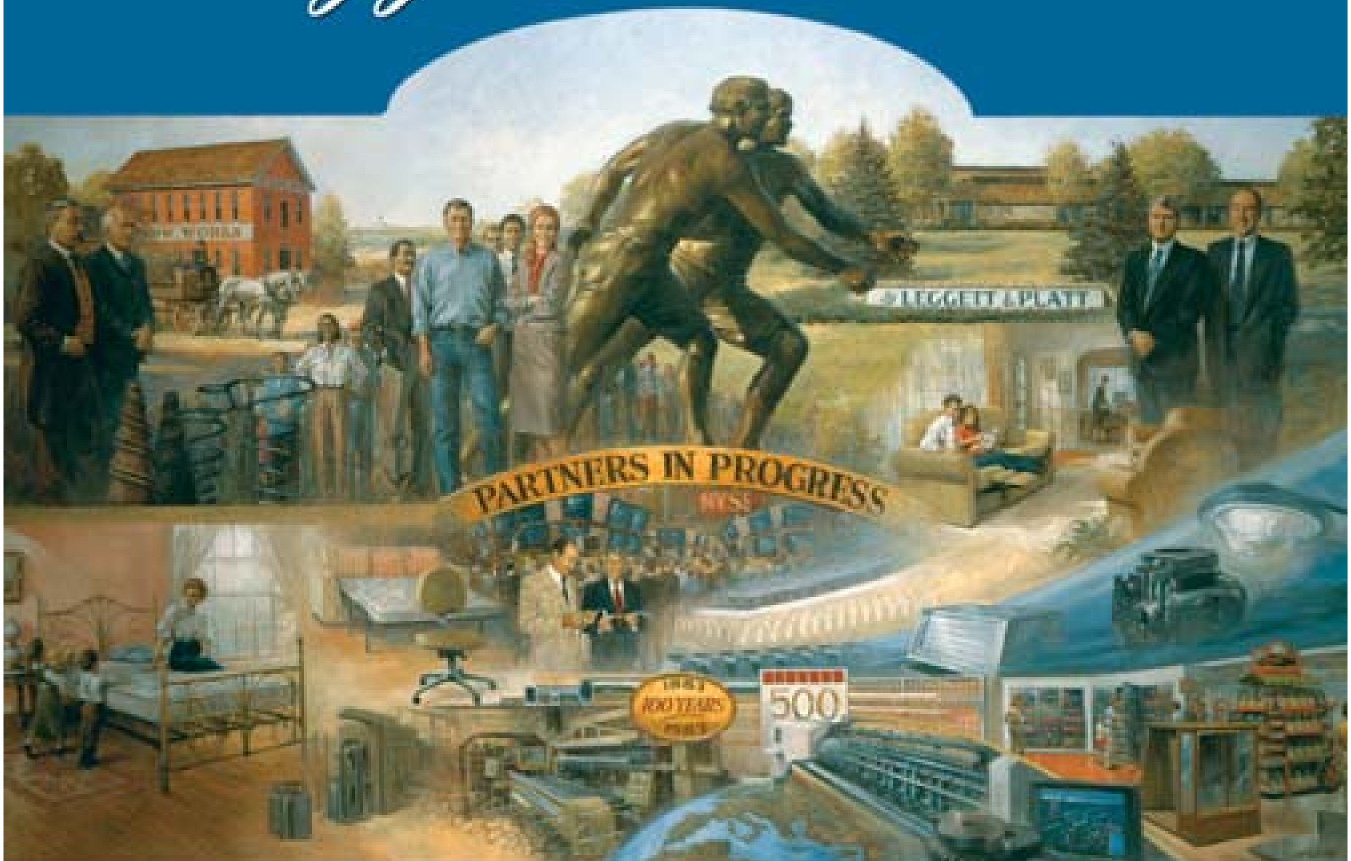
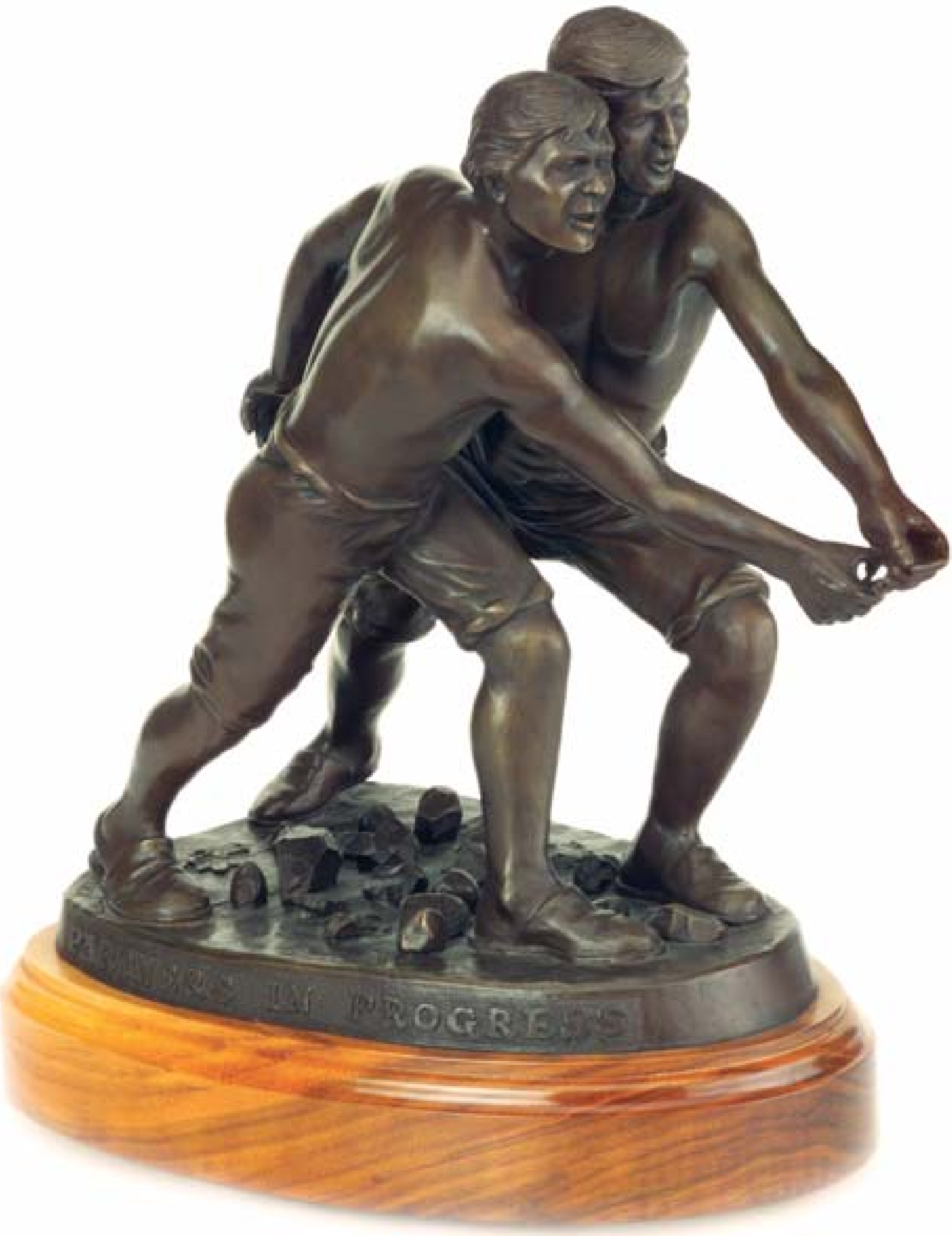
THE LEGEND OF

Leggett & Platt®



JEFFREY L. RODENGEN

FOREWORD BY DAVID S. HAFFNER



In 1995, Leggett & Platt placed a larger-than-life version of its Partners in Progress® cast bronze sculpture in a specially designed garden in front of the company's corporate offices in Carthage, Missouri. Artist and longtime employee–partner Everette Wyatt created the sculpture in an attempt to capture the spirit of two people pulling together to accomplish a task—a spirit that many employee–partners feel makes Leggett & Platt a special place to work.

CHAPTER SEVEN

A DECADE OF DIVERSIFICATION

1990–1999

Success is founded on a constant state of discontentment interrupted by brief periods of satisfaction on the completion of a job particularly well done.

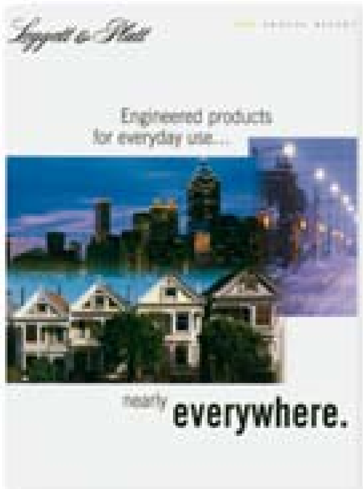
—A favorite quote of CEO and Chairman Harry Cornell, Jr.[1]

LEGGETT & PLATT GREW GEOGRAPHICALLY in the 1990s as never before. New ventures at home and abroad began to bring unfamiliar competition and new challenges.

The company's first acquisition of the decade, in February 1990, was Young Spring & Wire, a subsidiary of the Wickes Manufacturing Company in Archbold, Ohio. This subsidiary was all that remained of L. A. Young Spring and Wire Corporation, the company that attempted to purchase Leggett & Platt in December 1935. The acquisition operated as part of the Flex-O-Lators division and expanded Leggett & Platt's capabilities in manufacturing automobile seating systems.[2]

In March, Leggett & Platt acquired Gribetz International, Inc., a designer and builder of quilting and fabric-cutting machinery sold primarily to manufacturers of bedding, furniture, home textiles, and apparel.[3]

Due to successful growth in its Berkshire division, Leggett & Platt formed the Fashion Bed Group in 1990. To complement the division, Leggett acquired J. B. Ross Manufacturing, Inc., of New Brunswick, New Jersey. This business manufactured high-end brass and white-iron fashion beds that it sold to fine furniture stores, department stores, specialty sleep shops, and interior designers.[4]



Leggett acquired another line of fashion bed products by purchasing Dresher, Inc., and its subsidiary, Harris-Hub. These firms manufactured and distributed brass, white iron, wood, and other specialty beds, in addition to steel beds and frames. Although Dresher's annual sales were approximately $80 million, it had reported losses for six quarters, including all of 1989.[5]

The Dresher acquisition was initiated by Dresher's management, in part to help fend off growing competition from overseas. "Both companies believe that improvements in operating efficiencies can be achieved by combining operations," said Dresher Chairman and CEO A. Barry Merkin at the time of the acquisition. "This combination provides Dresher the best opportunity to combat imports, which have made serious inroads into our markets in recent years. It will also help us sustain and build upon the long-established, quality reputation of our products, our service, and our people."[6]

Leggett & Platt's 1997 Annual Report cover reflected the company's effort to diversify its product line and to provide *"engineered products for everyday use ... nearly everywhere."*

The team at the Berkshire subsidiary would manage the Fashion Bed Group, which consisted of the Berkshire, J. B. Ross, and Dresher companies.

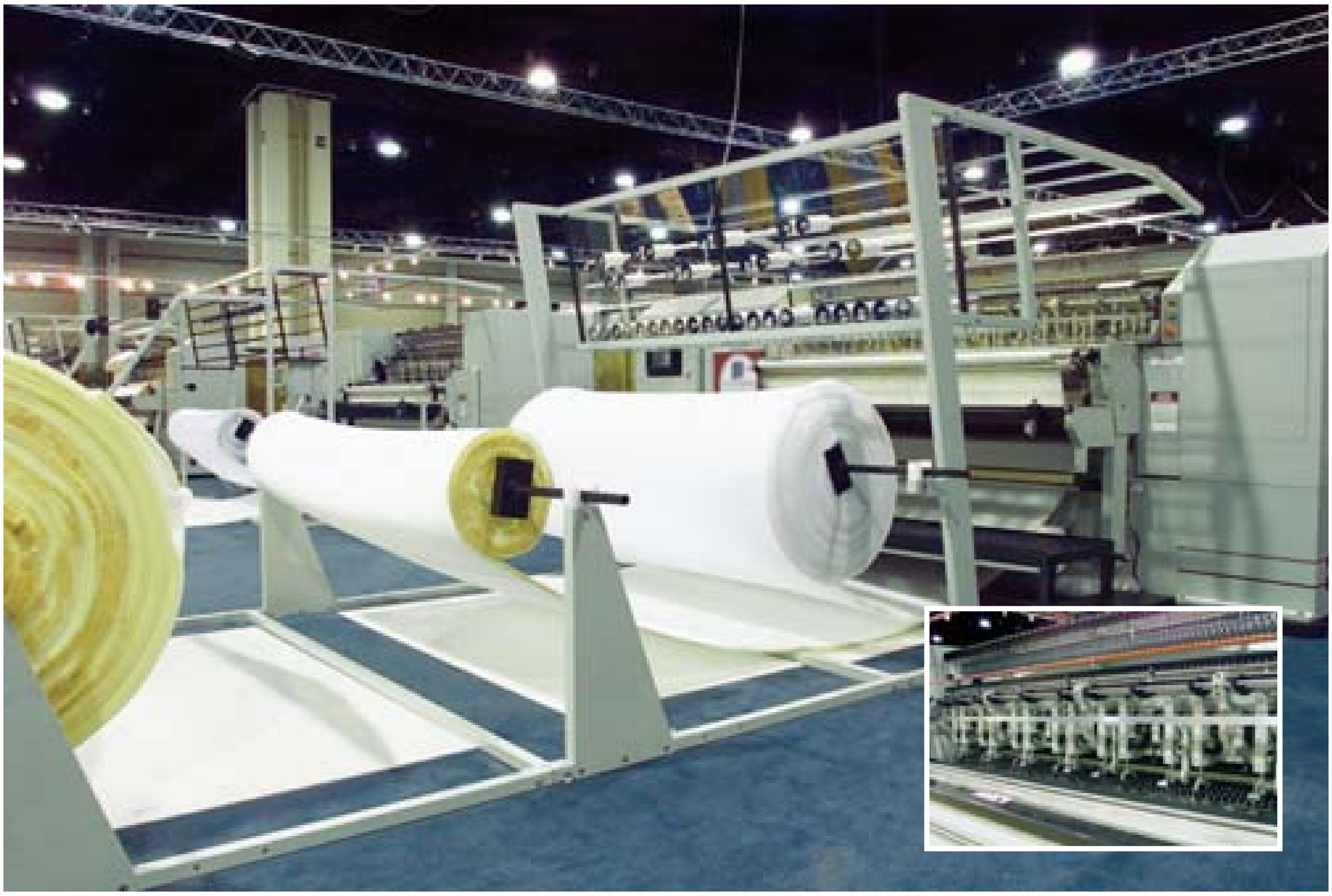
In July 1990, Leggett & Platt also acquired five facilities from the No-Sag Division of Lear-Siegler. The operations in this transaction included three foam plants in West Chicago, Illinois, and Dubuque, Iowa; a wire products facility located in Kendallville, Indiana; and a wire and steel bedding products manufacturing plant in London, Ontario, Canada. These facilities added to Leggett & Platt's capacity in wire components and other wire products for the home furnishings and automotive industries.[7]

Business was strong in early 1990, but consumer confidence in the United States steadily deteriorated during the long, deliberate, and public build-up of allied military forces preceding the Persian Gulf War. Leggett & Platt's sales fell along with the sales of its customers. War-related increases in raw material costs, which the company initially declined to pass along to customers, affected profitability. As some of Leggett's financially weaker customers suffered, receivables and bad debt expense grew.

Trucking and delivery prices also surged due to rising oil prices. Commenting on the severity of the situation, Felix Wright told management:

Higher energy costs … specifically fuel price increases, can cost us hundreds of thousands of

The Paragon, the world's most advanced multi-needle chain stitch quilting machine, was produced by Gribetz International of Leggett & Platt's Global Systems Group. The Paragon featured several patented technologies that have become industry standards for mattress production. The quilting was performed on mattress panels used as the primary sleep surface and on the border sections that formed the sides of the mattress. High-quality styling and high-speed production established the Paragon as the mattress industry's leader among quilting machines.



The Coriander (left), the Silhouette (center), and the Adobe (right) were three models that the Fashion Bed Group produced in the 1990s.

dollars in a month. Most of our products are priced on a delivered basis. When fuel costs increase, as they did in the second half of 1990, we can't effectively pass the increased costs on to our customers. These increased fuel costs cut into our narrow margins. Of course, we take a double hit sometimes because it costs more to buy and transport our raw materials, too.[8]

Wright went on to explain, however, that unpredictable and rising fuel costs were not new. The company worked to limit the cost increases by analyzing systems, using reliable shipping methods, reviewing handling and packaging methods, and continually assessing the most effective ways to ship goods.[9]

Perhaps the war's greatest impact on Leggett & Platt was that it led to a 1990 analysis of the weak performance of certain urethane foam-producing operations, and ultimately to the restructuring of the urethane division.[10] In 1991, Leggett & Platt decided to sell, close, or consolidate several facilities in the Northeastern states and North Carolina.[11] This business segment had been especially hard-hit by the increase in raw material and operating costs, reduced demand, and lower production. However, by restructuring the operations to concentrate on limited product lines, the company expected to resolve these problems.[12]

As the year ended, Leggett & Platt raised the rate on its cash dividend to shareholders, making 1990 the 19th consecutive year of dividend increases. The company's strategic prowess was serving it well as it entered a new decade.[13]

Tough Decisions

In February 1991, Leggett & Platt rose to 72nd out of the 306 companies on FORTUNE® magazine's list of "America's Most Admired Companies." It also ranked second out of the nation's nine furniture companies.[14]

Although restructuring of the urethane foam operations and a lingering recession caused a 1 percent drop in net sales, earnings in 1991 increased, due partly to improved consumer confidence after the war.[15] Paul Hauser, senior vice president of Leggett & Platt and head of Residential Furnishings, joined Leggett & Platt in 1980 as a product manager for the bedding group. He explained that the company had always encountered cyclical market conditions, but that it monitored economic indicators in order to prepare for changes in demand:

Consumer spending is key. … As a company in the United States, I think the overall economy … will dictate a lot of your growth or non-growth. If you're in somewhat of a recession, you're going to *feel it regardless of your market share. Housing starts certainly are something we look at and track, along with consumer spending, obviously. Advertising that's done by our customers has an effect on us. … All those things are dynamic; we track and analyze them all.*[16]

As part of the restructuring of its foam business, Leggett & Platt sold five of its urethane foam operations, including four plants in North Carolina and Mississippi in June and July 1991.[17] The company also sold the Moonachie, New Jersey, portion of its Crest-Foam Corporation. Remaining operations in Edison, New Jersey, and Newburyport, Massachusetts, focused on manufacturing carpet cushioning materials and flexible urethane foam for the bedding and furniture industries.[18]

In 1991, Leggett & Platt also consolidated the product lines, facilities, and personnel of its Fashion Bed Group. The consolidations, which were more

MAKING A FORTUNE

IN 1985, LEGGETT & PLATT JOINED THE PRESTIGIOUS ranks of the *FORTUNE*® 500, the list of America's largest companies, determined by revenues.[1] At that time, *FORTUNE*® magazine had two separate 500 lists—one for industrial firms and another for service companies. Based on Leggett's 1984 revenues, it ranked 489th among the industrial firms. The companies on the *FORTUNE*® listings were also evaluated on three other measures: i) Return on Shareholders' Equity, ii) 10-Year Earnings Growth, and iii) 10-Year Total Return to Investors. In these categories, Leggett & Platt ranked 84th, 57th, and 52nd, respectively.[2]

The company remained on the list of industrial firms through 1994, when it reached its highest ranking ever at 275th place, with revenues of $1.53 billion. Then in 1995, *FORTUNE*® merged its two 500 lists and reduced the total number of companies from 1,000 to 500. For the next three years, Leggett was not included in the new list, but the company continued to grow and reclaimed a place on the list in 1998. It rose as high as 380th in 2003, but in recent years has ranked among the 400 to 500 largest corporations in the country.[3]

Beginning in 1987, Leggett was included on another *FORTUNE*® magazine list, "America's Most Admired Companies." Remarkably, it achieved this status as a little-known company with few recognizable brand names.

While *FORTUNE*® determines the 500 list by business revenues, it selects "America's Most Admired Companies" through a survey conducted by the Hay Group. The survey is administered to executives, directors, and analysts of companies within specific industries, and the questions concern eight attributes: management quality; quality of products and services; innovation; long-term investment value; financial soundness; the ability to attract, develop, and retain talented people; social responsibility; and the use of corporate assets. Described as a "report card on corporate reputations," the "Admired Companies" list ranks businesses by their scores in the eight categories.[4]

For Leggett & Platt, the principle that unites and supports these attributes is the company's long-standing commitment to ethics. Leggett's leaders are convinced that ethical business practices are necessary to ensure quality in management; to attract, develop, and retain talent; to wisely manage resources; and to achieve excellence in all the other categories.

Ethics, Integrity, and Partnership

Ethics are so woven into the corporate culture that even the strict structural changes dictated by the Sarbanes–Oxley Act of 2002 barely affected the company's governing body. Felix Wright said:

Our culture is different. I don't think you're going to find very many $5.5 billion companies in the challenging than originally anticipated, were complicated by severely depressed demand for fashion beds in 1991.[19]

In a management newsletter published after this restructuring, Harry Cornell, Jr., told readers how difficult the process had been:

We've always tried to consolidate operations and be more efficient, but in 1991, we made some really tough decisions. In a few of our businesses, we simply haven't produced consistently acceptable profits. We have stayed with most of these operations a good long time. We were in these businesses for all the right reasons … they fit, and we could see other companies making money in similar businesses. But we couldn't, and that was terribly frustrating.

Once we made our restructuring decision, we moved quickly and successfully. … We strengthened L&P's margins in the process, but we also found other rewards. We'd been spending tremendous time and

FORTUNE® 500 that have the exact culture as ours. Maybe ours is not perfect, but it sure has a lot of integrity to it, and it has a lot of other principles that I believe will keep us driving forward for a long time to come.

Sarbanes said, "Yes, you should have outside independent directors." Been doing that from day one. So it's not a bunch of insiders that are trying to do things that might not be totally in the best interests of the shareholders, but we've never had that problem, either. So, the mix, the complexity of the board has changed … but the changes that we had to make from the primary structure of board committees, or the board itself, to the primary structure of our finance and accounting, were miniscule compared to anybody else in the FORTUNE® 500 as far as I'm concerned.[5]

Duane Potter joined Leggett & Platt in 1968 as an assistant manager and eventually became a senior vice president and member of the board of directors. He was known as a champion of the company culture among new executives in the field. Duane explained that Leggett is a more successful company because it treats employees as partners and encourages them to become stockholders:

It's comfortable to know that through our strategy and through our culture … people enjoyed coming to work here in the morning knowing that … they're working for themselves. We try to keep the equity within the company all the way down through the ranks, and so it gives them that pride of ownership.[6]

Harry Cornell agreed, adding that this spirit of partnership will make the company successful in the future:

One of the reasons we decided to produce this book is to share with our employee–partners the story of where the company has been, and how it got to where it is today. We hope that an understanding of the company's history, spirit, and background helps our … partners gain a sense of ownership, and realize that the company is theirs to grow. I'd like to say to them, "Now it's your company. Take what is there, and work hard to grow it profitably from here." Those of us who've been around for a while—we're just passing the baton, passing along the company, and bringing on new partners. We hope they will grow and improve the company for our employee–partners and shareholders, and then, when they leave Leggett, pass it on to others who will make it even better.[7]

Duane Potter, former senior vice president, served on the board of directors from 1996 to 2002. He was an advisory member of the board from 2002 to 2008.

energy on those inconsistent operations … and had too little to show for the effort. The restructuring has given us time—time to strengthen and work with our better performing businesses. This has been a big shot in the arm.[20]

To see Leggett & Platt successfully face the challenges of restructuring was encouraging to investors. Even more exciting to investors, employee–partners, and customers was the growing popularity and acceptance of several innovative products. Many designers, engineers, and technicians played a part in these inventions. Three important individuals—Larry Higgins, Henry Zapletal, and Tom Wells, Sr.—led a variety of efforts in innovation at Leggett & Platt, including continuously designing and redesigning innerspring and box spring products, as well as improving and retrofitting the machinery used to manufacture those products. The company's steady flow of new, often patentable, products and near continual development of faster, more efficient production machinery created a challenging market for competitors.

Among the bedding components growing in popularity were the Superlastic® innerspring units, generations of innerspring products spawned from Mira-Coil®, the LOK-Fast® grid and modules for box springs, and the Semi-Flex® box spring. These latter two were derivations of the popular Lectro-LOK® unit.[21]

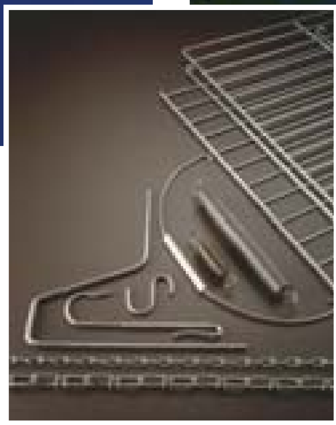
Malcolm Marcus joined Leggett & Platt when the company acquired 50-percent equity of Globe Spring in 1977. He recalled the impact of the Semi-Flex® unit:

The Semi-Flex® product revolutionized the box spring industry in North America. It was a one-piece, welded grid top that was a wonderful product and allowed the bedding people to save a lot of money because there was only one piece that they had to deal with rather than three or four different parts that they had to assemble. So this saved the bedding people a fortune. It was a wonderful product, still in existence today.[22]

Left: Leggett & Platt Wire Tie (formerly U.S. Wire Tie) sells wire-tying machinery and wire for baling to cotton producers.

Below left: The Flex-O-Lators division used computer-aided design to create automotive seating components.

Below right: This automotive seating suspension system was designed and manufactured at the Flex-O-Lators division. Pullmaflex, acquired in 1994, joined Flex-O-Lators to form an automotive division.



Above, center, and right: Leggett & Platt's extensive wire capabilities allow it to draw wire to suit any client's need. Galvanized wire, for example, is produced by the wire group and used for a wide variety of applications.

Looking Up

Over the course of 1992, the company's profit margins and earnings improved substantially. Net sales increased by 8 percent to $1.2 billion, and the company's return on average equity increased from 12.4 percent to 14.5 percent. Although profit margins were still below expectations, the company's long-term debt-to-capitalization ratio was down to 18 percent, and it had no short-term debt outstanding at the end of 1991 or 1992.[23]

The turnaround was attributed to four key factors: improved operating efficiencies as sales and production volumes increased, constant attention to costs after the restructuring in the previous year, lowered debt and interest rates, and a decline in bad debt expense as economic conditions improved.[24]

Midway through 1992, Leggett declared a 2-for-1 stock split, issuing shareholders one additional share of stock for each share already owned.[25] The company was again favorably ranked in *Fortune*® magazine's list of "America's Most Admired Companies."[26]

The company made two major acquisitions in 1993 by forming a merger agreement with the Hanes Holding Company and its subsidiary, VWR Textiles and Supplies.[27]

Hanes was based in Winston-Salem, North Carolina, and operated three facilities. The Hanes Converting Company in Conover, North Carolina, was a converter and distributor of woven and non-woven industrial fabrics used by bedding and home furnishings manufacturers to make seat decking, dust covers, insulators, and lining materials. The Hanes Fabrics Company in Hackensack, New Jersey, was a converter of woven, non-fashion fabrics used as drapery lining and quilt backing. The Hanes Dye & Finishing Company in Winston-Salem was one of the nation's largest commission dye finishers of industrial fabrics for home furnishings and apparel. (The apparel fabrics were primarily used to make pockets and waistband linings.) Together, these three operations generated annual sales of about $150 million.[28]

VWR Textiles and Supplies of Hickory, North Carolina, was a converter and distributor of woven and non-woven industrial fabrics for bedding and furniture manufacturers. It generated annual sales of about $70 million.[29]

In the third quarter of 1993, Leggett & Platt acquired Armco Steel's interest in the wire mills the two companies had jointly owned for 24 years.[30]

Harry Cornell said: "Leggett's purchase of Armco's interest will allow Leggett greater flexibility in growing our wire-drawing business. … This association is being amicably brought to a close as a part of Armco's announced strategy of concentrating on specialty steel and prudently scheduling divestment of non-strategic assets."[31]

By year's end, Leggett & Platt employee–partners saw their company's net sales increase by 16 percent, while earnings rose 27 percent to $2.09 per share. In charting its 10-year growth rate, from 1983 to 1993, the company reported average growth of annualized net sales, earnings, and dividends of 14.6 percent, 14.8 percent, and 15.3 percent, respectively.[32]

International Expansion

Some 16,000 people throughout the United States and Canada were considered Leggett & Platt employee–partners by the end of 1994. That year, the company completed several more acquisitions and increased its product lineup.[33]

In April, Leggett & Platt purchased Vantage Industries of Atlanta, Georgia, which manufactured non-skid pads used primarily to hold area rugs in place. In June, it acquired U.S. Wire Tie Systems of Woodridge, Illinois, which sold galvanized wire and bale tie machinery and parts, primarily to customers who compacted, baled, and recycled solid waste. It also purchased the Pullmaflex group, a leading manufacturer of wire grid, seating suspension systems, and lumbar supports for the furnishings and automotive industries in Europe. This acquisition was a perfect fit with the company's Flex-O-Lators division, which was the leading producer of equivalent components in America. Pullmaflex expanded Leggett & Platt's interests well into the European market through its plants in Belgium, Great Britain, and Sweden, and produced annual sales of approximately $20 million.[34]

Also in 1994, Leggett & Platt formed a joint venture with a company in Mexico to produce innersprings there. This brought Leggett into Mexico's bedding market. Today, the company operates two spring plants in Mexico, supplying the country's industry with innerspring and box spring components.[35]

In the fall of that year, Leggett & Platt added two businesses to its Masterack division: Talbot Industries of Neosho, Missouri, and Southeastern Manufacturing Company (SEMCO) of Ocala, Florida. Talbot fabricated display racks for items such as snack foods and bakery goods, and also produced commercial fixtures and formed wire products for

Left: In the 1990s, Leggett & Platt's aluminum group became North America's leading independent supplier of non-automotive die castings. This small gasoline engine component is a good example of the group's capabilities.

Center: The Leggett & Platt aluminum group also produced housings for highway lighting and other outdoor light fixtures.

Right: In the mid-1990s, Leggett & Platt made its largest acquisition to date with the purchase of Pace Industries, a Fayetteville, Arkansas, company with plants in seven U.S. states and Mexico, and sales approaching $250 million. The acquisition doubled Leggett & Platt's capabilities in engineered aluminum die-cast components, such as the engine casing below.

industrial applications. SEMCO specialized in manufacturing and marketing metal shelving, displays, and commercial furnishings. When acquired, Talbot generated $40 million in annual sales, and SEMCO generated $15 million.

The largest acquisition of 1994 was Super Sagless Corporation of Tupelo, Mississippi. The company was a major producer of furniture components such as recliner chair hardware, sofa sleeper mechanisms, and related motion hardware, as well as fabricated wire and metal products for the furnishings industry. Super Sagless produced annual sales of more than $70 million.[36]

Above: Talbot Industries of Neosho, Missouri, a 1994 acquisition, was a fabricator of displays for snack food, bakery items, and other store products.

Right: Leggett & Platt's largest 1994 acquisition was the Super Sagless Corporation of Tupelo, Mississippi, which complemented Leggett & Platt's production of furniture components and systems, such as recliner chair hardware, sofa sleeper mechanisms, and related motion hardware.

As Leggett & Platt continued to grow and acquire new operations, it remained committed to providing excellent customer service. Eloise Nash served as one of Leggett's finest customer service teachers, conducting seminars for employees throughout the country. She joined the company in 1951, working as a customer service representative in the sales department, and eventually became a company officer and Leggett's first female vice president. Eloise said:

> *[In the beginning], I was a troubleshooter. At that time, [I was] taking care of some of the national accounts. … I even scheduled the trucks. But if something else needed to be done, and if you had the time to do it, you did it. …*
>
> *But it's not always just doing what [the customers] want. … [It's also] doing what you tell them that you're going to do. … Once you have proved yourself to them, that you are going to do those things, they don't worry about giving you the orders. …*
>
> *I taught customer service seminars all over the United States, and that's one of the things that I stressed so much. You know that customer, and you take care of that customer. You need to know his wife's name. You need to know how many kids he's got and even his dog's name. … Of course, [a customer may] say, "Well, my wife's been sick" or something, and I'd always make a little note on*

ARTISTIC SPIRITS

An updated version of the company's historical mural, painted by Andy Thomas, reflects many important people and events that have made a significant impact on the history of Leggett & Platt. *(Printed by permission, courtesy of Andy Thomas.)*

For years, Harry Cornell, Jr., and Felix Wright have enjoyed and collected fine art, especially works depicting nature and the American West. Many of these original oil and watercolor paintings, pastels, and bronze sculptures grace the facility and grounds of Leggett & Platt's corporate headquarters.

Among the oil paintings are several works by Andy Thomas, an accomplished professional artist and a former 16-year Leggett & Platt employee and director of marketing services. Andy's carefully researched, action-filled paintings of events in American history have been commissioned and acquired by state and national parks around the country. He has also produced several vivid murals depicting major events in Leggett's history. In addition, Leggett & Platt is fortunate to own and display a dozen or more of his earlier paintings.[1]

Everette Wyatt, an artist and former manager of engineering for Leggett's wire division, sculpted Partners in Progress®. This cast bronze statue depicts two individuals pulling together to accomplish a task, representing Leggett's spirit of teamwork.

Another of Everette's widely admired works is the image of Reverend Asbury, a circuit-

Right: Everette Wyatt, an artist and former manager of engineering for Leggett & Platt's wire division, is shown holding one of his bronze sculptures, "Tsali." He also sculpted the life-size Partners in Progress® statue that stands in front of Leggett & Platt's corporate offices.

Inset: One of Everette Wyatt's famous works is the statue of Reverend Francis Asbury, a circuit-riding Methodist minister, which he sculpted for Asbury College in Wilmore, Kentucky.

Below left: Marcia Cooper (standing) and Libby Peck have each worked faithfully as administrative assistants to Leggett & Platt's executive team for more than 30 years. They are dedicated "artists," especially skilled at working with others. The painting behind them, "Texas Hill Country" by William Slaughter, is a favorite of employees and visitors.

Below right: Artist Andy Thomas, a former 16-year Leggett & Platt employee–partner, stands next to one of his paintings titled "Retribution Party," which hangs in a hallway at Leggett & Platt's corporate offices in Carthage. *(Printed by permission, courtesy of Andy Thomas.)*

riding Methodist minister, which he sculpted for Asbury College. A smaller version of that sculpture was displayed in the Oval Office during Ronald Reagan's administration.[2]

The art at Leggett & Platt is intended as more than decoration—it's meant to rouse the artistic spirit that Harry Cornell and Felix Wright encouraged in others. In essence, many Leggett & Platt partners are seen as "artists." From accountants and engineers to production workers and corporate employees, each individual works diligently to delicately sculpt Leggett into a successful company that will endure for many generations to come.

that, and the next time I talked to him, I'd always check my notes to make sure, and I'd say, "How's Sue getting along?" or something like it. … People appreciate things like that. I didn't do that just for the business standpoint. … But I was interested in their family, too, because I had grown to like them as friends.[37]

According to Nash, servicing competitive customers such as Sealy and Serta was both fun and challenging. As the company grew internationally, gaining and retaining market share in unfamiliar and competitive new regions presented even greater challenges.

By the end of 1994, Leggett & Platt succeeded in raising its net sales 22 percent and its earnings per share 33 percent—both record figures. The company's shareholders had now enjoyed 24 straight years of dividend increases.[38]

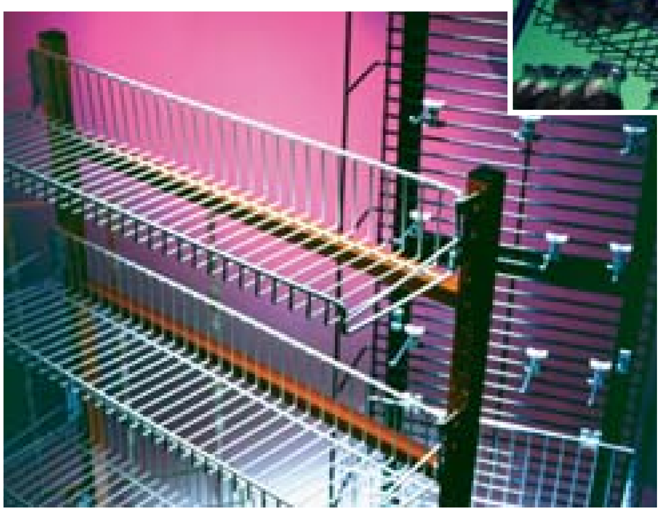
Increased Diversification

Leggett acquired seven companies in 1995, primarily manufacturers and distributors of components to the furniture industry.[39] During the year, sales in the company's office, institutional, and commercial furnishings markets grew, while residential furniture sales softened due to weakening retail sales. After three consecutive years of above-average growth, demand for bedding products outpaced demand for other residential furniture, although both markets saw a slowdown at year's end.[40]

Over the years, Leggett & Platt has attempted to describe itself in an understandable manner that allows room for it to grow. By the mid-1990s, the company's leaders found that they had grown beyond the company's reliable and well-known reputation as a provider of components to the furnishings industry. The company was headed toward the expansion of its aluminum die-casting operations, fixture and display business, and other operations. In company and investor publications, management began to present the company in terms that would be better suited for a more diversified enterprise. Thus, Leggett & Platt began to describe itself publicly as a company that engineered products to create value, building on its considerable strengths in people, financial flexibility, technology, and market franchise, and on its unique network of manufacturing and distribution facilities.[41]

Center: With the 1994 acquisition of the Southeastern Manufacturing Company (SEMCO) of Ocala, Florida, Leggett & Platt expanded its ability to serve customers with finished products for their metal shelving, display, and furnishings needs.

Below (left and right): Leggett & Platt's finished products are engineered to complement its other products. For customers ranging from retailers and resellers to dealers and distributors, Leggett & Platt makes point-of-purchase displays, commercial shelving, and fixtures.



Right: Executive management team members (left to right): Michael Glauber, senior vice president of finance and administration; David Haffner, executive vice president; and Robert Jefferies, senior vice president of mergers, acquisitions, and strategic planning.

Below: Herbert C. Casteel served as a member of Leggett & Platt's board of directors from 1960 to 1995. He was an advisory member from 1995 to 2001.

Partners in Progress

Everette Wyatt, a sculptor and longtime Leggett employee, was challenged by the company's leaders to create a work of art depicting Leggett's spirit of partnership. He fashioned Partners in Progress®, a small sculpture of two individuals pulling together to accomplish a task. In 1995, the company commissioned Everette to render a larger-than-life version to be displayed at the corporate headquarters. In May of that year, the handsome cast bronze sculpture was placed in a special garden near the office's main entrance. As part of the dedication ceremony, longtime board member, Herbert Casteel, said:

Everette Wyatt, the artist who designed and handcrafted this beautiful sculpture, well understood the spirit of partnership that makes Leggett & Platt such an outstanding company, and he did a superb job of capturing this spirit in bronze. In Everette's words, "It makes no never-mind what it is these ol' boys are doin'. Point is, they're pullin' together to get it done."

The thousands of men and women who are Leggett & Platt bring to this company a wide variety of talents and a great range of abilities. Yet throughout this company there is a spirit of partnership, an attitude of mutual respect, a cooperative effort toward common goals. People count at Leggett & Platt, and therein lies the secret of our success.[42]

Harry Cornell, Jr., concluded the dedication ceremony with these words:

We extend our gratitude and dedicate this sculpture to every Leggett partner … to those who lived before us, are with us now, and to those who will be in future generations … the people of Leggett & Platt who are our greatest asset and share a special partnership spirit.[43]

In the late summer of 1995, Leggett & Platt announced a 2-for-1 stock split and increased the quarterly dividend for pre-split shares to $0.20 per share, a 25 percent increase over the previous year's dividend.[44]

At year's end, the company announced an 11 percent increase in sales, a 14 percent increase in earnings, and a 23 percent increase in cash dividends.[45] Approximately 75 percent of the sales and earnings growth had come from acquisitions.[46] In its 29 years as a public company, Leggett & Platt's sales had grown from $13 million to $2.06 billion, and its net earnings had increased from $351,000 to $134.9 million.[47]

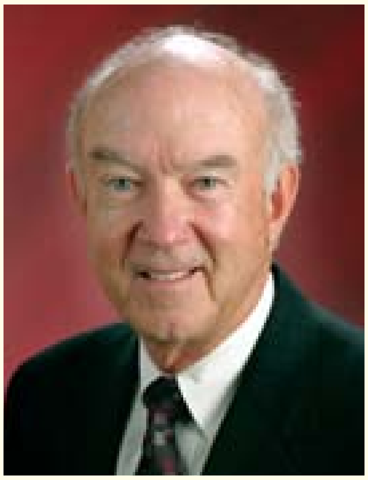
Still Room to Grow

In 1996, Leggett employed approximately 21,000 people in facilities throughout the world.[48] Part of that figure came with the company's largest acquisition to date—Pace Industries, a Fayetteville, Arkansas, company with plants in seven U.S. states and Mexico, and with sales approaching $250 million.[49] Like Leggett & Platt, Pace was a leader in engineered aluminum die-cast components, and the acquisition doubled Leggett & Platt's business in this area.[50] As a result of the merger, Leggett & Platt began to produce aluminum

FELIX E. WRIGHT

CEO, 1999 TO 2006

When Felix Wright speaks to Leggett's employee–partners about going the extra mile for customers, he isn't talking about an abstract idea. Wright joined the company in 1959 in customer service at the Ennis, Texas, operations. To paraphrase Felix's words, here is a description of his initial duties:



> *My job was to load a truck and deliver products to our customers in the Dallas area. If one of the customers wasn't paying his bills, it was my job to pick up a check and bring it back with me.*
>
> *When I got back to the plant, I'd check to see which customers had called and who I needed to call back. … Once that work was finished, I'd start loading again for the next day.*
>
> *Sometimes, pretty late in the afternoon, a customer would call and tell me they needed something and couldn't wait until tomorrow. So, I'd pull a few things off the back of the truck, load up what they wanted, and make a run back to Dallas. Those days I got home pretty late.*
>
> *We're always willing to go that extra mile for the customers, and we expect that same kind of performance from our people today. Going the extra mile has never been more important.*[1]

Felix was born and raised near Ennis, Texas, where he attended high school. After graduating, he earned a bachelor's degree in business from East Texas State University in 1958 before accepting a job with Leggett & Platt.[2]

In 1961, Wright was sent from Ennis to manage a new facility in Phoenix, Arizona. While there, he was promoted to general manager of sales and marketing west of the Rockies, a position he held until 1967.[3]

That year, Wright was appointed vice president and general manager of operations at Winchester, Kentucky, where he relocated. Wright was also entrusted with the responsibility of creating and building Leggett & Platt's Eastern division. He successfully led the Eastern operations, built relationships with potential acquisition partners, completed acquisitions, and integrated them into the newly formed division.

In 1975, Wright was promoted to senior vice president and group manager of bedding components, and relocated to Carthage, Missouri. A year later, he received another promotion, assumed responsibilities for additional operations, and was asked to guide Leggett's research and development of new products.[4]

By 1979, Wright was executive vice president and chief operating officer. In those capacities, he directed the company's recently restructured operating management that included multiple groups, led by corporate vice presidents who reported to him. In May 1985, he became president and continued as chief operating officer. In May 1999, Wright succeeded Harry Cornell, Jr., as CEO and also became vice chairman of the board of directors. In 2002, he was elected chairman of the board, retaining his other responsibilities. Then, upon David Haffner's promotion to CEO in 2006, Wright continued his service as chairman of the board until May 2008.[5]

A year before he became the chief executive, in an interview in Leggett's Management Information

Bulletin, Wright expressed an eagerness to perpetuate the company's culture in his upcoming job and took the time to describe that culture. He prepared a list of 14 statements (shown below) that began with the importance of honest, ethical behavior and outstanding customer service. The list ended with the value of long-term relationships with partners, customers, and shareholders. About Leggett's culture, Wright appropriately said, "We can put a description of our culture in writing, but that won't ensure it continues. It is something which has to be observable … our managers have to live it, demonstrate it, and encourage it in others."[6]

The transition in leadership from Harry Cornell, Jr., to Felix Wright was carefully planned and smoothly completed. Wright became only the second chief executive in 40 years.

"I never set out in my career to be the CEO of this company," he said. "My father always taught me, whatever you try to do, you try to do to the best of your ability with the God-given talents that you have. That's what I attempted to do every day I worked at Leggett."[7]

Leggett Culture—According to Wright

1. *We are ethical business people. Illegal, immoral, or unethical behavior is unwelcome. We value honesty.*
2. *We are customer service zealots. We go the extra mile for our customers. Each of us, in every job, is expected to do our very best to ensure our customer will be pleased and want to buy from us again and again.*
3. *We sincerely care about our partners and the world we live in. We care about safety and the environment.*
4. *We desire an entrepreneurial spirit in our operations. Each operation is a separate profit center to encourage this spirit.*
5. *We strongly prefer doing a job correctly, the first time.*
6. *We stress good strategic direction and an intense focus on details.*
7. *We are glad to share the company's history and our business strategy with all our employee–partners. It is difficult to feel affiliated with a business if you don't know where it has been and where it is going.*
8. *We are discontent with the status quo. We do not believe we are ever as good as we are going to be. We want to continuously improve every product, service, and process in our business.*
9. *We encourage employees to become shareholders. Partners don't have to be shareholders to take personal responsibility for their work and the company's success … to act like owners … but it helps.*
10. *We can't prosper and grow without having a continual flow of new ideas, improved products, and machinery. Research and development is vital, but we'd like everyone to contribute to the flow of ideas. One of our unique strengths has been our ability to provide proprietary products for our customers—to give them something unique or special.*
11. *Almost everything we buy and use can be bought and delivered for less than the asking price. We must shop, compare, and ask for a better deal. We want the best for less, always.*
12. *We dislike bureaucracy and playing politics … avoid both. We value genuine friendliness and concern for others, and we like to laugh.*
13. *We will always outwork our competition. We willingly work long hours … but we also "work smart."*
14. *We value long-term relationships. We like long-term partners, long-term customers, long-term suppliers, and long-term shareholders. These relationships add joy to our work lives.*[8]

components for gas barbecue grills, motorcycles, small- to mid-sized gasoline engines, clean-room floorings for silicon chip factories, and other commercial and consumer products. The deal also brought with it several tool and die operations serving the castings industry; these businesses were further vertically integrated into Leggett & Platt's operations.[51]

The Pace facilities included a plant in Mexico that operated under a joint venture with Emerson Electric, a major consumer of aluminum die castings used in the production of electric motors and many other electrical tools and small appliances.[52]

Daniel R. Hebert, senior vice president and head of the aluminum group, who came to Leggett & Platt with Pace, explained the impact of the acquisition:

> *Pace, at that time, had grown significantly, starting as about an $8 million business in the late 1970s; by the mid-1990s, they had grown that to $130 or $140 million. It had significant growth potential in the future, but lacked the capital. That was one of the reasons, the main driving reason, for seeking additional infusion of capital, either through an IPO or through a partnership with someone like Leggett. So Leggett's infusion of capital and its very strong balance sheet have been significant factors in our ability to grow the casting business.*[53]

The acquisition of two related companies, Excell Store Fixtures and Slot All Limited in Toronto, Canada, significantly expanded Leggett & Platt's commercial fixture and display business. These companies—expected to add about $50 million to Leggett & Platt's annual sales—produced and sold custom-designed metal and wood display cases, shelving, counters, and other fixtures. Wooden bookshelves for Barnes & Noble were an increasingly important portion of Excell's production.[54]

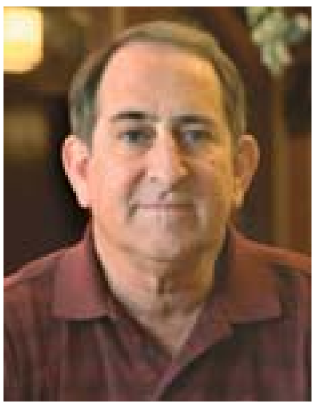
In October 1996, Leggett & Platt acquired the Steadley Company of Carthage, a longtime competitor in bedding components. Like Leggett & Platt, Steadley had been founded as a privately owned company in Carthage around the turn of the 20th century. Both companies began as manufacturers of steel coil springs.[55]

When acquired, Steadley was a producer of springs and other components for furniture and bedding manufacturers, and had seven manufacturing and distribution facilities and 800 employees in Missouri, Texas, Florida, North Carolina, Tennessee, and California.[56]

The Steadley acquisition followed the settlement of a lawsuit that Leggett & Platt filed against Swiss-owned Spühl AG and that Steadley had joined. The suit alleged that Spühl breached a contract with Leggett & Platt by selling to Steadley certain innerspring manufacturing equipment that Spühl had contracted to sell exclusively to Leggett & Platt.[57]

Although the suit caused some discomfort at the time, Ernest Jett, senior vice president, general counsel, and secretary, explained the company's growing need to protect its interests:

> *Intellectual property is an area that has become increasingly important to Leggett & Platt. … Over a period of time, it became more and more evident that our company was not only going to be the low-cost producer, but we also found that we were making our margins on products that could not be easily duplicated—products that*



Above: The Pace Industries acquisition of 1996 complemented the barbecue grill–producing capabilities of Leggett & Platt's EST division.

Right: Daniel R. Hebert joined Leggett & Platt in 1996 as corporate vice president at Pace Industries, later called the Aluminum Products segment. He was appointed senior vice president of Leggett & Platt and head of the aluminum group in 2002.

had IP protection. So gradually, IP became more and more important.[58]

A federal judge in Kansas City mediated a settlement of the lawsuit. Leggett's representatives at the mediation suggested one way to settle the matter might be for Leggett to buy Steadley (that way the machinery promised exclusively to Leggett would soon be in Leggett's ownership). The judge included that option in the settlement arrangements, and Leggett proceeded to buy Steadley. A year after that, Leggett also bought Spühl.[59]

In the news release announcing the Steadley acquisition, the company stated:

> *Management of both companies has told employees and customers that they intend to make the integration of facilities and operations as smooth as possible. Management further stressed their beliefs that the acquisition should result in improved customer service, production, and distribution efficiencies, and attractive opportunities for long-term growth of the combined businesses.*[60]

Leggett & Platt made a dozen acquisitions in 1996, including the November purchase of Latrobe Plastic Company and Airo Die Castings, two Loyalhanna, Pennsylvania, die-casting firms specializing in components for telecommunications and consumer electronics equipment. At that time, a growing trend toward outsourcing by makers and users of die-cast components was affecting the market. The Latrobe/Airo acquisition allowed Leggett & Platt to capitalize on this trend, as well as to expand its die-casting product line.[61]

Other acquisitions during the year included the purchase of two divisions of A. J. Gerrard and Company of Des Plaines, Illinois, a producer and seller of specialty wire products; Cameo Fibers, Inc., of Conover, North Carolina, a maker of cushioning materials; Oconto Metal Finishing, Inc., of Oconto, Wisconsin, a finisher of cast aluminum products; and Fairmont and Pacific Fairmont Corporations of Chicago and San Diego, respectively, both in the carpet underlay business.[62]

International expansion continued, as well, with the acquisition of Gateway Holding, Ltd., of Essex, England, a manufacturer of mattress finishing and conveyor equipment, and Les Bois Blanchet, Inc., of Quebec, Canada, a specialty lumber manufacturer. Additionally, Leggett & Platt continued to expand its presence in Mexico, opening bedding component manufacturing facilities in Guadalajara and Mexicali.[63]

Stepping It Up

For 1997, Leggett & Platt reported double-digit growth in both sales and earnings, and annualized sales approached $3 billion.[64]

Among its acquisitions that year was Rodgers-Wade Manufacturing Company of Paris, Texas, a firm that manufactured and marketed custom and semi-custom laminated wood display cases, shelving, and storage fixtures for video stores and retail outlets. Leggett & Platt also acquired Amco Corporation of Chicago, a manufacturer of high-end, customized shelving and storage fixtures for food service, material handling, and office use.[65]

In 1997 and through the first 10 weeks of 1998, Leggett & Platt acquired 20 businesses.[66] The company added nine businesses to its

Above: Ernest C. Jett joined Leggett & Platt in 1979 as the company's assistant general counsel. Jett added to his duties in the legal department over the years, working his way to company vice president in 1995. Today, Jett serves Leggett as a senior vice president, general counsel, and secretary.

Right: With the 1999 acquisition of Nagle Industries, Inc., came automotive cable manufacturing capabilities.

THE STUDENT LEARNER PROGRAM

LEGGETT & PLATT'S STUDENT LEARNER PROGRAM IS A fine example of the company's positive involvement with the community. Leggett formed this partnership with the Carthage public school system in July 1999 to help previously underperforming sophomores, juniors, and seniors complete their high school education while learning valuable skills that could be readily applied in the workforce.

In addition to Precision Machining courses at the Carthage Technical Center, students receive a wealth of hands-on training in disciplines such as pneumatics and hydraulics; basic power mechanics; stick, metal inert gas (MIG), and gas welding; basic electrical skills (residential, electronics, and industrial); blueprint reading and home maintenance; and computer maintenance.

Although the curriculum emphasizes mechanical training, the program's primary goal is to encourage students to complete their high school education successfully. For this reason, each student learner is provided with a Leggett & Platt mentor. Grades and attendance are monitored, and tutoring is available with an honors student hired by the company.

The application process is rigorous enough to ensure that the students who are selected have a strong desire to participate despite their less-than-perfect credentials. Applicants must complete the freshman-level Engineering Technology course at Carthage High School and obtain a nomination from the school. Nominees are then required to write an essay describing why they want to join the program, submit a Leggett & Platt job application, and participate in an interview with the selection committee. In previous years, as many as 30 applicants have been nominated; however, no more than 13 students are selected and welcomed into the program each year.

Tom Wells, Sr., former vice president of machinery and technology, created the program, through which he tangibly expressed his Christian faith and abiding concern for others. Some of the Student Learner training has taken place at Leggett's Zapletal Education and Development Center (ZED Center), which, at Wells' suggestion, was named in honor of longtime employee–partner and exceptionally talented engineer Henry Zapletal.

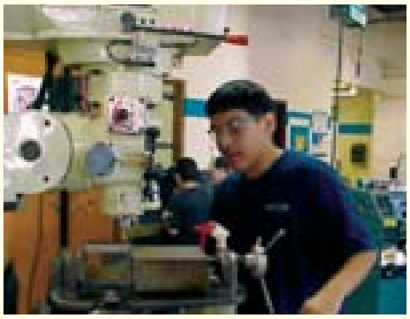
The Leggett & Platt Student Learner Program is unique in that participants are actual company employees. Students work in Leggett's Carthage-area locations, including Machine Products, Porter International, Flex-O-Lators, and the IDEA Center. They are paid to learn technical and life skills, which allow them to focus on the objectives of the program without needing to be employed at other part-time jobs.

The program has earned recognition at both state and national levels. In 2000, Leggett & Platt's machine products division was recognized as the "Missouri Industry of the Year," largely because of its commitment to enriching the community's youth and families through the Student Learner

fixture and display division, seven of which were located in the United States and two in Canada.[67] Three businesses based in the United States joined Leggett & Platt's aluminum die-castings operations that year. And, lastly, in materials and technology, the company acquired eight businesses: six in the United States, one in England, and one in Switzerland. The latter of these was Spühl AG, acquired as part of the arbitration of the patent lawsuit settled a year earlier.[68]

Together, these companies expanded Leggett & Platt's annualized sales by $560 million, sending revenues over the $3 billion mark.[69]

At that time, Robert Jefferies, senior vice president of mergers, acquisitions, and strategic planning,



Left: Junior William Guerra adjusts the mill for a new setup for his nut and bolt machining project.

Center: In 1999, Vern Mason (left), Gared Fleishman (standing), and David Boatright successfully completed the Student Learner Program. All three continued to work for the company after graduation.

Right: Sophomore Danely Flores turns down a metal shaft as part of her plumb bob project on a metal lathe.

Program.[1] The following year, the program earned Leggett & Platt Machine Products the "Exemplary Worksite Learning" award from the National Tech Prep Network.[2] In 2003, the program received the prestigious "Friends of Education" award from the Southwest Center for Educational Excellence (a consortium of more than 40 schools in Southwest Missouri).

Individually, students have put their learning to the test in competitions organized by SkillsUSA, a partnership of students, teachers, and industry working to ensure a skilled U.S. workforce. Students have performed well at the state-level competitions and have often placed among the top 10 nationally. All these collective and individual achievements are very satisfying to the students and leaders, but David Rice, the program director, explained, "The greatest reward is watching students mature through our program."[3]

Sixty-seven students have graduated from the program from its inception in 1999 through 2008, and Leggett & Platt has hired more than 70 percent of the graduates as full-time employees. Vern Mason, who completed the Student Learner Program in 1999, was named Leggett & Platt Machine Products "Employee of the Year" for 2006. Another 1999 program graduate, Chance Newman, operated the Student Learner Shop for several months in the absence of the shop supervisor. Newman was recently named the Machine Products "Employee of the Year" for 2007. Lastly, another recent graduate from the Student Learner Program, John Burns, went to work after graduation for Leggett & Platt's Porter International facility. He has done an outstanding job, and in 2007, Burns was named "Employee of the Year" at Porter.[4]

Some program graduates choose to attend college or to pursue job opportunities elsewhere. Although their career choices differ, the program provides all student learners with practical knowledge, skills, and work experience that will help them to succeed and strengthen their communities.

and Michael Glauber, senior vice president of finance and administration, were deeply involved in the company's extraordinary acquisition program. A discussion between them describes their experiences:

Jefferies: *The due diligence … was more of a nuts and bolts thing that was not too difficult to deal with. The only difficulty was that sometimes we would have five and six and seven of these going on at once, and we were very thinly staffed at all levels, and it was more of a time constraint rather than a proficiency constraint or an expertise constraint. How long does it take to become profitable? That varied. One of the things I'm proud of is that while we wanted to* *become profitable quickly, Harry and his team were very long-range oriented and were prepared to be patient, and we bought things that we knew weren't going to contribute probably as quickly as we would have liked. …*

Glauber: *Most of our acquisitions were accretive the first year.*

Jefferies: *Particularly in springs. There were greater synergies.*

Glauber: *We paid for some of the synergies that we envisioned, particularly in innersprings, because we knew what we could do with them when we acquired them. I remember I was always shaking my head at Harry paying some of the prices, but they were very good acquisitions.*

Jefferies: *We paid based on intuition as well as financial models.*

Glauber: *Yes, to see what some of those things could do for us; and of course, Harry had the insight. Knew where he wanted to go in a lot of those cases.*

Jefferies: *The irony over the years is that some of the things that I thought going in were very expensive turned out to be dirt cheap, and some of the things I thought were dirt cheap turned out to be very expensive. When you do 200 or 300 of these, you just don't always know.*[70]

History of Stock Splits: Growth of 100 Shares

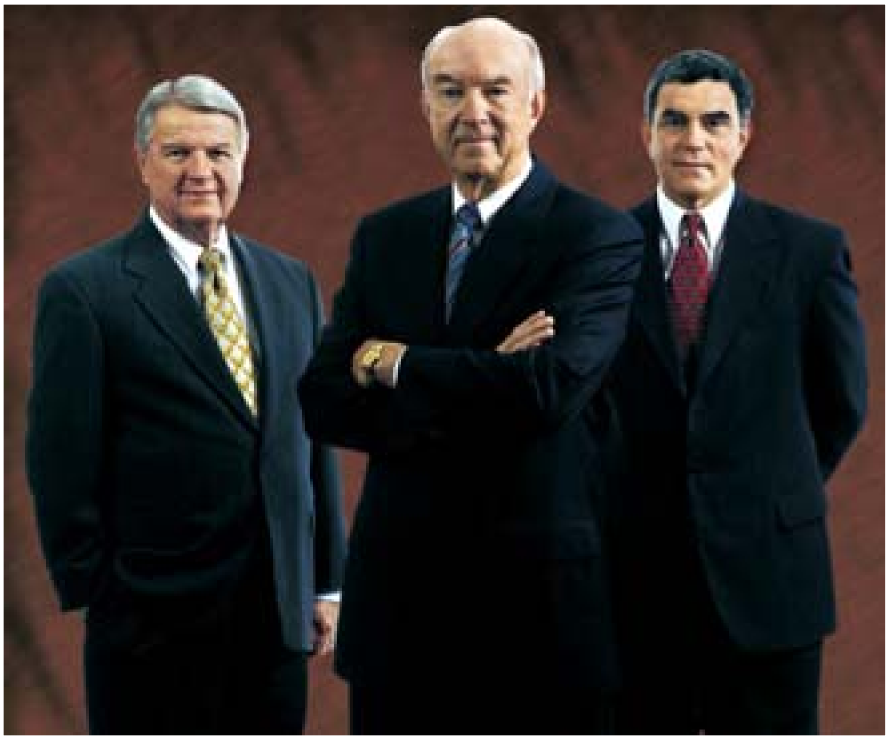
March 1967	IPO	100 shares
May 1969	5-for-3	167 shares
January 1973	3-for-2	250 shares
September 1978	3-for-2	375 shares
August 1983	2-for-1	750 shares
March 1986	3-for-2	1,125 shares
June 1992	2-for-1	2,250 shares
September 1995	2-for-1	4,500 shares
June 1998	2-for-1	9,000 shares

That year, on the *FORTUNE*® list of "America's Most Admired Companies," Leggett & Platt ranked 48th—in the top 11 percent—of 431 companies in American industry.[71]

Ending an Era

Early in 1998, as part of a carefully planned succession, Harry Cornell, Jr., announced that he would retire as CEO in May 1999, although he would continue to serve as chairman of the board of directors. Felix Wright would become the new CEO; he would, however, continue to serve as president and chief operating officer until May 1999.[72]

In a special message released in 1998, Harry announced his successor with great pleasure: "Felix's excellent performance, coupled with his talent, experience, and a strong management team, has led us to a seamless transition point, naturally and with great confidence."[73] As part of the announcement, Harry anticipated that



A formidable team was formed in 1999, when Felix E. Wright (center) moved to the position of CEO as Harry M. Cornell, Jr. (left), retired from the post, although he remained Leggett & Platt's chairman of the board. David S. Haffner (right) advanced to executive vice president and chief operating officer.

David Haffner, executive vice president, would succeed Wright as chief operating officer. Haffner, who had joined Leggett & Platt in 1983, was already responsible for more than 75 percent of the company's operations.[74]

Before the leadership transition took place, John Hale, senior vice president of human resources, interviewed Wright for Leggett's internal publication, the Management Information Bulletin (MIB). Hale recalls:

John Hale began his Leggett & Platt career in 1979 as manager of employment and training. For several years, he was also the manager of employee benefits. Beginning in 1987, Hale became the head of human resources and was made an officer of the company in 1995. He is currently the senior vice president of human resources. During his 29 years with the company, John has helped hire, train, and assimilate many of Leggett's employees, and has served as the de facto company historian and custodian of the culture.

> *In 1998, when Harry was passing the [CEO] baton to Felix, Felix said he was looking forward to preserving the company's culture. ... Frankly, I was a little uncertain how this would be accomplished. ... So I asked Felix how, given that we're buying 10 or 20 businesses a year, he was planning to preserve this culture? ... He came in on Monday with a piece of notebook paper on which he had written a "baker's dozen" worth of items ... and we still review those items with every one of our new employees at the corporate office.*[75]

Throughout 1998, Leggett & Platt acquired 16 businesses. The company's rank on *FORTUNE*® magazine's "Most Admired" list placed it in the top

CORNELL'S CLOSING STATEMENT

UPON RETIREMENT AS CEO (1960–1999)

LEGGETT'S ACCOMPLISHMENTS HAVE BEEN substantial since 1960, when at $7 million in yearly revenues, we began to build the framework for our continuing growth strategy. Did we dream then that the company would cross the $3 billion mark in annualized sales and have a total market value of more than $5 billion early in 1998? No, not specifically. However, we did foresee great opportunities to expand our business, while enhancing prospects for profitable growth and shareholder wealth. With ongoing refinements and assessments, these cornerstones of our strategy will guide us.

Long-term shareholders, employee–partners, customers, and many of their families know of my absolute commitment to Leggett and its continued success. My personal rewards in leading our management team for nearly 40 years are immeasurable. They extend far beyond financial terms and investment returns on Leggett stock to countless business relationships and priceless personal friendships ... worldwide. It has been particularly gratifying to see so many employee–partners succeed and benefit from the financial success of the company as shareholders.

My service with Leggett will forever be an unforgettable experience for me. Leggett's long-term outlook is brighter today than ever. We have a proven strategy, substantial capital resources, and a group of employee–partners second to none ... all in place and dedicated to making it happen, day-in and day-out. Together, we will keep our expectations high and anticipate an exciting future.[1]

The Leggett & Platt board of directors in 1998 included (seated, left to right): Herbert C. Casteel (Advisory) and Alice L. Walton. Standing, left to right: R. Ted Enloe, III; Maurice E. Purnell, Jr.; Frank E. Ford, Jr. (Advisory); Alexander M. Levine; Raymond F. Bentele; Jack B. Morris (Advisory); Richard T. Fisher; Harry M. Cornell, Jr. (Chairman); Thomas A. Hays; Felix E. Wright; Bob L. Gaddy; Richard L. Pearsall; Duane W. Potter; and David S. Haffner. Robert A. Jefferies, Jr., is not pictured.

6 percent of nearly 500 major corporations. In June, Leggett & Platt announced another 2-for-1 stock split; in the 31 years following the 1967 initial public offering (IPO), one share of initial stock expanded to 90 post-split shares. Investors who held their IPO shares for those 31 years would have received a compound average growth rate of approximately 19 percent on their initial investment.[76]

Some of the most exciting news of 1998, however, was Leggett & Platt's entry into China through its agreement to produce proprietary innerspring units for bedding manufacturers in that country. Also in China, Leggett opened a facility for machinery production and machinery parts sourcing, followed by a furniture mechanism plant.[77]

Dennis Park, senior vice president and head of the Commercial Fixturing & Components segment, recalled how the company was initially able to penetrate the Asian market:

> *Our initial venture into Asia was actually an acquisition that we made in the late 1990s in Australia. … At the same time as we were looking at the Australian market, we recognized that they had long-established trading activities with the Asian market—Indonesia, Singapore, Malaysia, and just beginning in China. …*

So once we made that acquisition, it allowed us to develop customer relationships in many other Asian countries, and again, that was ultimately what allowed us to be extremely well-positioned when we were ready to take a physical presence into the Chinese market, and we already had a number of pre-established customers there.[78]

From that point forward, Leggett & Platt began actively pursuing more international opportunities with a strategy that international growth, like that achieved in North America, would be methodical and carefully planned to complement existing operations.

New Leader, International Growth

In May 1999, after nearly 40 years of leadership, Harry Cornell transferred the CEO responsibilities to Felix Wright. In parting, Harry reminded Leggett & Platt employee–partners of one of his favorite quotes that had hung in his office for many years—a saying that he had often used to guide and inspire others during his tenure: "Success is founded on a constant state of discontentment interrupted by brief periods of satisfaction on the completion of a job particularly well done."[79]

Under Wright's leadership, Leggett & Platt accelerated its acquisition program on both the domestic and international fronts, acquiring 29 companies in 1999 that specialized in residential and commercial furnishings, industrial materials, and other specialty products.[80] The foreign acquisitions took place in Australia, Brazil, China, Italy, Mexico, Spain, and the United Kingdom.[81]

At the close of market trading on October 15, 1999, Standard & Poor's added Leggett to the S&P 500 Index, one of the primary standards for measuring performance of the stock market.[82] Leggett was further honored that year as it climbed to the top 5 percent of *FORTUNE*® magazine's "America's Most Admired Companies." It ranked 23rd out of 469 companies.[83]

Leggett & Platt has been rightfully admired for several reasons—its successful growth and profitability, the ethical behavior of its leaders, and its positive influence on communities. One fine example of Leggett's community involvement is its award-winning Student Learner Program, started in 1999 as a partnership with the Carthage public school system. The program has helped previously underperforming students improve their prospects for completing their high school education while acquiring technical skills, gaining job experience, and earning money as Leggett & Platt student employees.[84]

Leggett & Platt ended the millennium with another positive year of performance. The company announced net sales of $3.7 billion in 1999, up 12.1 percent over the previous year. Net earnings increased to $290.5 million, up 17.1 percent. For eight consecutive years, the company had achieved record sales and earnings, and for 29 consecutive years, it had raised dividends.[85] Leggett & Platt entered the 21st century as a thriving, confident, and profitable company.