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, 1999

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, 1999 | 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, 1999: 196,707,445

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

| (Amounts in millions) | June 30, 1999 | December 31, 1998 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 13.4 | $ 83.5 |
| Accounts and notes receivable | 585.5 | 516.6 |
| Allowance for doubtful accounts | (16.3) | (13.5) |
| Inventories | 514.4 | 486.2 |
| Other current assets | 66.8 | 64.3 |
| Total current assets | 1,163.8 | 1,137.1 |
| PROPERTY, PLANT & EQUIPMENT, NET | 844.8 | 820.4 |
| OTHER ASSETS | | |
| Excess cost of purchased companies over net assets acquired, less accumulated amortization of $58.1 in 1999 and $50.8 in 1998 | 601.5 | 498.9 |

| | | |
|---|---|---|
| Other intangibles, less accumulated amortization of $28.6 in 1999 and $25.3 in 1998 | 30.2 | 29.7 |
| Sundry | 46.7 | 49.2 |
| Total other assets | 678.4 | 577.8 |
| TOTAL ASSETS | $ 2,687.0 | $ 2,535.3 |
| CURRENT LIABILITIES | | |
| Accounts and notes payable | $ 158.9 | $ 134.8 |
| Accrued expenses | 189.5 | 168.8 |
| Other current liabilities | 77.5 | 97.8 |
| Total current liabilities | 425.9 | 401.4 |
| LONG-TERM DEBT | 611.6 | 574.1 |
| OTHER LIABILITIES | 52.0 | 48.1 |
| DEFERRED INCOME TAXES | 75.5 | 74.9 |
| SHAREHOLDERS' EQUITY | | |
| Common stock | 2.0 | 2.0 |
| Additional contributed capital | 419.1 | 396.1 |
| Retained earnings | 1,161.7 | 1,058.7 |
| Accumulated other comprehensive income | (17.2) | (18.2) |
| Treasury stock | (43.6) | (1.8) |
| Total shareholders' equity | 1,522.0 | 1,436.8 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 2,687.0 | $ 2,535.3 |

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, | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| Net sales | $ 1,822.8 | $ 1,648.6 | $ 935.2 | $ 855.4 |
| Cost of goods sold | 1,337.0 | 1,227.8 | 681.8 | 636.1 |
| Gross profit | 485.8 | 421.6 | 253.4 | 219.3 |
| Selling, distribution and administrative expenses | 233.5 | 203.6 | 120.8 | 105.0 |
| Other deductions (income), net | 14.1 | 8.3 | 8.0 | 4.2 |
| Earnings before interest and income taxes | 238.2 | 209.7 | 124.6 | 110.1 |
| Interest expense | 19.4 | 18.8 | 10.0 | 10.0 |
| Interest income | 1.4 | 2.6 | 0.5 | 0.7 |
| Earnings before income taxes | 220.2 | 193.5 | 115.1 | 100.8 |
| Income taxes | 81.7 | 72.2 | 42.7 | 37.4 |
| NET EARNINGS | $ 138.5 | $ 121.3 | $ 72.4 | $ 63.4 |
| Earnings Per Share | | | | |
| Basic | $ 0.70 | $ 0.62 | $ 0.37 | $ 0.32 |
| Diluted | $ 0.69 | $ 0.61 | $ 0.36 | $ 0.32 |
| Cash Dividends Declared Per Share | $ 0.18 | $ 0.155 | $ 0.09 | $ 0.08 |
| Average Shares Outstanding | | | | |
| Basic | 198.6 | 196.9 | 198.1 | 197.6 |
| Diluted | 201.2 | 200.3 | 200.9 | 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, 1999 | Six Months Ended June 30, 1998 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net Earnings | $ 138.5 | $ 121.3 |
| Adjustments to reconcile net earnings to net cash provided by operating activities | | |
| Depreciation | 61.3 | 50.7 |
| Amortization | 12.9 | 10.3 |
| Other | 5.3 | 2.8 |
| Other changes, net of effects from purchases of companies | | |
| Increase in accounts receivable, net | (33.5) | (21.0) |
| Increase in inventories | (6.7) | (13.0) |
| Increase in other current assets | (0.2) | (2.9) |
| Increase (decrease) in current liabilities | 37.3 | (9.1) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 214.9 | 139.1 |
| INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (77.0) | (67.9) |
| Purchases of companies, net of cash acquired | (105.1) | (73.5) |
| Other | 6.7 | (6.6) |
| NET CASH USED FOR INVESTING ACTIVITIES | (175.4) | (148.0) |
| FINANCING ACTIVITIES | | |
| Additions to debt | 45.8 | 257.9 |
| Payments on debt | (43.4) | (186.5) |
| Dividends paid | (51.0) | (43.9) |
| Issuances of common stock | 1.8 | 0.0 |
| Purchases of common stock | (63.1) | 0.0 |
| Other | 0.3 | (4.6) |
| NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES | (109.6) | 22.9 |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (70.1) | 14.0 |
| CASH AND CASH EQUIVALENTS - January 1, | 83.5 | 7.7 |
| CASH AND CASH EQUIVALENTS - June 30, | $ 13.4 | $ 21.7 |

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED 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 position of Leggett & Platt, Incorporated and Consolidated Subsidiaries (the "Company").

2.INVENTORIES

Inventories, using principally the Last-In, First-Out (LIFO) cost method, comprised the following:

| | June 30, 1999 | December 31, 1998 |
|---|---|---|
| At First-In, First-Out (FIFO) cost | | |
| Finished goods | $ 278.2 | $ 251.7 |
| Work in process | 62.3 | 56.2 |
| Raw materials | 180.9 | 185.5 |
| | 521.4 | 493.4 |
| Excess of FIFO cost over LIFO cost | 7.0 | 7.2 |
| | $ 514.4 | $ 486.2 |

3. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment comprised the following:

| | June 30, 1999 | December 31, 1998 |
|---|---|---|
| Property, plant and equipment, at cost | $ 1,511.8 | $ 1,435.0 |
| Less accumulated depreciation | 667.0 | 614.6 |
| | $ 844.8 | $ 820.4 |

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, 1999 and 1998, comprehensive income was $139.5 and $116.2, respectively.

5. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

| | Six Months Ended June 30, 1999 | Six Months Ended June 30, 1998 | Three Months Ended June 30, 1999 | Three Months Ended June 30, 1998 |
|---|---|---|---|---|
| Basic | | | | |
| Weighted average shares outstanding, including shares issuable for little or no cash | 198.6 | 196.9 | 198.1 | 197.6 |
| Net earnings | $ 138.5 | $ 121.3 | $ 72.4 | $ 63.4 |
| Earnings per share - basic | $ 0.70 | $ 0.62 | $ 0.37 | $ 0.32 |
| Diluted | | | | |
| Weighted average shares outstanding, including shares issuable for little or no cash | 198.6 | 196.9 | 198.1 | 197.6 |
| Additional dilutive shares principally from the assumed exercise of outstanding stock options | 2.6 | 3.4 | 2.8 | 3.3 |
| | 201.2 | 200.3 | 200.9 | 200.9 |
| Net earnings | $ 138.5 | $ 121.3 | $ 72.4 | $ 63.4 |
| Earnings per share - diluted | $ 0.69 | $ 0.61 | $ 0.36 | $ 0.32 |

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. One of the Company's subsidiaries is involved in an unfair labor complaint filed by the National Labor Relations Board prior to the Company's acquisition of the subsidiary. An administrative decision has been rendered against the subsidiary, which has been upheld by the courts. The Company is currently pursuing actions to resolve this matter.

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

6. CONTINGENCIES - CONTINUED

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 and 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, and components for office and institutional furnishings. 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 sold to trade customers as well as other Leggett segments. Specialized Products is a combination of non-reportable segments which derive their revenues from machinery and manufacturing equipment, automotive seating suspension and lumbar supports, and control cable systems.

A summary of segment results for the six months ended June 30, 1999 and 1998 and the quarters ended June 30 and March 31, 1999 and 1998 are shown in the following tables. Prior periods' 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 periods is not significant.

| | External Sales | Inter-Segment Sales | Total Sales | EBIT |
|---|---|---|---|---|
| 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 | - | - | - | 0.2 |
| Totals | $1,822.8 | $ 143.5 | $1,966.3 | $238.2 |
| Six Months ended June 30, 1998 | | | | |
| Residential Furnishings | $ 866.7 | $ 3.2 | $ 869.9 | $ 95.4 |
| Commercial Furnishings | 291.4 | 0.8 | 292.2 | 49.6 |
| Aluminum Products | 277.3 | 8.1 | 285.4 | 26.9 |
| Industrial Materials | 123.0 | 100.1 | 223.1 | 22.4 |
| Specialized Products | 90.2 | 22.5 | 112.7 | 13.2 |
| Intersegment eliminations | - | - | - | (0.9) |
| Change in LIFO reserve | - | - | - | 3.1 |
| Totals | $1,648.6 | $ 134.7 | $1,783.3 | $209.7 |

7. SEGMENT INFORMATION - CONTINUED

| | External Sales | Inter-Segment Sales | Total Sales | EBIT |
|---|---|---|---|---|
| **Quarter ended June 30, 1999** | | | | |
| Residential Furnishings | $ 481.3 | $ 2.7 | $ 484.0 | $ 53.0 |
| Commercial Furnishings | 180.4 | 0.8 | 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 | - | - | - | (0.9) |
| Change in LIFO reserve | - | - | - | - |
| Totals | $935.2 | $69.8 | $1,005.0 | $124.6 |
| **Quarter ended June 30, 1998** | | | | |
| Residential Furnishings | $442.4 | $ 1.7 | $ 444.1 | $ 46.2 |
| Commercial Furnishings | 160.0 | 0.5 | 160.5 | 28.4 |
| Aluminum Products | 140.5 | 3.8 | 144.3 | 15.3 |
| Industrial Materials | 61.2 | 45.5 | 106.7 | 10.7 |
| Specialized Products | 51.3 | 8.7 | 60.0 | 7.4 |
| Intersegment eliminations | - | - | - | (0.2) |
| Change in LIFO reserve | - | - | - | 2.3 |
| Totals | $855.4 | $60.2 | $ 915.6 | $110.1 |
| **Quarter ended March 31, 1999** | | | | |
| Residential Furnishings | $469.4 | $ 2.3 | $ 471.7 | $ 51.7 |
| Commercial Furnishings | 160.0 | 0.8 | 160.8 | 25.6 |
| Aluminum Products | 137.6 | 4.2 | 141.8 | 12.1 |
| Industrial Materials | 66.0 | 55.1 | 121.1 | 17.1 |
| Specialized Products | 54.6 | 11.3 | 65.9 | 9.3 |
| Intersegment eliminations | - | - | - | (2.4) |
| Change in LIFO reserve | - | - | - | 0.2 |
| Totals | $887.6 | $73.7 | $ 961.3 | $113.6 |
| **Quarter ended March 31, 1998** | | | | |
| Residential Furnishings | $424.3 | $ 1.5 | $ 425.8 | $ 49.2 |
| Commercial Furnishings | 131.4 | 0.3 | 131.7 | 21.2 |
| Aluminum Products | 136.8 | 4.3 | 141.1 | 11.6 |
| Industrial Materials | 61.8 | 54.6 | 116.4 | 11.7 |
| Specialized Products | 38.9 | 13.8 | 52.7 | 5.8 |
| Intersegment eliminations | - | - | - | (0.7) |
| Change in LIFO reserve | - | - | - | 0.8 |
| Totals | $793.2 | $74.5 | $ 867.7 | $ 99.6 |

7. SEGMENT INFORMATION - CONTINUED

Asset information for the Company's segments at June 30, 1999 and December 31, 1998 is shown in the following table:

| | June 30, 1999 | December 31, 1998 |
|---|---|---|
| Assets | | |
| Residential Furnishings | $1,035.1 | $ 971.0 |
| Commercial Furnishings | 616.5 | 469.8 |
| Aluminum Products | 429.6 | 404.4 |
| Industrial Materials | 191.4 | 204.5 |
| Specialized Products | 209.4 | 188.8 |
| Unallocated assets | 175.9 | 285.9 |
| Adjustment to period-end Vs. average assets | 29.1 | 10.9 |
| | $2,687.0 | $2,535.3 |

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Capital Resources and Liquidity

The Company's total capitalization at June 30, 1999 and December 31, 1998 is shown in the table below. 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, 1999 | December 31, 1998 |
|---|---|---|
| Long-term debt outstanding: | | |
| Scheduled maturities | $ 611.6 | $ 574.1 |
| Average interest rates | 6.6% | 6.6% |
| Average maturities in years | 5.6 | 6.2 |
| Deferred income taxes and other liabilites | 127.5 | 123.0 |
| Shareholders' equity | 1,522.0 | 1,436.8 |
| Total capitalization | $2,261.1 | $2,133.9 |
| Unused committed credit | $ 300.0 | $ 300.0 |
| Cash and cash equivalents | $ 13.4 | $ 83.5 |

Internal investments to modernize and expand manufacturing capacity were $77.0 million in the first six months of 1999. The Company also invested $105.1 million (net of cash acquired) and issued 846,136 shares of common stock to acquire ten businesses in transactions accounted for as purchases. In addition, the Company repurchased approximately 3.0 million shares of its common stock for $63.1 million cash, primarily to replace shares issued in purchase acquisitions and employee benefit plans. Cash provided by operating activities and temporary cash equivalent investments provided a majority of the funds required for these investments.

Working capital at June 30, 1999 was $737.9 million, up slightly from $735.7 million at year-end. Total current assets reflected increases primarily in accounts and notes receivable and inventories, which were largely offset by reduced cash and cash equivalents. Total current liabilities reflected increases in accounts payable and accrued expenses that were partially offset by a decrease in other current liabilities.

Long-term debt outstanding at mid-year was 27.0% of total capitalization compared to 26.9% at the end of 1998. In addition to unused committed credit, the Company has the availability of short-term uncommitted credit from several banks. However, there was no short-term bank debt outstanding on June 30, 1999, or at the end of the prior year. Given this strong financial position and the continuing strong coverage of interest expense, the Company has substantial capital resources and flexibility for projected internal cash needs and additional acquisitions consistent with management's goals and objectives.

## Results of Operations

### Discussion of Consolidated Results

Sales and earnings grew to record levels in the first half of 1999. Sales increased to $1.82 billion (up 10.6%), net earnings increased to $138.5 million (up 14.2%), and earnings per diluted share increased to $.69 (up 13.1%) - all compared with the first half of 1998.

Results for the second quarter also set new quarterly highs. Sales were $935.2 million (up 9.3%), net earnings were $72.4 million (up 14.2%), and earnings per diluted share were $.36 (up 12.5%) - all compared with the second quarter of 1998.

This performance reflects ongoing benefits from internal growth, efficiencies and acquisitions. Roughly two-thirds of the year-to-year growth in both of the last two quarters was attributable to acquisitions. Internal growth in unit volume was approximately 6%. When coupled with selling prices approximately 2% lower than the first two quarters of 1998, same location sales increased about 4%. This performance is exceeding management's long-term objective for internal growth of approximately 5%.

Businesses acquired in the first half of 1999 will expand the Company's annual volume by approximately $230 million, or almost 7% when compared with sales of $3.37 billion for the prior year. These acquisitions keep the Company on track with management's long-term objective for acquisition growth of approximately 10%.

Six of the recently acquired businesses, with annual sales of about $140 million, serve markets for Commercial Furnishings. They will enhance the Company's position in these markets by adding excellent design and manufacturing capabilities in each of the following areas:

Store Fixtures

Met Displays of Chicago, Illinois
Toledo Store Fixtures of Perrysburg, Ohio

Point-of-Purchase Displays

Beeline Group of Newark, California

Storage and Material Handling Systems

Arc Specialties of Valencia, California
Jarke Corporation of Niles, Illinois
Sensible Storage of Gurnee, Illinois

Three additional businesses acquired in the first half of this year manufacture components, or related consumer products, and serve markets for Residential Furnishings. They have annual sales of approximately $60 million and include:

Maxwell Products of Cerritos, California
Southwest Carpet Pad of Carson, California
Yarborough Industrial Fabrics of Claremont, North Carolina

The tenth acquired business, Nagle Industries of Detroit, Michigan, has annual sales of approximately $30 million, and strengthens the Company's position in niche markets for Specialized Products. Nagle designs and manufactures control cable systems, primarily for the automotive industry.

Residential Furnishings accounted for 48.2% of the 1999 increase in consolidated sales in the first half of the year and 48.7% of the 1999 increase in the second quarter. Commercial Furnishings accounted for 28.1% and 25.6%, respectively. The lower year-to-year selling prices noted earlier were concentrated in Residential Furnishings, Aluminum Products and Industrial Materials.

The following table shows various measures of earnings as a percentage of sales for the first half and the second quarter in both of the last two years. It also shows the effective income tax rate and the coverage of interest expense by pre-tax earnings plus interest.

| | Six Months Ended June 30, | | Quarter Ended June 30, | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| Gross profit margin | 26.7% | 25.6% | 27.1% | 25.6% |
| EBIT (earnings before interest and taxes) margin | 13.1 | 12.7 | 13.3 | 12.9 |
| Net profit margin | 7.6 | 7.4 | 7.7 | 7.4 |
| Effective income tax rate | 37.1 | 37.3 | 37.1 | 37.1 |
| Interest coverage ratio | 12.4x | 11.3x | 12.5x | 11.1x |

The improvement in gross profit margin reflected continued increases in production efficiencies on higher volume, lower material and other costs, and generally better manufacturing overhead absorption. The EBIT margin also increased due to these factors, offset in part primarily by higher total selling, distribution and administrative expenses, as well as other deductions as a percentage of sales.

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. Following is a comparison of EBIT margins (Segment EBIT divided by Total Segment Sales):

| | Six Months Ended June 30, | | Quarter Ended June 30, | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| Residential Furnishings | 11.0% | 11.0% | 11.0% | 10.4% |
| Commercial Furnishings | 16.7 | 17.0 | 17.4 | 17.7 |
| Aluminum Products | 9.6 | 9.4 | 10.5 | 10.6 |
| Industrial Materials | 14.6 | 10.0 | 15.0 | 10.0 |
| Specialized Products | 12.0 | 11.7 | 10.1 | 12.3 |

Six Months Discussion

Residential Furnishings total sales for the first half of 1999 increased 9.9%, with acquisition growth of just over 5%. EBIT grew 9.7%, reflecting acquisitions and increased efficiencies on higher production in many operations, offset in part by inefficiencies in a major plant producing furniture components. As shown above, EBIT margin was unchanged from the first half of 1998.

Commercial Furnishings sales increased 17.0%, with acquisition growth of just over 10%. EBIT grew at a somewhat slower rate of 15.3%, as expenses to consolidate two commercial fixture facilities partially offset the benefits of higher volume and acquisitions. These factors resulted in a slightly lower EBIT margin.

Aluminum Products sales increased 2.0%, with acquisition growth just short of 3%. The acquired volume offset the impact of reduced production in aluminum smelting operations and a major die casting customer's continued inventory reduction. EBIT increased 3.3%, reflecting acquisitions and improved efficiencies in die casting operations. Thus, EBIT margin increased slightly.

Industrial Materials sales increased 8.2%, with acquisition growth of just over 7%. EBIT increased 57.1%, reflecting more normal raw material costs, efficiencies gained on higher production and acquisitions. The improvement in EBIT margin also reflected these factors.

Specialized Products sales increased 20.9%, with nearly equal internal and acquisition growth. EBIT increased 24.2%, reflecting higher sales of machinery and equipment in the first quarter, improved operating efficiencies and acquisitions. EBIT margin benefited from these improvements.

Second Quarter Discussion

Residential Furnishings sales for the second quarter increased 9.0%, with nearly equal year-to-year internal and acquisition growth. EBIT grew 14.7%, reflecting increased efficiencies on higher production and acquisitions. EBIT margin also improved due to these factors.

Commercial Furnishings sales increased 12.9%, with acquisition growth of just over 6%. EBIT grew 11.3%, as expenses to consolidate two commercial fixture facilities partially offset the benefits of higher volume and acquisitions. Thus, EBIT margin was slightly lower.

Aluminum Products sales increased 3.4%, with most of the growth attributable to acquisitions. The acquired volume offset the impact of reduced production in aluminum smelting operations and a major die casting customer's continued inventory reduction. EBIT increased 2.6% due to acquisitions plus improved efficiencies in die casting operations and reflected EBIT margin that was about unchanged.

Industrial Materials sales increased 12.7%, with acquisition growth of just over 7%. EBIT increased 69.2%, reflecting more normal raw material costs, efficiencies gained on higher production and acquisitions. The improvement in EBIT margin also reflected these factors.

Specialized Products sales increased 17.2%, with acquisition growth of slightly more than 12%. EBIT decreased 4.1%, reflecting lower machinery and equipment volume which carries higher margins and increased expense from a plant consolidation. These factors impacted EBIT margin.

Year 2000 Readiness 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 meets regularly to review the Company's progress, and to consider other actions that may be necessary for Year 2000 issues.

In addition, the Company has engaged a large, reputable consulting firm to perform certain procedures to review the Company's planning, implementation and readiness for the Year 2000 issues at certain major locations. The results of the consulting firm's preliminary and follow-up studies have been reviewed with the Company's Audit Committee of the Board of Directors. The Company has responded, or is in the process of responding, to issues raised by the consulting firm's studies.

The Company recognized the Year 2000 issue several years ago, and has been working since to correct this problem in its computer systems. The majority of the Company's information processing is centralized at its Corporate Offices. All of these critical central systems have been converted to Year 2000 compliant software, and individual system testing is substantially complete.

Many of the Company's international and certain domestic operations do not use some or any of the Corporate Offices' centralized systems. All of these non-central system locations have active projects underway to convert their systems to Year 2000 compliant software in 1999. Also, adequate testing of these non-central system conversions is expected to be completed by year-end.

In total, combining both central system and non-central system locations, management estimates that the Year 2000 systems conversion effort is 95% complete as of June 30, 1999.

All locations of the Company have been instructed to review their facilities for Year 2000 issues. Potential internal and third party risks were identified for the operating locations to consider. Inventories of computer equipment, communications with key suppliers, correspondence with customers, obtaining machinery and equipment compliance certificates and other facility testing related to Year 2000 issues are complete or nearing completion at the Company's approximately 300 locations around the world. These efforts are expected to be complete at all significant locations prior to the year 2000.

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 the remaining Year 2000 compliance 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 1998. The overall magnitude of these ongoing system conversion and implementation costs is not expected to be significantly different for 1999. 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 past or expected future capital requirements related to Year 2000 compliance issues are not significant to its operations.

The Company manufactures a broad line of products in over 150 major manufacturing sites around the world. Raw materials and critical outside services are generally available from numerous supply sources including, in some cases, the Company's own vertically integrated operations. The Company's revenues are not dependent upon any single customer or any few customers. Therefore, the impact to the Company of any individual operating location or third-party risk involving Year 2000 is relatively small. It is reasonable to assume that the Company will experience a few, hopefully isolated, disturbances to its operations early in the year 2000. While reasonable actions have been taken, and will continue to be taken in the future, to mitigate such disruption, the magnitude of all Year 2000 disturbances cannot be predicted. In addition, any widespread Year 2000 failures, particularly in North America, in industries such as financial services, communications, transportation and electrical or other utilities could significantly and adversely impact the Company's operations.

Efforts to date have been concentrated on mitigating Year 2000 disturbances. The Steering Committee is in the process of evaluating the reasonable potential risks that cannot be mitigated and determining the extent of contingency planning and resources that are appropriate. These contingency actions and resources are planned to be in place in sufficient time for the year 2000.

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," "plan" 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 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. As indicated above, the consequences of the Year 2000 issues cannot be accurately predicted; therefore, actual consequences will remain at least to some extent uncertain.

## ITEM 3. DISCLOSURES ABOUT MARKET RISK

(Unaudited)
(Amounts in millions)

### INTEREST RATE

The Company has 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 but, in the second quarter of 1999, $14 of fixed rate debt was issued and converted to variable rate debt by use of a swap instrument. Substantially all of the Company's debt is denominated in United States dollars. The fair value of variable rate debt is not significantly different from its recorded amount. The fair value of fixed rate debt is calculated using the U.S. Treasury Bond rate as of June 30, 1999 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 fixed rate debt approximated $519 at June 30, 1999, as compared to $539 at December 31, 1998.

### 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 does hedge firm commitments for certain machinery purchases, and occasionally may hedge 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, 1999 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 (excluding goodwill) in foreign subsidiaries subject to translation exposure was $259.8 at June 30, 1999, as compared to $208.8 at December 31, 1998. The increase in translation exposure was due to changing the functional currency of the Company's Mexican operations from the US dollar to the Mexican peso and to increases in Canadian dollar exposure from the strengthening of this currency (versus the US dollar) 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 $44 (at cost) in inventory at June 30, 1999. 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its annual meeting of shareholders on May 12, 1999. Matters voted upon were (1) election of directors, (2) proposal to increase the Company's authorized Common Stock from 300 million shares to 600 million shares, (3) proposal to amend the Company's 1989 Discount Stock Plan, (4) proposal to approve the Company's 1999 Key Officers Incentive Plan, and (5) proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's Independent Auditors for the Fiscal Year ending December 31, 1999.

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 | 150,105,479 | 23,667,250 |
| Harry M. Cornell, Jr. | 149,845,597 | 22,927,132 |
| Robert Ted Enloe, III | 147,998,852 | 25,773,877 |
| Richard T. Fisher | 150,062,622 | 23,710,107 |
| Bob L. Gaddy | 149,801,850 | 23,970,879 |
| David S. Haffner | 149,894,301 | 23,878,428 |
| Thomas A. Hays | 150,102,537 | 23,670,192 |
| Robert A. Jefferies, Jr. | 149,894,197 | 23,878,532 |
| Alexander M. Levine | 150,102,695 | 23,670,034 |
| Richard L. Pearsall | 150,019,960 | 23,752,769 |
| Duane W. Potter | 149,895,612 | 23,877,117 |
| Maurice E. Purnell, Jr. | 148,889,827 | 24,882,902 |
| Alice L. Walton | 150,083,733 | 23,688,996 |
| Felix E. Wright | 148,008,407 | 25,764,322 |

2. To increase the Company's authorized Common Stock from 300 million shares to 600 million shares

| FOR | AGAINST | ABSTAIN |
|---|---|---|
| 145,869,529 | 27,449,683 | 453,517 |

3. To amend the Company's 1989 Discount Stock Plan

| FOR | AGAINST | ABSTAIN |
|---|---|---|
| 167,196,652 | 3,241,598 | 714,230 |

4. To approve the Company's 1999 Key Officers Incentive Plan

| FOR | AGAINST | ABSTAIN |
|---|---|---|
| 169,816,901 | 3,241,598 | 714,230 |

5. Ratification of Independent Auditors

| FOR | AGAINST | ABSTAIN |
|---|---|---|
| 173,447,345 | 141,031 | 184,353 |

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibit 3 - Amendment of Restated Articles of Incorporation
dated May 24, 1999

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 13, 1999

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

DATE: August 13, 1999

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

EXHIBIT INDEX

# AMENDMENT OF RESTATED ARTICLES OF INCORPORATION
# OF
# LEGGETT & PLATT, INCORPORATED

TO: Honorable Rebecca McDowell Cook
Secretary of State
State of Missouri
Corporation Division
PO Box 778
Jefferson City, MO 65102

Pursuant to the provisions of The General and Business Corporation Law of Missouri, the undersigned Corporation certifies the following:

I.

The present name of the Corporation is Leggett & Platt, Incorporated. The name under which it was originally organized was Leggett & Platt Spring Bed and Manufacturing Company.

II.

An amendment to the Corporation's Restated Articles of Incorporation was adopted by the shareholders on May 12, 1999.

III.

The amendment is as follows:
The introductory paragraph of Article III is amended to read in its entirety as follows:

> "The aggregate number of shares which the corporation shall have the authority to issue is Six Hundred Million (600,000,000) shares of Common Stock of One Cent ($.01) par value and One Hundred Million (100,000,000) shares of Preferred Stock without par value."

IV.

The only class of the Corporation's securities entitled to vote on this amendment was the Corporation's Common Stock, $.01 par value. Of the 197,803,977 shares of Common Stock, $.01 par value, issued and outstanding, 173,772,729 shares were entitled to vote on the amendment. No outstanding shares an any class of securities were entitled to vote as a class on the amendment.

The number of shares of Common Stock, $.01 par value, voted for and against the amendment was as follows:

| No. of Shares Voted For | No. of Shares Voted Against | No.of Shares Abstained |
|---|---|---|
| 145,869,529 | 27,449,683 | 453,517 |

IN WITNESS WHEREOF, the undersigned, Ernest C. Jett, Vice President of Leggett & Platt, Incorporated, has executed this instruments and Shonna L. Koch, Assistant Secretary of Leggett & Platt, Incorporated, has affixed its corporate seal hereto and attested said seal on the 20th day of May, 1999.

(CORPORATE SEAL) LEGGETT & PLATT,
INCORPORATED
ATTEST:

/s/ Shonna L. Koch
- -----------------------
Shonna L. Koch, Assistant Secretary

/s/ Ernest C. Jett
------------------------
Ernest C. Jett, Vice President

State of MISSOURI )
) ss.
County of JASPER )

I, Valerie L. Day, a Notary Public, do hereby certify that on this 20th day of May, 1999, personally appeared before me Ernest C. Jett who, being by me first duly sworn, declared that he is the Vice President of Leggett & Platt, Incorporated, that he signed the foregoing documents as Vice President of the Corporation, and that the statements therein contained are true.

(Notarial Seal)

/s/ Valerie L. Day
----------------------
Notary Public

My Commission Expires: 6/27/2000

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6-MOS
DEC-31-1999
JUN-30-1999
13,400
0
585,500
16,300
514,400
1,163,800
1,511,800
667,000
2,687,000
425,900
611,600
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0
2,000
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1,822,800
1,822,800
1,337,000
1,337,000
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0
19,400
220,200
81,700
138,500
0
0
0
138,500
.70
.69