.0	$3,370.4	$2,909.2

The Company's operations outside of the United States are principally in Canada, Europe and Mexico, none of which are individually material to its consolidated operations. The geographic information that follows regarding sales is based on the area of manufacture.

Year ended December 31	**1999**	1998	1997
External sales			
United States	**$3,345.8**	$3,025.9	$2,636.6
Foreign	**433.2**	344.5	272.6
	$3,779.0	$3,370.4	$2,909.2
Long-lived assets			
United States	**$1,421.4**	$1,183.8	$ 989.2
Foreign	**299.9**	214.4	172.5
	$1,721.3	$1,398.2	$1,161.7

K - 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. One of the Company's subsidiaries was involved in an unfair labor complaint filed by the National Labor Relations Board prior to the Company's acquisition of the subsidiary. This matter has been resolved consistent with management's expectations and did not have a material adverse effect on the Company's financial statements.

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.

(Unaudited)
(Dollar amounts in millions)

INTEREST RATE

The table below provides information about the Company's debt obligations sensitive to changes in interest rates. The Company has no other significant financial instruments sensitive to changes in interest rates. The Company has not typically in the past used derivative financial instruments to hedge its exposure to interest rate changes. However, during 1999, $14 of fixed rate debt was issued and converted to variable rate debt by the use of an interest rate swap agreement, and is included as variable rate debt in the table below. Substantially all of the debt shown in the table below is denominated in United States dollars (U.S.$). The fair value of fixed rate debt was less than its carrying value by $11.2 at December 31, 1999, and exceeded its carrying value by $23 at December 31, 1998. The Fair Value of the Fixed Rate Debt was calculated using the U.S. Treasury Bond rate as of December 31, 1999 and 1998 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.

Long-term debt	Scheduled Maturity Date							
as of December 31,	2000	2001	2002	2003	2004	Thereafter	**1999**	1998
Principal fixed rate debt	$15.0*	$50.0	$75.0	$114.5	$100.0	$216.7	**$571.2**	$516.2
Average interest rate	5.65%	7.22%	7.18%	6.27%	6.98%	6.71%	**6.75%**	6.71%
Principal variable rate debt	–	4.0	2.9	1.8	158.7	26.0	**193.4**	33.7
Average interest rate	–	5.40%	5.35%	5.50%	5.92%	5.55%	**5.85%**	4.36%
Miscellaneous debt							**26.6**	29.4
Total debt							**791.2**	579.3
Less: current maturities*							**(3.8)**	(5.2)
Total long-term debt							**$787.4**	$574.1

** The 2000 scheduled maturity is not included in current maturities, as the Company intends to refinance this note on a long-term basis either through reissuance or unused credit available under its revolving credit agreements.*

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 transaction is made on a case-by-case basis. The amount of forward contracts outstanding at December 31, 1999 was approximately $6.5 ($0.4 Pay U.S. $/Receive Mexican Pesos and $6.1 Pay U.S. $/Receive Spanish Pesetas). The highest amount of forward contracts during 1999 was approximately $15.4 (Pay U.S. $/Receive British Pounds).

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 at December 31 is as follows:

Functional Currency	**1999**	1998
Canadian Dollar	**$154.7**	$104.6
European Currencies	**99.0**	67.8
Mexican Peso	**38.1**	–
Other	**10.0**	0.2
	$301.8	$172.6

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 $73 and $48 (at cost) in inventory at December 31, 1999 and 1998, respectively. 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.

Quarterly Summary of Earnings

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

(Unaudited)

(Dollar amounts in millions, except per share data)

	First	Second	Third	Fourth	Total
Year ended December 31, 1999					
Net sales	**$887.6**	**$935.2**	**$991.1**	**$965.1**	**$3,779.0**
Gross profit	**232.4**	**253.4**	**269.9**	**264.6**	**1,020.3**
Earnings before income taxes	**105.1**	**115.1**	**124.0**	**118.4**	**462.6**
Net earnings	**66.1**	**72.4**	**77.7**	**74.3**	**290.5**
Earnings per share					
Basic	**$ .33**	**$ .37**	**$ .39**	**$ .37**	**$ 1.46**
Diluted	**$ .33**	**$ .36**	**$ .39**	**$ .37**	**$ 1.45**
Year ended December 31, 1998					
Net sales	$ 793.2	$ 855.4	$ 884.1	$ 837.7	$ 3,370.4
Gross profit	202.3	219.3	228.8	221.1	871.5
Earnings before income taxes	92.7	100.8	104.4	97.7	395.6
Net earnings	57.9	63.4	65.2	61.5	248.0
Earnings per share					
Basic	$ .29	$ .32	$ .33	$ .31	$ 1.25
Diluted	$ .29	$ .32	$ .32	$ .31	$ 1.24

Selected Financial Data

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES

(Unaudited)

(Dollar amounts in millions, except per share data)

	1999	1998	1997	1996	1995
Summary of Operations					
Net sales	**$3,779.0**	$3,370.4	$2,909.2	$2,466.2	$2,256.9
Earnings from continuing operations	**290.5**	248.0	208.3	153.0	134.3
Earnings per share from continuing operations					
Basic	**1.46**	1.25	1.09	.84	.76
Diluted	**1.45**	1.24	1.08	.83	.75
Cash dividends declared per share	**.36**	.315	.27	.23	.19
Summary of Financial Position					
Total assets	**$2,977.5**	$2,535.3	$2,106.3	$1,712.9	$1,478.1
Long-term debt	**787.4**	574.1	466.2	388.5	380.6

Merger related costs of $16.4 after-tax, or $.09 per basic and diluted share are included in 1996 earnings from continuing operations.

The Company's common stock is listed on The New York and Pacific Stock Exchanges with the trading symbol LEG. Effective at the close of trading on October 15, 1999, Standard & Poor's added Leggett & Platt to the S&P 500 Index. The table below highlights quarterly and annual stock market information for the last two years.

	Price Range High	Price Range Low	Volume of Shares traded	Dividend Declared
1999:				
Fourth Quarter	**$24.188**	**$18.625**	**40,107,000**	**$ .09**
Third Quarter	**28.000**	**19.438**	**19,910,000**	**.09**
Second Quarter	**28.313**	**19.438**	**21,907,600**	**.09**
First Quarter	**22.688**	**19.063**	**26,443,700**	**.09**
For the Year	**$28.313**	**$18.625**	**108,368,300**	**$ .36**
1998:				
Fourth Quarter	$25.125	$16.875	16,458,000	$ .08
Third Quarter	28.750	19.063	14,293,900	.08
Second Quarter	28.344	24.688	20,038,900	.08
First Quarter	27.938	20.438	20,547,400	.075
For the Year	$28.750	$16.875	71,338,200	$.315

Price and volume data reflect composite transactions and prices as reported daily by The Wall Street Journal.

SHAREHOLDER DISTRIBUTION

The Company estimates it has approximately 45,000 shareholders, including 15,426 shareholders of record on February 25, 2000. This estimate includes employees who are not shareholders of record but are participants in the Company's stock benefit plans. It also includes more than 28,000 beneficial shareholders whose shares are being held in brokerage firm accounts in "street name". Institutional shareholders hold an estimated 55% of the Company's shares.

DIVIDEND RECORD

Cash dividends have been paid on the Company's common stock in each year since 1939. The annual dividend rate has been increased for 29 consecutive years. The current indicated annual rate is $.40 per share. Over the last 29 years, the quarterly dividend has increased at a compound annual rate of 15.2%.