FORM 10-K

KELLWOOD CO - kwd

Exhibit:

Filed: July 13, 1999 (period: April 30, 1999)

Annual report which provides a comprehensive overview of the company for the past year

SECURITIES AND EXCHANGE COMMISSION,
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended April 30, 1999

Commission File Number: 1-7340

KELLWOOD COMPANY
Exact name of registrant as specified in its charter)

DELAWARE	36-2472410
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

600 KELLWOOD PARKWAY, P.O. BOX 14374, ST. LOUIS, MO 63178
(Address, including Zip Code, of registrant's principal executive offices)

(314) 576-3100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 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 [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

At June 28, 1999, Kellwood Company had 27,723,131 shares of Common Stock, par value $.01, outstanding. While it is difficult to determine the number of shares owned by nonaffiliates, the Company estimates that the aggregate market value of the Common Stock on June 28, 1999 (based upon the closing price of these shares on the New York Stock Exchange) held by nonaffiliates was approximately $753,723,000.

DOCUMENTS INCORPORATED BY REFERENCE

Annual Report to Shareowners for fiscal year ended April 30, 1999 (Item 1 in Part I; Items 5, 6, 7 and 8 in Part II, and Part IV).

Joint Proxy Statement / Prospectus with Koret, Inc. dated March 25, 1999 (Item 4 in Part I).

Proxy Statement for Annual Meeting of Shareowners to be held on August 26, 1999 (Items 10, 11, 12 and 13 in Part III).

Item 1. Business

(a) Kellwood Company and its subsidiaries (the "Company") manufacture and market apparel and related soft goods. Kellwood Company was founded in 1961 as the successor by merger of fifteen independent suppliers to Sears.

Beginning in 1985, the Company implemented a business strategy to expand its branded label products, broaden its customer base, increase its channels of distribution and further develop its global product sourcing capability. Since 1985, Kellwood has acquired the following 16 domestic companies.

Company Name	Date of Acquisition
Cape Cod-Cricket Lane, Inc.	March, 1985
Parsons Place Apparel Company, Ltd. (Sag Harbor)	June, 1986
E Z Sportswear (Melrose)	December, 1986
En Chante, Inc. (E.N.C)	December, 1986
Robert Scott Ltd., Inc. (Robert Scott/David Brooks) David Brooks Ltd., Inc., and Andrew Harvey Ltd.	July, 1987
American Recreation Products, Inc.	November 1988
Slumberjack, Inc.	September 1989
Crowntuft Manufacturing Corp.	October 1989
decorp INC.	October 1990
California Ivy, Inc. (Ivy)	July 1992
A. J. Brandon, Inc.	December 1992
Goodman Knitting Co., Inc.	July 1993
Halmode Apparel, Inc.	September 1994
David Dart, Inc. and Force One, Inc.	November 1994
Fritzi California (excluding real estate)	December 1998
Koret, Inc.	April 1999

These companies are principally marketers of branded apparel except for American Recreation Products, Inc. and Slumberjack, Inc. which are manufacturers and marketers of branded camping soft goods and Crowntuft Manufacturing Corp. which is a vertically integrated manufacturer of chenille robes.

In addition to its domestic acquisitions, in the early 1980's, the Company acquired Smart Shirts Limited of Hong Kong, a leading shirt and blouse manufacturer in the Far East. Smart Shirts, since its acquisition, continued to diversify its manufacturing capabilities from its principal base of Hong Kong to the People's Republic of China, Sri Lanka, Saipan and Costa Rica. During fiscal year 1996, the Company shut down the facilities in Saipan and Costa Rica.

As a result of the above business strategy, the Company has redirected its focus from primarily the manufacturing of private label apparel and home fashions for Sears to a marketing-driven emphasis on branded apparel and related soft goods. The Company's acquisition strategy has further diversified its customer base and has broadened its channels of distribution. As a result of these efforts, sales to Sears declined to 7% of total sales in fiscal year 1999, compared to 50% in fiscal year 1985.

(b) The information required by this Item is set forth in the Company's 1999 Annual Report to Shareowners, at page 30 under the caption "Industry Segment and Geographic Area Information," which information is incorporated herein by reference.

(c) The Company manufactures and markets apparel and other soft goods products made from cloth or fabric or knitted from yarn. These products are manufactured primarily domestically and in the Far East.

(i) The Company's products include diversified lines of men's, women's and children's clothing, sleeping bags, and other soft goods. Products are mainly sold to retailers under either the Company's or customer's brands and labels.

(ii) The Company anticipates no significant change in products or new industry segments which would require a material investment. However, business acquisitions within the apparel and related soft goods industry are continually being considered, and it is anticipated that external and internal demands will generate increasing requirements for capital.

(iii) The Company purchases the majority of its raw materials directly from numerous textile mills and yarn producers and converters. The Company has not experienced difficulty in obtaining raw materials essential to its business.

(iv) The Company holds patents covering various aspects of its products. The Company is a licensee of certain trade names. The expiration, or invalidation, of any of the patents would not, in the opinion of management, have a material effect upon the continuation of business.

(v) Although specific styles are seasonal, the Company's various product lines are manufactured and sold on a year-round basis. Products are primarily manufactured and sold prior to each of the principal retail selling seasons including spring, summer, fall and holiday.

(vi) Consistent with the seasonality of specific product offerings, the Company carries necessary levels of inventory to meet the anticipated delivery requirements of its customers.

(vii) No customer accounts for more than 10% of the Company's revenues. The Company's management believes that the relationships with its customers will continue into the foreseeable future.

(viii) At the end of fiscal 1999, backlog was approximately $856 million, compared with a backlog of $884 million at the end of fiscal 1998. The company does not believe that backlog is a meaningful indicator of sales that can be expected for any period. All of the Company's backlog is expected to be filled within 12 months, but there can be no assurance that the backlog at any point in time will translate into sales in any particular subsequent period.

(ix) Government contracts or subcontracts with the Company are not material.

(x) The Company has substantial competition from numerous manufacturers and marketers, but accurate statistics relative to the competitive position of the Company are not available.

(xi) The Company has a continuing program for the purpose of improving its products and production machinery. The Company is not engaged in any material customer-sponsored research and development programs. Approximately $248,000, $359,000 and $740,000 were spent on research and development activities during fiscal years 1999, 1998 and 1997, respectively.

(xii) In the opinion of management, there will be no material effect on the Company resulting from compliance with any federal, state or local provisions which have been enacted or adopted regulating the discharge of materials into the environment or otherwise relating to the protection of the environment.

(xiii) At the end of fiscal 1999, there were approximately 19,200 people employed by the Company. Substantially all of the work force is non-union, and the Company considers its relations with its employees to be satisfactory.

(d) Except for its Smart Shirts operations, the Company's foreign activities including foreign manufacturing operations and customers have not been material. The Company owns all of the outstanding shares of Smart Shirts Limited, a Hong Kong corporation engaged in apparel manufacturing, and other Asian companies under Smart Shirts' management. The sales, operating profit, and identifiable assets attributable to each segment are set forth in the Company's 1999 Annual Report to Shareowners at page 30 under the caption "Industry Segment and Geographic Area Information" in the Notes to Consolidated Financial Statements, which note is incorporated herein by reference. The risk attendant to the Company's Smart Shirts operations is slightly greater than that of domestic operations primarily due to quota allocations and political instability. Utilization of existing quota rights and diversification of Smart Shirts manufacturing capacity to various countries help to mitigate these risks.

Item 2. Properties

At April 30, 1999, the Company operated 30 production plants and various distribution facilities. Domestic business operated:

- 13 plants in 7 states,
- two plants in the Dominican Republic,
- two plants in Honduras,
- one plant in El Salvador, and
- three plants in Canada.

These domestically managed plants aggregated to approximately 2.2 million square feet. They include the 5 domestic plants scheduled to close during fiscal 2000 (as discussed in Note 2 to the Consolidated financial statements incorporated herein by reference) which aggregate to approximately 700,000 square feet and are operating at approximately 64% of capacity at April 30, 1999. The remaining 16 plants aggregate 1.5 million square feet and were operating at an estimated 75% of capacity at April 30, 1999.

The Company's Smart Shirts subsidiaries operated nine plants which aggregated to approximately 798,000 square feet and were operating at an estimated 90% of capacity. Smart Shirts' subsidiaries manage operations in Hong Kong, Sri Lanka and China.

As Kellwood's product sourcing continues to shift from products manufactured in the Company's domestic facilities to foreign-sourced product, warehousing and distribution facilities assume increasing importance. During fiscal 1999 major milestones were achieved in the Warehousing and Distribution initiative, one of Kellwood's Vision 2000 programs, including:

- The Kellwood Western Region Distribution Center in the Los Angeles area became fully operational. This facility serves as the headquarters for five divisions in a multi-tiered 630,000 square foot facility.
- A 294,000 square foot facility in Brockton, Massachusetts was renovated and is shared by two divisions.
- A 240,000 square foot facility in Roanoke, Virginia was renovated and converted to a distribution center.
- A multi-tiered 880,000 square foot warehouse and distribution center was built in Trenton, Tennessee.

Combined, these efforts are expected to generate new economies of scale in warehousing and distribution activities while eliminating the redundant costs of smaller, inefficient facilities.

In management's opinion, current facilities generally are well maintained and provide adequate production capacity for future operations. However, management continues to evaluate the need to reposition the Company's portfolio of businesses and facilities to meet the needs of the changing markets it serves and reflect the international business environment.

The Company's operating facilities are primarily leased under long-term capital leases with renewal options at decreasing rentals. Certain facilities are leased under operating leases that generally contain renewal options. The Company also leases its corporate space in St. Louis County, Missouri and major showrooms in New York City, New York; Atlanta, Georgia; Dallas, Texas; and Los Angeles, California.

Item 3. Legal Proceedings

The Company is involved in several routine lawsuits incidental to the Company's business. Management and general counsel are of the opinion that the ultimate disposition of such litigation should have no material adverse effect on the Company's financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

A special meeting of the stockholders of Kellwood Company was held on April 27, 1999 to consider and vote upon a proposal to approve the issuance of 5,241,000 shares of Kellwood common stock under the Agreement and Plan of Merger, dated December 1, 1998, between Kellwood Company and Koret, Inc. The Agreement and Plan of Merger provided for each outstanding share of Koret to be converted into .6025391 shares of Kellwood common stock and for Koret to become a wholly-owned subsidiary of Kellwood. Stockholders of record at the close of business on March 5, 1999 were given notice by a joint proxy statement/prospectus dated March 25, 1999, which document is incorporated herein by reference. The stockholders approved the proposal, with 18,542,137 votes cast for the proposal, 182,362 votes against it, and 56,046 votes abstaining,

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters

The information required by this Item is set forth in the Company's 1999 Annual Report to Shareowners, at page 1 under the caption "Common Stock Data," which information is incorporated herein by reference.

Item 6. Selected Financial Data

The information required by this Item is set forth in the Company's 1999 Annual Report to Shareowners, at page 31 under the caption "Supplemental Selected Financial Data," which information is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this Item is set forth below and in the Company's 1999 Annual Report to Shareowners, at pages 32 thru 37 under the caption "Management's Discussion and Analysis," which information is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated May 26, 1999, appearing at pages 18 to 31 of the Company's 1999 Annual Report to Shareowners, are incorporated herein by reference.

Item 9. Disagreements on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

(a) The information required by this Item regarding directors is set forth in the Company's Proxy Statement for the 1999 Annual Meeting of Shareowners, at pages 5 thru 7 under the captions "Nominees for Election to Serve Until 2001" and "Directors Continuing to Serve Until 2000," which information is incorporated herein by reference.

(b) EXECUTIVE OFFICERS OF THE REGISTRANT AS OF JULY 2, 1999.

Name of Officer	Age	Office and Employment During the Last Five Fiscal Years
William J. McKenna..	72	Chairman since November 25, 1997; Chairman and Chief Executive Officer (1994-1997); Chairman, President and Chief Executive Officer (1991-1994)
Hal J. Upbin........	60	President and Chief Executive Officer since November 25, 1997; President and Chief Operating Officer (1994-1997); Executive Vice President Corporate Development (1992-1994); Vice President Corporate Development (1990-1992); President of American Recreation Products, Inc. (subsidiary) (1988-1992).
Gerald M. Chaney....	52	Vice President Finance and Chief Financial Officer since December 21, 1998; Executive Vice President of Administration and Chief Financial Officer, Petrie Retail, Inc. (1996-1998); Executive Vice President and Chief Operating Officer, Canadians Corp. (1995-1996); Executive Vice President Operations and Chief Financial Officer, Crystal Brands (1985-1995).
James C. Jacobsen...	64	Vice Chairman since November 22, 1994; Executive Vice President Administration (1989-1994)
Enoch Harding, Jr...	68	Executive Vice President Operations since April 3, 1995; President of Kellwood Sportswear (1989-1995)
W. Lee Capps III....	51	Vice President Corporate Development since May 28, 1998; Director of Corporate Development (1996-1998); Chief Financial Officer of American Recreation Products, Inc. (subsidiary) (1987-1996).
John R. Henderson...	51	Vice President Merchandising since June 1, 1995; Director of Merchandising (1993-1995); Executive Vice President Marketing of Kellwood She Knows (1992-1993)
Lawrence E. Hummel..	56	Vice President Controller since February 25, 1992; Controller (1983-1992)
Roger D. Joseph.....	57	Vice President Treasurer since February 25, 1992; Treasurer (1986-1992)
Leon M. McWhite.....	57	Vice President Human Resources since June 1, 1995; Vice President (1994-1995); President of Kellwood Lingerie/Activewear (1989-1994)
Thomas H. Pollihan..	49	Vice President, Secretary and General Counsel since May 27, 1993; General Counsel and Secretary (1989-1993)
John A. Turnage.....	53	Vice President Manufacturing since August 28, 1997; Vice President Manufacturing and Sourcing (1989-1997).

(c) The information called for with respect to the identification of certain significant employees is not applicable to the registrant.

(d) There are no family relationships between the directors and executive officers listed above. There are no arrangements nor understandings between any named officer and any other person pursuant to which such person was selected as an officer.

(e) Each of the officers named in Item 10(b) above was elected to serve in the office indicated until the first meeting of the Board of Directors following the Annual Meeting of Shareowners in August 1999 and until his successor is elected and qualified.

(f) There are no legal proceedings involving directors, nominees for directors, or officers.

The information required by this Item regarding compliance with Section 16(a) of the Exchange Act is set forth in the Company's Proxy Statement for the 1999 Annual Meeting of Shareowners at page 23 under the caption "Compliance with Section 16(a) of the Exchange Act," which information is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item is set forth in the Company's Proxy Statement for the 1999 Annual Meeting of Shareowners, at pages 12 through 23 under the captions "Compensation of Executive Officers," "Retirement Program," and "Other Officer Agreements," which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is set forth in the Company's Proxy Statement for the 1999 Annual Meeting of Shareowners, at pages 3, 4 and 11 under the captions "Security Ownership of Certain Beneficial Owners" and "Management Ownership of the Company's Stock," which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information required by this Item is set forth in the Company's Proxy Statement for the 1999 Annual Meeting of Shareowners, at page 21 under the caption "Compensation Committee Interlocks and Insider Participation," which information is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) FINANCIAL STATEMENTS AND SCHEDULES

The consolidated financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated May 26, 1999, appearing at pages 18 to 31 of the 1999 Annual Report to Shareowners are incorporated by reference in this Form 10-K. With the exception of the aforementioned information and information incorporated in Items 1, 5, 6, 7 and 8, the 1999 Annual Report to Shareowners is not to be deemed filed as part of this Form 10-K. The following financial statement schedule should also be read in conjunction with the financial statements in such 1999 Annual Report to Shareowners. Financial statement schedules not included in this Form 10-K have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto. Separate financial statements of 50% or less owned persons accounted for by the equity method which are not shown herein have been omitted because, if considered in the aggregate, they would not constitute a significant subsidiary.

(i) Financial Statements:

Report of Independent Accountants

Consolidated Statement of Earnings, Years Ended April 30, 1999, 1998 and 1997

Consolidated Balance Sheet, April 30, 1999 and 1998

Consolidated Statement of Cash Flows, Years Ended April 30, 1999, 1998 and 1997

Consolidated Statement of Shareowners' Equity, Years Ended April 30, 1999, 1998 and 1997

Notes to Consolidated Financial Statements

(ii) Report of Independent Accountants on Financial Statement Schedule:

Financial Statement Schedule for the Years Ended April 30, 1999, 1998 and 1997:

Valuation and Qualifying Accounts (Schedule VIII)

Consent of Independent Accountants

(iii) Exhibits:

Exhibits filed as part of this report are listed below. Certain exhibits have been previously filed with the Commission and are incorporated herein by reference.

S.E.C. Exhibit Reference No.	Description
2.1	--Agreement and Plan of Merger, dated December 1, 1998, as amended among Kellwood Company and Koret, Inc., incorporated herein by reference to Form S-4 dated March 25, 1999, SEC File No. 333-74967.
3.1	--Restated Certificate of Incorporation of Kellwood Company, as amended, incorporated herein by reference to Form 10-Q for the quarter ended July 31, 1987, SEC File No. 1-7340.
3.2	--By-Laws, as amended through November 21, 1995, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1996, SEC File No. 1-7340.
4.1	--Note Purchase Agreement dated December 29, 1986,with exhibits, incorporated herein by reference to Form 10-Q for the quarter ended January 31, 1987, SEC File No. 1-7340.
4.2	--Indenture between the Registrant and Centerre Trust Company of St. Louis, and the 9% Convertible Subordinated Debentures due 1999, incorporated herein by reference to Registration Statement on Form S-2, Registration No. 2-93522, effective October 18, 1984.
4.3	--Note Agreement dated July 1, 1993, incorporated herein by reference to Form 10-Q for the quarter ended July 31, 1993, SEC File No. 1-7340.
4.4	--Rights to Acquire Series A Junior Preferred Stock, pursuant to a Rights Agreement between the registrant and Centerre Trust Company of St. Louis, incorporated herein by reference to Registration Statement on Form 8-A, effective June 24, 1986 and Amendment dated August 21, 1990, incorporated herein by reference to Form 10-Q for the quarter ended October 31, 1990, and Amendment dated May 31, 1996 incorporated herein by reference to Form 8-A/A effective June 3, 1996, SEC File No. 1-7340.
4.5	--Note Purchase Agreement dated December 1, 1987, with exhibits, incorporated herein by reference to Form 10-Q for the quarter ended January 31, 1988, SEC File No. 1-7340.
4.6	--Note Purchase Agreement dated December 15, 1989, with exhibits, incorporated herein by reference to the Form 10-Q for the quarter ended January 31, 1990, SEC File No. 1-7340.
4.7	--Credit Agreement dated as of May 31, 1996 among Kellwood Company, certain commercial lending institutions, and The Bank of Nova Scotia, as Administrative Agent and Syndication Agent, and Bank of America National Trust and Savings Association, as documentation Agent, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1996, SEC File No. 1-7340.

S.E.C. Exhibit Reference No.	Description
10.2*	--Employment Agreement dated December 9, 1992, between Kellwood Company and William J. McKenna, effective December 1, 1992, incorporated herein by reference to the Form 10-Q for the quarter ended January 31, 1993, SEC File No. 1-7340; Amendment dated May 28, 1993, effective May 1, 1993, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1993, SEC File No. 1-7340; Amendment dated November 26, 1996, effective May 1, 1996, incorporated herein by reference to the Form 10-Q for the quarter ended January 31, 1997, SEC File No. 1-7340; Amendment dated November 11, 1997, effective May 1, 1997 incorporated herein by reference to the Form 10-K for the fiscal year ended April 30, 1998, SEC File No. 1-7340; and Amendment dated November 24, 1998, effective November 24, 1998 filed herewith.
10.3*	--Form of Employment Agreement dated November 30, 1984, between Kellwood Company and executive officers, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1985, SEC File No. 1-7340.
10.4*	--1995 Stock Option Plan For Nonemployee Directors and 1995 Omnibus Incentive Stock Option Plan, incorporated herein by reference to Appendixes A & B to the Company's definitive Proxy Statement dated July 13, 1995, SEC File No. 1-7340.
10.5*	--Executive Deferred Compensation Plan, adopted and effective as of January 1, 1997; and Executive Deferred Compensation Plan Amendment, adopted March 18, 1997, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1997, SEC File No. 1-7340.
10.6**	--Agreement for Services Between Kellwood Company and Electronic Data Systems Corporation, dated June 21, 1996; and Amendment Regarding Use of Kellwood Purchase Card by EDS Employees, dated April 29, 1997, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1997, SEC File No. 1-7340.
10.7*	--Corporate Development Incentive Plan of 1986 (As Amended), formerly the Key Executive Long-Term Incentive Plan of 1983, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1994, SEC File No. 1-7340; and Amendment dated May 29, 1997, incorporated herein by reference to Exhibit A to the Company's definitive Proxy Statement dated July 17, 1997, SEC File No. 1-7340.
10.8*	--Employment Agreement dated December 1, 1997, between Kellwood Company and Hal J. Upbin, effective December 1, 1997, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1998, SEC File No. 1-7340.
13	--Portions of the Annual Report to Shareowners for the fiscal year ended April 30, 1999, which are incorporated by reference at Item 1 in Part I, Items 5, 6, 7 and 8 in Part II, and Part IV; filed herewith.
21	--Subsidiaries of the Company, appearing at page 14 of this report.
22	--Joint Proxy Statement/Prospectus dated March 25, 1999, incorporated herein by reference to Form S-4 dated March 25, 1999, SEC File No. 333-74967.
23	--Consents of Independent Accountants, appearing at page 13 of this report.
24	--Powers of Attorney: Ms. Dickerson and Messrs. Bentele, Bottum, Genovese, Hunter, Jacobsen, Marcus and Wenzel; filed herewith.
27	--Financial Data Schedule, filed herewith.

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* Denotes management contract or compensatory plan.

** Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.6 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.

(b) REPORTS ON FORM 8-K:

One report was filed on Form 8-K during the three months ended April 30, 1999 as follows:

. Current Report on Form 8-K dated February 23, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

KELLWOOD COMPANY

Dated: July 15, 1999

/s/ Thomas H. Pollihan

Thomas H. Pollihan
Vice President, Secretary and
General Counsel

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following on behalf of Kellwood Company and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ William J. McKenna William J. McKenna	Director, Chairman of the Board	July 15, 1999
/s/ Hal J. Upbin Hal J. Upbin	Director, President and Chief Executive Officer	July 15, 1999
/s/ Gerald M. Chaney Gerald M. Chaney	Vice President Finance and Chief Financial Officer (principal financial and accounting officer)	July 15, 1999
/s/ James C. Jacobsen James C. Jacobsen	Director, Vice Chairman	
/s/ Raymond F. Bentele Raymond F. Bentele	Director	
/s/ Edward S. Bottum Edward S. Bottum	Director	
/s/ Kitty G. Dickerson Kitty G. Dickerson	Director	
/s/ Leonard A. Genovese Leonard A. Genovese	Director	/s/ Thomas H. Pollihan Thomas H. Pollihan Attorney-in-fact July 15, 1999
/s/ Jerry M. Hunter Jerry M. Hunter	Director	
/s/ James S. Marcus James S. Marcus	Director	
/s/ Fred W. Wenzel Fred W. Wenzel	Director	

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of Kellwood Company

Our audits of the consolidated financial statements referred to in our report dated May 26, 1999 appearing at page 18 of the 1999 Annual Report to Shareowners of Kellwood Company (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

St. Louis, Missouri
May 26, 1999

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 033- 64847) of Kellwood Company of our report dated May 26, 1999 relating to the financial statements which appear in the 1999 Annual Report to Shareowners which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated May 26, 1999 relating to the Financial Statement Schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

St. Louis, Missouri
July 12, 1999

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-36559) of Kellwood Company of our report dated May 26, 1999 relating to the financial statements which appear in the 1999 Annual Report to Shareowners which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated May 26, 1999 relating to the Financial Statement Schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

St. Louis, Missouri
July 12, 1999

KELLWOOD COMPANY AND SUBSIDIARIES
SCHEDULE VIII--VALUATION AND QUALIFYING ACCOUNTS
(In Thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions	Balance at end of period
YEAR ENDED APRIL 30, 1999:					
Allowance for doubtful accounts.............	$11,803	$3,868	--	$(4,390)(A)	$11,281
YEAR ENDED APRIL 30, 1998:					
Allowance for doubtful accounts.............	6,191	3,751	--	1,861 (A)	11,803
YEAR ENDED APRIL 30, 1997:					
Allowance for doubtful accounts.............	5,592	2,867	--	(2,268)(A)	6,191

(A) Write-off bad debts (recoveries), net

EXHIBIT INDEX

S.E.C. Exhibit Reference No.		Description
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3.1	-	Restated Certificate of Incorporation of Kellwood Company, as amended, incorporated herein by reference to Form 10-Q for the quarter ended July 31, 1987, SEC File No. 1-7340.
3.2	-	By-Laws, as amended through November 21, 1995, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1996, SEC File No. 1-7340.
4.1	-	Note Purchase Agreement dated December 29, 1986, with exhibits, incorporated herein by reference to Form 10-Q for the quarter ended January 31, 1987, SEC File No. 1-7340.
4.2	-	Indenture between the Registrant and Centerre Trust Company of St. Louis, and the 9% Convertible Subordinated Debentures due 1999, incorporated herein by reference to Registration Statement on Form S-2, Registration No. 2-93522, effective October 18, 1984.
4.3	-	Note Agreement dated July 1, 1993, incorporated herein by reference to Form 10-Q for the quarter ended July 31, 1993, SEC File No. 1-7340.
4.4	-	Rights to Acquire Series A Junior Preferred Stock, pursuant to a Rights Agreement between the registrant and Centerre Trust Company of St. Louis, incorporated herein by reference to Registration Statement on Form 8-A, effective June 24, 1986 and Amendment dated August 21, 1990, incorporated herein by reference to Form 10-Q for the quarter ended October 31, 1990, and Amendment dated May 31, 1996 incorporated herein by reference to Form 8-A/A effective June 3, 1996, SEC File No. 1-7340.
4.5	-	Note Purchase Agreement dated December 1, 1987, with exhibits, incorporated herein by reference to Form 10-Q for the quarter ended January 31, 1988, SEC File No. 1-7340.
4.6	-	Note Purchase Agreement dated December 15, 1989, with exhibits, incorporated herein by reference to the Form 10-Q for the quarter ended January 31, 1990, SEC File No. 1-7340.
4.7	-	Credit Agreement dated as of May 31, 1996 among Kellwood Company, certain commercial lending institutions, and The Bank of Nova Scotia, as Administrative Agent and Syndication Agent, and Bank of America National Trust and Savings Association, as documentation Agent, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1996, SEC File No. 1-7340.
10.2*	-	Employment Agreement dated December 9, 1992, between Kellwood Company and William J. McKenna, effective December 1, 1992, incorporated herein by reference to the Form 10-Q for the quarter ended January 31, 1993, SEC File No. 1-7340; Amendment dated May 28, 1993, effective May 1, 1993, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1993, SEC File No. 1-7340; Amendment dated November 26, 1996, effective May 1, 1996, incorporated herein by reference to the Form 10-Q for the quarter ended January 31, 1997, SEC File No. 1-7340; and Amendment dated November 11, 1997, effective May 1, 1997,

S.E.C. Exhibit Reference No.		Description
		incorporated herein by reference to the Form 10-K for the fiscal year ended April 30, 1998, SEC File No. 1-7340; and Amendment dated November 24, 1998, effective November 24, 1998 filed herewith.
10.3*	-	Form of Employment Agreement dated November 30, 1984, between Kellwood Company and executive officers, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1985, SEC File No. 1-7340.
10.4*	-	1995 Stock Option Plan For Nonemployee Directors and 1995 Omnibus Incentive Stock Option Plan, incorporated herein by reference to Appendixes A & B to the Company's definitive proxy statement dated July 13, 1995, SEC File No. 1-7340.
10.5*	-	Executive Deferred Compensation Plan, adopted and effective as of January 1, 1997; and Executive Deferred Compensation Plan Amendment, adopted March 18, 1997, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1997, SEC File No. 1-7340.
10.6**	-	Agreement for Services Between Kellwood Company and Electronic Data Systems Corporation, dated June 21, 1996; and Amendment Regarding Use of Kellwood Purchase Card by EDS Employees, dated April 29, 1997, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1997, SEC File No. 1-7340.
10.7*	-	Corporate Development Incentive Plan of 1986 (As Amended) formerly the Key Executive Long-Term Incentive Plan of 1983, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1994, SEC File No. 1-7340; and Amendment dated May 29, 1997, incorporated herein by reference to Exhibit A to the Company's definitive Proxy Statement dated July 17, 1997, SEC File No. 1-7340.
10.8*	-	Employment Agreement dated December 1, 1997, between Kellwood Company and Hal J. Upbin, effective December 1, 1997, incorporated herein by reference to Form 10-K for the fiscal year ended April 30, 1998, SEC File No. 1-7340.
13	-	Portions of the Annual Report to Shareowners for the fiscal year ended April 30, 1999 which are incorporated by reference at Item 1 in Part I, Items 5, 6, 7 and 8 in Part II, and Part IV; filed herewith.
21	-	Subsidiaries of the Company, appearing at page 14 of this report.
22	-	Joint Proxy Statement/Prospectus dated March 25, 1999, incorporated herein by reference to Form S-4 dated March 25, 1999, SEC File No. 333-74967.
23	-	Consents of Independent Accountants, appearing at page 13 of this report.
24	-	Powers of Attorney: Ms. Dickerson and Messrs. Bentele, Bottum, Genovese, Hunter, Jacobsen, Marcus and Wenzel; filed herewith.
27	-	Financial Data Schedule, filed herewith.

* Denotes management contract or compensatory plan.

** Pursuant to the Securities Exchange Act of 1934, Rule 24b-2, confidential portions of Exhibit 10.6 have been deleted and filed separately with the Commission pursuant to a request for confidential treatment.

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EXHIBIT 10.2

AMENDMENT OF EMPLOYMENT AGREEMENT

This Amendment Agreement made this 24/th/ day of November, 1998, between Kellwood Company (the "Corporation") and William J. McKenna (the "Executive");

WHEREAS, the Corporation and Executive entered into an Employment Agreement dated December 9, 1992 (the "Agreement"); and

WHEREAS, the Compensation Committee of this company agreed to amend the Agreement to extend its term for one more year until November 30, 1999; and

WHEREAS, the Corporation and Executive desire to amend the Agreement accordingly.

NOW THEREFORE, in consideration of their mutual promises and undertakings, the parties hereby amend the Agreement as follows:

1. By deleting from paragraph 1 the words "November 30, 1998" and inserting in their place "November 30, 1999."

2. By deleting from paragraph 15 the words "November 30, 1998" and inserting in their place "November 30, 1999."

IN WITNESS WHEREOF, the parties have executed this Amendment of Employment Agreement the day and year first above written.

KELLWOOD COMPANY

Secretary

/s/ [SIGNATURE ILLEGIBLE]

By: /s/ James S. Marcus,

James S. Marcus, Chairman,
Compensation Committee

EXECUTIVE

/s/ [SIGNATURE ILLEGIBLE]

Witness

/s/ William J. McKenna

William J. McKenna

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EXHIBIT 13

July 12, 1999

Kellwood Company and Subsidiaries
FINANCIAL HIGHLIGHTS

(Dollars in thousands except per share data)	Year ended April 30, 1999	1998	1997
Net Sales	$2,151,147	$2,094,389	$1,787,530
Earnings Before Unusual items and Income Taxes*	101,491	87,634	61,725
Earnings Before Income Taxes	39,153	87,634	61,725
Net Earnings	1,953	50,134	34,558

* - Unusual items include Koret merger costs, provision for facilities shut-down, and provision for goodwill impairment.

Basic Earnings per Share:			
Earnings before unusual items	$ 2.23	$1.92	$1.34
Costs of Koret merger	(.18)	-	-
Provision for facilities shut-down	(.15)	-	-
Provision for goodwill impairment	(1.83)	-	-
Net earnings	$ .07	$1.92	$1.34
Diluted Earnings per Share:			
Earnings before unusual items	$ 2.16	$1.85	$1.29
Costs of Koret merger	(.18)	-	-
Provision for facilities shut-down	(.14)	-	-
Provision for goodwill impairment	(1.77)	-	-
Net earnings	$ .07	$1.85	$1.29
Cash Dividends Declared	$ .64	$ .64	$ .60

COMMON STOCK DATA

	Fiscal 1999			Fiscal 1998		
	Stock Price		Dividends	Stock Price		Dividends
	High	Low	Paid	High	Low	Paid
First Quarter (July 31)	$36 11/16	$30 1/8	$.16	$34 1/2	$23 7/8	$.16
Second Quarter (October 31)	32 11/16	22 1/2	.16	38 9/16	30 7/8	.16
Third Quarter (January 31)	30 3/4	24 1/16	.16	36	26 5/16	.16
Fourth Quarter (April 30)	28	21 1/4	.16	34 5/8	29 1/8	.16

Common stock of Kellwood Company is traded on the New York Stock Exchange, ticker symbol KWD. At June 7, 1999, there were approximately 1,223 shareowners of record and 3,078 shareowners in the Dividend Reinvestment Plan. The current annual dividend rate per year is $.64.

Reports of Management and Independent Accountants

Report of Management

The management of Kellwood Company is responsible for the fair presentation of the financial statements and other financial information included in this report. The financial statements have been prepared in conformity with generally accepted accounting principles applying estimates and management's best judgments as required to present fairly Kellwood Company's financial position, results of operations and cash flows.

The accounting systems and internal accounting controls of Kellwood are designed to provide reasonable assurance that the financial records are reliable for preparing financial statements and maintaining accountability for assets and that, in all material respects, assets are safeguarded against loss from unauthorized use or disposition. Qualified personnel throughout the organization maintain and monitor these internal accounting controls on an ongoing basis, and internal auditors systematically review the adequacy and effectiveness of the controls. PricewaterhouseCoopers LLP also studies and evaluates internal controls for the purpose of establishing a basis for reliance thereon relative to the scope of their audits of the financial statements. It is management's opinion that the Company has an effective system of internal accounting controls.

The Board of Directors, through its Audit Committee consisting solely of non-management directors, meets periodically with management, the internal auditors and PricewaterhouseCoopers LLP to discuss audit and financial reporting matters. Both the internal auditors and PricewaterhouseCoopers LLP have direct access to the Audit Committee.

/s/ Hal J. Upbin
Hal J. Upbin, President and Chief Executive Officer

/s/ William J. McKenna
William J. McKenna, Chairman

/s/ Gerald M. Chaney
Gerald M. Chaney, Chief Financial Officer

Report of Independent Accountants

To the Shareowners and Board of Directors of Kellwood Company:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, of cash flows and of shareowners' equity present fairly, in all material respects, the financial position of Kellwood Company and its subsidiaries at April 30, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 1999, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Kellwood's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
May 26, 1999

Consolidated Statement of Earnings

(Dollars in thousands except per share data)	Year ended April 30, 1999	1998	1997
Net Sales	$2,151,147	$2,094,389	$1,787,530
Costs and Expenses:			
Cost of products sold	1,685,281	1,655,370	1,415,105
Selling, general and administrative expenses	315,139	300,601	268,808
Amortization of intangible assets	15,855	16,562	16,601
Interest expense	33,883	35,142	26,823
Interest income and other, net	(502)	(920)	(1,532)
Costs of Koret merger	6,600	--	--
Provision for facilities shut-down	6,793	--	--
Provision for goodwill impairment	48,945	--	--
Earnings Before Income Taxes	39,153	87,634	61,725
Income Taxes	37,200	37,500	27,167
Net Earnings	$ 1,953	$ 50,134	$ 34,558
Earnings Per Share:			
Basic	$ .07	$ 1.92	$ 1.34
Diluted	$ .07	$ 1.85	$ 1.29

See notes to consolidated financial statements.

Consolidated Balance Sheet

(Dollars in thousands except per share data)	As of April 30, 1999	1998
Assets		
Current Assets:		
Cash, including time deposits of $19,216 ($22,628 in 1998)	$ 25,482	$ 29,711
Receivables, net	392,628	328,348
Inventories	340,778	427,770
Prepaid taxes and expenses	38,392	41,428
Total current assets	797,280	827,257
Property, plant and equipment	252,286	214,693
Less accumulated depreciation and amortization	(149,988)	(140,135)
Property, plant and equipment, net	102,298	74,558
Intangible assets, net	60,207	114,578
Other assets	94,427	87,497
Total assets	$1,054,212	$1,103,890
Liabilities and Shareowners' Equity		
Current liabilities:		
Current portion of long-term debt	$ 16,504	$ 19,453
Notes payable	93,963	141,736
Accounts payable	117,014	125,137
Accrued expenses	104,264	86,306
Total current liabilities	331,745	372,632
Long-term debt	227,659	252,508
Deferred income taxes and other	48,620	49,090
Shareowners' Equity:		
Common stock, par value $.01 per share, authorized 50,000,000 shares; issued and outstanding 27,737,032 shares (26,327,618 in 1998)	163,097	133,895
Retained earnings	333,340	345,357
Accumulated other comprehensive income	(9,330)	(9,607)
	487,107	469,645
Less treasury stock, at cost	(40,919)	(39,985)
Total shareowners' equity	446,188	429,660
Total liabilities and shareowners' equity	$1,054,212	$1,103,890

See notes to consolidated financial statements.

Source: KELLWOOD CO, 10-K, July 13, 1999

(Dollars in thousands)	Year ended April 30, 1999	1998	1997
Operating Activities			
Net earnings	$ 1,953	$ 50,134	$ 34,558
Add (deduct) items not affecting operating cash flows:			
Depreciation and amortization	33,358	33,727	32,300
Increase in prepaid pension costs	(4,780)	(7,860)	(8,100)
Deferred income taxes	(4,790)	(2,031)	(7,446)
Non-cash portion of facilities shut-down provision	1,146	-	-
Provision for goodwill impairment	48,945	-	-
Other	2,307	3,903	935
Changes in working capital components:			
Receivables, net	(49,224)	(54,378)	(19,732)
Inventories	101,553	(78,066)	(39,991)
Prepaid expenses	3,397	(6,134)	516
Accounts payable and accrued expenses	(2,397)	(7,202)	40,969
Net cash provided by (used for) operating activities	131,468	(67,907)	34,009
Investing Activities			
Additions to property, plant and equipment	(51,472)	(21,640)	(13,513)
Investment in subsidiaries	(4,892)	(6,810)	(11,849)
Other investing activities	7,667	417	2,254
Net cash (used for) investing activities	(48,697)	(28,033)	(23,108)
Financing Activities			
Net proceeds from (reduction of) notes payable	(50,680)	(17,393)	30,364
Proceeds from issuance of long-term debt	-	148,327	-
Reduction of long-term debt	(28,278)	(20,333)	(29,436)
Stock transactions under incentive plans	5,928	7,609	2,956
Purchase of treasury stock	-	-	(5,780)
Dividends paid	(13,970)	(13,698)	(12,670)
Net cash provided by (used for) financing activities	(87,000)	104,512	(14,566)
Net increase (decrease) in cash and time deposits	(4,229)	8,572	(3,665)
Cash and time deposits - beginning of year	29,711	21,139	24,804
Cash and time deposits - end of year	$ 25,482	$ 29,711	$ 21,139
Supplemental cash flow information:			
Interest paid	$ 34,361	$ 35,360	$ 27,365
Income taxes paid	42,708	41,275	24,403
Significant non-cash investing and financing activities:			
Issuance of stock for the acquisition of Fritzi	$ 22,340	-	-

See notes to consolidated financial statements.

Consolidated Statement of Shareowners' Equity

(Dollars in thousands except per share data)

	Common Stock Shares	Common Stock Amount	Treasury Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income	Total Comprehensive Income
Balance, April 30, 1996	25,850,439	$118,487	$(29,630)	$287,033	$(9,208)	
Net earnings	-	-	-	34,558	-	$34,558
Currency translation adjustment	-	-	-	-	471	471
Comprehensive Income						$35,029
Cash dividends declared, $.60 per share	-	-	-	(12,670)	-	
Shares issued under stock plans	268,494	4,330	495	-	-	
Treasury stock acquired in conjunction with incentive plans	(80,514)	-	(2,068)	-	-	
Treasury stock acquired under repurchase program	(324,300)	-	(5,766)	-	-	
Debentures converted	29,208	185	-	-	-	
Balance, April 30, 1997	25,743,327	$123,002	(36,969)	308,921	(8,737)	
Net earnings	-	-	-	50,134	-	$50,134
Currency translation adjustment	-	-	-	-	(870)	(870)
Comprehensive Income	-	-	-	-	-	$49,264
Cash dividends declared, $.64 per share	-	-	-	(13,698)	-	
Shares issued under stock plans	658,469	10,740	261	-	-	
Treasury stock acquired in conjunction with incentive plans	(98,329)	-	(3,277)	-	-	
Debentures converted	24,151	153	-	-	-	
Balance, April 30, 1998	26,327,618	$133,895	$(39,985)	$345,357	$(9,607)	
Net earnings	-	-	-	1,953	-	$ 1,953
Currency translation adjustment	-	-	-	-	277	277
Comprehensive Income	-	-	-	-	-	$ 2,230
Cash dividends declared, $.64 per share	-	-	-	(13,970)	-	
Shares issued under stock plans	231,857	6,284	239	-	-	
Treasury stock acquired in conjunction with incentive plans	(34,857)	-	(1,173)	-	-	
Debentures converted	4,414	28	-	-	-	
Purchase of Fritzi	844,000	22,340	-	-	-	
Warrants exercised	364,000	550	-	-	-	
Balance, April 30, 1999	27,737,032	$163,097	$(40,919)	$333,340	$(9,330)	

See notes to consolidated financial statements.

(Dollars in thousands except per share data)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. Substantially all foreign subsidiaries are consolidated based upon a fiscal year ending March 31. All significant intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates and assumptions.

INVENTORIES AND REVENUE RECOGNITION: Inventories are stated at the lower of cost or market. The first-in, first-out (FIFO) method is used to determine the value of 57% of domestic inventories, primarily inventories purchased from the Kellwood worldwide network of contractors. The last-in, first-out (LIFO) method is used to value the inventories of domestic manufacturing operations. Inventories of foreign subsidiaries are valued using the specific identification method. Sales are recognized when goods are shipped.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment are stated at cost. A significant portion of domestic manufacturing facilities and some machinery and equipment are leased under long-term capital leases which are recorded at the beginning of the lease term at the present value of the minimum lease payments.

Depreciation is computed generally on the declining balance method over estimated useful lives of 15 to 40 years for buildings and of 3 to 10 years for machinery and equipment. Leasehold improvements are amortized principally on the straight-line basis over the shorter of their estimated useful lives or the remaining lease term.

INTANGIBLE ASSETS: The excess costs over net tangible assets of businesses acquired are recorded as intangible assets. These intangibles are amortized using the straight-line method over their estimated useful lives which range from 1 to 20 years.

IMPAIRMENT OF ASSETS: The Company reviews long-lived assets, goodwill and other intangibles to assess recoverability from future operations using expected undiscounted future cash flows whenever events and circumstances indicate that the carrying values may not be recoverable. Impairment losses are recognized in operating results when expected undiscounted future cash flows are less than the carrying value of the asset.

INCOME TAXES: Income taxes are based upon income for financial reporting purposes. Deferred income taxes are recognized for the effect of temporary differences between financial and tax reporting in accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 109.

FOREIGN CURRENCY TRANSLATION: Foreign currency financial statements are translated into United States dollars using period-end rates of exchange for assets and liabilities and monthly average rates of exchange for income and expenses. Adjustments resulting from translation are accumulated in the Cumulative Translation Adjustment component of Shareowners' Equity. Gains or losses from foreign currency transactions are included in income in the period in which they occur. The net foreign currency gains and losses recognized in 1999, 1998 and 1997 were not significant.

EARNINGS PER SHARE: In 1998 the Company adopted SFAS No. 128, "Earnings per Share," for all periods presented.

STOCK-BASED COMPENSATION: Kellwood Company uses the intrinsic value method for measuring stock-based compensation cost. Under this method, compensation cost is the excess, if any, of the quoted market price of Kellwood's common stock at the grant date over the amount the employee must pay for the stock. Kellwood's policy is to grant stock options at fair market value at the date of grant.

CASH FLOWS: For purposes of the Consolidated Statement of Cash Flows, all highly liquid short-term time deposits maintained under cash management activities are considered cash equivalents. The effect of foreign currency exchange rate fluctuations on cash and time deposits was not significant for the years ended April 30, 1999, 1998 and 1997.

FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS: The Company's financial instruments consist of cash, investments, short-term receivables and payables, and debt. Based on quoted market prices obtained through independent pricing sources for the same or similar types of borrowing arrangements, the Company believes the major components of its long-term debt have a market value of approximately $248,000 which compares to their book value of $241,000. Management believes that the current carrying amounts for the company's other financial instruments approximate fair market value.

(Dollars in thousands except per share data)

NEW ACCOUNTING STANDARDS: In 1999 the Company adopted the following Statements of Financial Accounting Standards (SFAS) and Statements of Position (SOP):

- SFAS 130, Reporting Comprehensive Income, which requires the reporting of comprehensive earnings in addition to net earnings for all years presented.

- SFAS 131, Disclosures about Segments of an Enterprise and Related Information, which requires additional segment disclosures for all years presented on a basis consistent with the way the Company is managed.

- SFAS 132, Employers' Disclosures about Pensions and Other Postretirement Benefits, which revises disclosures about pensions and other postretirement benefits and requires presentation of information about such plans in a standardized format for all years presented.

Adoption of these new standards required that the Company reclassify prior years' information and make certain new disclosures in the notes to the consolidated financial statements. The Company also adopted SOP 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use, as of the beginning of 1999. This SOP requires that certain costs of developing or obtaining software for internal use be capitalized. It had no impact on prior years' financial statements.

In 1998 SFAS 133, Accounting for Derivative Instruments and Hedging Activities, was issued. This standard establishes new accounting and reporting standards for derivative financial instruments. The Company will adopt SFAS 133 for the fiscal year ending April 30, 2002, and the company does not expect it to have a material impact on consolidated financial position, results of operations or cash flows.

NOTE 2. BUSINESS IMPROVEMENT AND OTHER PROGRAMS:

As part of its Vision 2000 program, Kellwood developed and began implementing a plan to reorganize and restructure several operating units that were experiencing operating losses or performing below expectations. Key components of the plan include the consolidation of similar types of operating units, relocation and consolidation of distribution facilities in the Northeast, Midwest and West Coast, and elimination of redundancies between operating units.

Restructuring actions taken and planned include closing 5 domestic production facilities. This action relates to current and future shifts in the Company's business to foreign sourced product and resulted from the uncompetitive cost structures of the plants being closed. These plant closures and the related shift in manufacturing to offshore contractors are not expected to impact future sales. These activities are currently in process and will continue through fiscal 2000.

FACILITY CONSOLIDATIONS: In connection with the restructuring described above, in the fourth quarter of 1999, the Company recorded, as a separate line item in the consolidated statement of operations, a provision for facilities shut-down of $6.8 million (pretax). This provision reduced net earnings and earnings per diluted share by $3.9 million and $.14, respectively. On a pre-tax basis, charges for restructuring consisted of termination benefits of $3,969, vacant facilities costs of $1,418, other cash costs of $260, and non-cash charges of $1,146. The non-cash charges represent primarily a write-down of obsolete or abandoned fixed assets to their net realizable value.

Details of this provision and the accrual balances remaining are as follows:

Year ended and as of April 30, 1999:	Provision	Accrual
Employee severance.......................	$3,969	$3,595
Vacant facilities / lease termination....	1,418	1,333
Other cash restructuring costs...........	260	260
Total restructuring, excluding non-cash..	5,647	$5,188
Asset impairments........................	1,146	
Total provision..........................	$6,793	

These charges provide for a reduction of domestic employment by approximately 1,500, primarily in production and production-support capacities; during 1999 approximately 100 employees were terminated or retired in connection with this charge. Facility consolidations represented by the April 30, 1999 accrual balance are expected to be substantially completed in fiscal 2000.

PROVISION FOR GOODWILL IMPAIRMENT: During the fourth quarter of 1999, the Company completed a review of the intangible assets related to certain underperforming business units to determine if the intangible assets were impaired. Based on a comparison of the expected future cash flows to the carrying

(Dollars in thousands except per share data)

value of the intangibles, it was determined that certain of the intangibles, primarily goodwill, were impaired. Once impairment was identified, the Company utilized discounted cash flows for each operating unit to determine the amount of the impairment. The impairment charge, which is presented as a separate line item in the consolidated statement of operations, totaled $48.9 million and reduced net earnings and earnings per diluted share by $48.9 million and $1.77, respectively.

Note 3. Business Combinations:

Effective April 30, 1999 the Company completed a merger with Koret, Inc. (Koret), issuing approximately 5.2 million shares of Kellwood common stock in exchange for all of the outstanding shares and options of Koret. The transaction was accounted for as a pooling-of-interests for financial reporting purposes. Accordingly, the consolidated financial statements give retroactive effect to the merger with all periods presented as if the two companies had always been combined. The following table shows the results of operations for the separate companies and the combined amounts for periods prior to the merger.

Year ended April 30,	1999	1998	1997
Revenues:			
Kellwood Company	$1,873,476	$1,781,582	$1,521,005
Koret	277,671	312,807	266,525
Combined	$2,151,147	$2,094,389	$1,787,530
Net Earnings:			
Kellwood Company	$ (4,317)/(1)/	$ 42,747	$ 37,596
Koret	6,270 /(1)/	7,387	(3,038)
Combined	$ 1,953	$ 50,134	$ 34,558

(1) Fees and expenses related to the Koret transaction aggregating $6.6 million were incurred in 1999. These costs reduced the Net Earnings of Kellwood and Koret reported above by $1,360 and $3,480, respectively.

On December 11, 1998 the Company purchased substantially all of the non-real estate assets of Fritzi California (Fritzi), including intangible assets of $5.2 million. The purchase price included 0.84 million shares of Kellwood common stock valued at $22.3 million and the assumption of certain liabilities totaling $14.5 million. The transaction was accounted for as a purchase. Accordingly, the results of operations of Fritzi are included in the consolidated financial statements from the acquisition date. This acquisition was not significant to the results of operations or the financial position of the Company.

Note 4. Supplemental Balance Sheet Information:

April 30,	1999	1998
Allowance for doubtful accounts	$ 11,281	$ 11,803
Inventories:		
Finished goods	$ 196,214	$ 213,155
Work in process	77,992	139,433
Raw materials	66,572	75,182
Total inventories	$ 340,778	$ 427,770
Includes inventories valued under LIFO of	$ 128,003	$ 199,286
Value of LIFO inventories at current costs	133,299	209,529
Property, plant & equipment:		
Land	$ 3,460	$ 6,028
Buildings and improvements	95,002	92,988
Machinery and equipment	142,471	112,587
Capitalized software	11,353	3,090
	252,286	214,693
Less accumulated depreciation and amortization	(149,988)	(140,135)

Property, plant & equipment, net	$ 102,298	$ 74,558
Includes assets under capital leases (primarily buildings) of:		
Cost	$ 15,393	$ 14,475
Accumulated amortization	(14,463)	(13,159)

Intangible assets:		
Goodwill	$ 65,477	$ 128,737
Less accumulated amortization	(19,479)	(43,981)
Net goodwill	45,998	84,756
Other identifiable intangibles	40,229	86,030
Less accumulated amortization	(26,020)	(56,208)
Net other identifiable intangibles	14,209	29,822
Net intangible assets	$ 60,207	$ 114,578

Accrued expenses:		
Salaries and employee benefits	$ 49,114	$ 38,187
Provision for facilities shut-down	5,188	-
Income taxes	8,847	11,090
Other accrued expenses	41,115	37,029
Total accrued expenses	$104,264	$ 86,306

(Dollars in thousands except per share data)

Note 5. Leases

Certain machinery and equipment are leased under operating leases having remaining terms ranging up to 6 years. Rent expense under all operating leases for the year ended April 30, 1999 totaled $26,959 ($23,802 for 1998 and $21,523 for 1997). The future minimum lease payments under capital and operating leases at April 30, 1999, were as follows:

	Capital	Operating
2000	$ 962	$ 22,455
2001	946	18,857
2002	296	15,561
2003	296	12,420
2004	296	9,097
Later years	42	28,579
Total minimum lease payments	2,838	$106,969
Less amount representing interest	(351)	
Present value of net minimum lease payments	$2,487	

Minimum lease payments were not reduced for future minimum sublease rentals of $2,403.

Note 6. Notes Payable and Long-Term Debt:

Notes Payable: The Company entered into a committed credit facility agreement on May 31, 1996, in the amount of $300,000, which expires October 30, 1999. Under the agreement, up to $200,000 can be utilized for short-term loans, and up to $200,000 can be utilized for letters of credit, provided that the combined utilization does not exceed $300,000. Each borrowing under the agreement bears interest at one of several specified rates dependent upon several factors including the Company's leverage ratio, senior debt rating and the applicable Eurodollar margin. At April 30, 1999, outstanding short-term loans and letters of credit under the agreement were $0 and $122,000, respectively. Covenants are less restrictive than those currently existing for Kellwood's notes due insurance companies. During the first half of fiscal 2000, the Company plans to put in place a new three-year $350,000 committed bank credit facility to replace the expiring committed facility.

The Company maintains informal, uncommitted lines of credit with several banks which totaled $190,000 at April 30, 1999. Borrowings under these uncommitted lines totaled $94,000 at April 30, 1999.

During the year ended April 30, 1999, the highest level of borrowings under all lines was $196,500 ($275,554 for 1998). For the year, the average daily short-term borrowings were $153,913 ($179,479 for 1998) and the weighted average interest rate was 5.8% (6.1% for 1998).

Long-Term Debt:

April 30,	1999	1998
7.625% Debentures due October 15, 2017	$148,455	$148,371
Notes due insurance companies, 6.90% - 10.77%	92,291	107,323
Capital lease obligations, 4.9% - 10.2%	2,487	2,717
Term notes, secured by assets, 7.6%	--	12,392
Note due February 2000, 5.0%	200	400
Note due August 2002, 9.0%	275	275
9% convertible subordinated debentures	455	483
	244,163	271,961
Less current maturities	(16,504)	(19,453)
	$227,659	$252,508

Aggregate maturities on long-term debt for the next five years are as follows: 2000 - $16,504; 2001 - $11,161; 2002 - $15,272; 2003 - $18,166; 2004 - $26,307; 2005 & thereafter - $156,753.

The Company issued $150,000 of 20 year senior unsecured debentures in a public debt offering on October 27, 1997. The debentures, due October 15, 2017, have a coupon rate of 7.625% payable semi-annually. Restrictive covenants of these debentures are less restrictive than the covenants associated with the notes due insurance companies discussed below.

Notes payable to insurance companies are due in quarterly and semiannual installments from June 1998 through September 2005. Restrictive covenants of these notes include the maintenance of minimum working capital and certain key ratios as well as a limitation on the payment of dividends and the repurchase of Company stock. Under the most restrictive covenants, future dividends and purchases of Company stock are limited to $54,158 plus 45% of net earnings after April 30, 1999, excluding gains and losses on the disposal of capital assets.

The 9% convertible subordinated debentures may be converted into common stock by debenture holders at a rate of $6.33 per share at any time prior to maturity on October 15, 1999, subject to certain restrictions. Also, subject to certain restrictions, the debentures are redeemable, in whole or in part, at the option of the Company at predetermined redemption prices.

Note 7. Retirement Benefits:

Various contributory and noncontributory retirement plans cover substantially all domestic and certain foreign employees. Total retirement benefits expense included the following:

Year ended April 30,	1999	1998	1997
Single-employer defined benefit plans	$(4,443)	$(7,756)	$(7,901)
Multi-employer plan	585	1,426	1,396
Defined contribution plans	3,731	4,153	3,382
Total retirement benefits expense/(credit)	(127)	(2,177)	(3,123)

(Dollars in thousands except per share data)

Single-Employer Defined Benefit Plans:

Summarized information on the Company's single-employer defined benefit plans is as follows:

Year ended April 30,	1999	1998	1997
Components of Net Periodic Pension Credit:			
Current service cost	$ 2,649	$ 2,085	$ 1,867
Interest cost on projected benefit obligation	4,591	4,456	4,244
Assumed return on assets	(11,637)	(10,576)	(9,941)
Amortization of transition asset and prior service costs	(46)	(3,721)	(4,071)
Net pension (credit)	$ (4,443)	$ (7,756)	$ (7,901)
Weighted average key actuarial assumptions:			
Discount rate	7.5%	8.0%	8.0%
Long-term rate of return on plan assets	8.0%	8.0%	8.0%
Compensation increases	4.5%	5.0%	5.0%

April 30,	1999	1998
Reconciliation of funded status to prepaid pension cost:		
Funded Status -- Plan assets in excess of projected benefit obligation	$113,729	$107,645
Unamortized transition liability	0	33
Unamortized prior service costs	(15)	(95)
Unrecognized actuarial gains	(29,303)	(27,682)
Prepaid pension costs included in other assets	$ 84,411	$ 79,901
Change in Projected Benefit Obligation (PBO):		
PBO, beginning of year	$ 62,612	$ 54,350
Service cost	2,649	2,085
Interest cost	4,591	4,456
Employee contributions	(356)	(284)
Plan amendments	-	83
Actuarial gain/(loss)	(259)	7,680
Benefits paid	(5,358)	(5,758)
Projected benefit obligation, end of year	$ 63,879	$ 62,612
Change in Plan Assets:		
Fair market value, beginning of year	$170,256	$142,522
Actual return on plan assets	12,286	32,525
Employer contributions	67	683
Employee contributions	356	284
Benefits paid	(5,358)	(5,758)
Fair market value, end of year	$177,607	$170,256

Plan assets consist primarily of marketable equity securities, U.S. Government obligations, corporate debt obligations and short-term marketable debt securities.

Multi-Employer Defined Benefit Plan: One of the Company's subsidiaries makes contributions to a multi-employer defined benefit plan on behalf of certain employees. The plan administrator estimates that if the Company were to withdraw from the plan, its potential liability for unfunded plan benefits would be approximately $3.9 million as of December 31, 1997, the date of the most recent actuarial valuation report.

Other: The Company provides health care insurance benefits to certain employees upon retirement, with the majority of the cost paid by employee contributions. The annual costs of these benefits in 1999, 1998 and 1997 and the accrued benefits at April 30, 1999 and 1998 were not significant.

Note 8. Stock Option Plans:

The amended Restricted Stock Compensation Plan of 1969 and the Corporate Development Incentive Plan of 1986 provide for the granting of common stock to key employees as performance and incentive bonuses. The shares granted may not be transferred, sold, pledged or otherwise disposed of prior to the lapse of certain restrictions. Under the plans, $1,400 was charged to earnings in 1999 ($2,129 in 1998, and $1,999 in 1997). At April 30, 1999 there were 239,648 shares available to be granted under these plans to qualified employees.

Options to purchase common stock have been granted to key employees under various plans at option prices not less than the fair market value on the date of the grant. At April 30, 1999, 141 officers and other key employees held options to purchase shares. The options expire 10 years after grant on dates ranging from May 1999 to August 2008 and are exercisable in cumulative installments only after stated intervals of time and are conditional upon active employment, except for periods following disability or retirement.

The Company uses the intrinsic value method in accounting for its stock option plans. Had compensation cost for the Company's stock options been recognized based upon the fair value on the grant date under the methodology prescribed by SFAS 123, "Accounting for Stock-based Compensation," the Company's net earnings and earnings per share for the years ended April 30, 1999, 1998 and 1997 would have been impacted as indicated in the following table:

Year ended April 30,	1999	1998	1997
Reported net earnings	$1,953	$50,134	$34,558
Pro forma net earnings	$ 613	$49,219	$34,029
Reported diluted earnings per share	$ .07	$ 1.85	$ 1.29
Pro forma diluted earnings per share	$ .02	$ 1.82	$ 1.27

The fair value of options granted (which is recorded as expense over the option vesting period in determining the pro forma impact), is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Year ended April 30,	1999	1998	1997
Expected option life	5 years	5 years	5 years
Risk-free interest rate	5.1% to 5.6%	5.8% to 6.6%	6.3% to 6.4%
Expected volatility of Kellwood stock	34%	35%	35%
Expected dividend yield on Kellwood stock	2.0%	2.5%	3.7%

(Dollars in thousands except per share data)

The weighted-average grant date fair value of options granted was $8.33 to $10.82 for 1999, $8.42 to $11.36 for 1998, and $4.88 to $4.94 for 1997. The pro forma effect on net earnings for 1999, 1998 and 1997 is not representative of the pro forma effect on net earnings in future years because it does not take into consideration pro forma compensation related to grants made prior to 1996. Presented below is a summary of stock option plans' activity for the years and as of the dates shown:

	Options	Wtd. Avg. Exercise Price
Balance, May 1, 1996	1,822,753	$16.55
Granted	408,000	$16.14
Exercised	(210,573)	$14.33
Canceled	(88,415)	$19.06
Balance, April 30, 1997	1,931,765	$16.59
Granted	377,800	$26.40
Exercised	(429,755)	$14.45
Canceled	(82,899)	$ 7.80
Balance, April 30, 1998	1,796,911	$19.57
Granted	339,950	$32.18
Exercised	(151,829)	$11.69
Canceled	(2,900)	$22.26
Balance, April 30, 1999	1,982,132	$22.34

Options outstanding and exercisable at April 30, 1999 include the following:

	Options Outstanding			Options Exercisable	
Range of Prices	Wtd. Avg. Remaining Life	Wtd. Avg. Number (000's)	Exercise Price	Wtd. Avg. Number (000's)	Exercise Price
$6.04 - 9.92	2 years	16.7	$ 7.33	16.7	$ 7.33
$12.29 - 12.75	2 years	52.0	$12.35	52.0	$12.35
$16.13 - 19.96	6 years	661.0	$17.78	402.7	$18.63
$20.31 - 27.44	7 years	872.5	$22.24	418.2	$21.12
$32.28 - 36.00	9 years	379.9	$37.51	15.0	$34.82
$6.04 - 36.00	7 years	1,982.1	$22.33	904.6	$19.48

Note 9. Capital Stock:

The reported outstanding shares of common stock have been reduced by treasury stock totaling 3,589,395 shares at April 30, 1999 (3,575,572 at April 30, 1998, and 3,499,326 at April 30, 1997). On September 30, 1996, Kellwood Company adopted a common stock repurchase program, which authorized the repurchase of up to 10% of the approximately 21,000,000 shares of its common stock outstanding at that date. Through December 1998, approximately 324,000 shares had been repurchased under this program. In December 1998, this repurchase program was rescinded in connection with the Koret merger, and no future repurchases are planned.

Warrants for the right to purchase Koret common stock equivalent to approximately 364,000 shares of Kellwood Company common stock were issued on June 30, 1992. These warrants were exercised in April 1999 at an aggregate price of $550.

Authorized capital includes 500,000 shares of preferred stock, none of which have been issued. Nonvoting share purchase rights, exercisable only upon satisfaction of certain conditions, entitle the holder to purchase Series A Junior Preferred Stock (160,000 shares reserved) or, under certain conditions, common shares at prices specified in the rights agreement. None of the rights were exercisable as of April 30, 1999.

Note 10. Income Taxes:

The provision for income taxes consisted of:

Year ended April 30,	1999	1998	1997
Current:			
Domestic:			
Federal	$33,508	$31,144	$28,073
State	6,873	5,677	4,525
Foreign	1,609	2,710	2,015
Total current provision	41,990	39,531	34,613
Deferred (primarily federal)	(4,790)	(2,031)	(7,446)
Total income tax provision	$37,200	$37,500	$27,167

Current income taxes are the amounts payable under the respective tax regulations on each year's earnings and on foreign earnings remitted during the year. Deferred income taxes included the following:

Year ended April 30,	1999	1998	1997
Employee related costs	$ 1,653	$ 2,385	$ 2,330
Depreciation and amortization	(939)	(3,160)	(1,180)
Allowance for asset valuations	(846)	579	(9,130)
Shut-down accrual	(2,462)	-	-
Other	(2,196)	(1,835)	534
Deferred provision	$(4,790)	$(2,031)	$(7,446)

A reconciliation of the federal statutory income tax rate to the effective tax rate (provision for taxes) was as follows:

Year ended April 30,	1999	1998	1997
Statutory federal rate	35.0%	35.0%	35.0%
Foreign tax differences	(1.7)	(1.8)	1.4
Amortization of intangible assets	3.6	3.9	5.2
State tax	5.0	4.0	3.4
Unusual items (primarily goodwill)	53.9%	-	-
Other	(0.8)	1.7	(1.0)
Effective tax rate	95.0%	42.8%	44.0%

Deferred income tax liabilities and assets consisted of the following:

Year ended April 30,	1999	1998	1997
Employee related costs	$ 24,629	$ 22,976	$ 20,591
Depreciation and amortization	7,016	7,955	11,115
Allowance for asset valuations	(21,600)	(20,754)	(21,333)
Other	(6,458)	(1,800)	35
	$ 3,587	$ 8,377	$ 10,408
Included in:			
(Prepaid taxes and expenses)	$(35,563)	$(31,308)	$(29,483)
Deferred income taxes and other	39,150	39,685	39,891
	$ 3,587	$ 8,377	$ 10,408

(Dollars in thousands except per share data)

Earnings before income taxes included $15,368, $10,773 and $6,465 of Smart Shirts, Ltd. earnings in 1999, 1998 and 1997, respectively.

Federal income taxes are provided on earnings of foreign subsidiaries except to the extent that such earnings are expected to be indefinitely reinvested abroad. Undistributed foreign earnings considered to be indefinitely reinvested abroad totaled $44,046 through April 30, 1999.

Note 11. Earnings Per Share:

A reconciliation of basic earnings per common share and diluted earnings per common share follows:

Basic Earnings Per Share Computation	1999	1998	1997
Numerator:			
Net earnings	$ 1,953/(1)/	$50,134	$34,558
Denominator (000's):			
Average common shares outstanding	26,765	26,096	25,753
Basic Earnings Per Share	$ .07	$ 1.92	$ 1.34

Diluted Earnings Per Share Computation	1999	1998	1997
Numerator:			
Net earnings	$ 1,953/(1)/	$50,134	$34,558
Impact of assumed conversions: debenture interest after-tax	27	37	39
	$ 1,980	$50,171	$34,597
Denominator (000's):			
Average common shares outstanding	26,765	26,096	25,753
Impact of debenture conversions	75	93	118
Impact of stock options	765	926	846
	27,605	27,115	26,717
Diluted Earnings Per Share	$ .07	$ 1.85	$ 1.29

(1) 1999 Net earnings and Earnings per share are net of unusual charges for merger costs, facilities shut-down, and goodwill impairment totaling $62,338 (pretax)

Note 12. Significant Customers:

No single customer provided 10% or more of consolidated net sales in any one or more of the fiscal years ended April 30, 1999, 1998 and 1997.

Note 13. Commitments and Contingencies:

There are various lawsuits and other legal proceedings against the Company. Management and general counsel are of the opinion that the ultimate disposition of such litigation will have no material adverse effect on the Company's financial position or results of operations.

Note 14. Selected Quarterly Financial Data (Unaudited):

Quarter	First	Second	Third	Fourth
Fiscal 1999:				
Kellwood previously reported:				
Net sales	$427,669	$509,763	$388,744	$547,300

Gross profit	80,869	104,061	75,224	118,315
Net earnings	7,754	17,540	3,002/(1)/	(32,613)/(2)/
Earnings per share -				
Basic	.36	.81	.14	(1.45)/(2)/
Diluted	.35	.80	.13	(1.45)/(2)/
Impact of Koret merger:				
Net sales	$ 55,614	$ 90,777	$ 50,136	$ 81,144
Gross profit	17,593	28,481	16,145	25,178
Net earnings	898	4,812	(1,042)/(1)/	1,602/(2)/
Earnings per share -				
Basic	(.03)	.02	(.07)	.32
Diluted	(.03)	.02	(.06)	.32
Combined Kellwood Results:				
Net sales	$483,283	$600,540	$438,880	$628,444
Gross profit	98,462	132,542	91,369	143,493
Net earnings	8,652	22,352	1,960	(31,011)
Earnings per share -				
Basic	.33	.83	.07	(1.13)
Diluted	.32	.82	.07	(1.13)
Fiscal 1998:				
Kellwood previously reported:				
Net sales	$400,604	$502,852	$373,680	$504,446
Gross profit	79,002	99,970	69,485	104,313
Net earnings	7,216	16,512	2,414	16,605
Earnings per share -				
Basic	.34	.77	.11	.78
Diluted	.33	.75	.11	.76
Impact of Koret merger:				
Net sales	$ 61,745	$102,167	$ 58,466	$ 90,429
Gross profit	16,191	25,501	16,830	27,727
Net earnings	(401)	2,920	(794)	5,662
Earnings per share -				
Basic	(.08)	(.03)	(.05)	.07
Diluted	(.08)	(.04)	(.05)	.06
Combined Kellwood Results:				
Net sales	$462,349	$605,019	$432,146	$594,875
Gross profit	95,193	125,471	86,315	132,040
Net earnings	6,815	19,432	1,620	22,267
Earnings per share -				
Basic	.26	.74	.06	.85
Diluted	.25	.71	.06	.82

(1) Third quarter 1999 Net earnings include the impact of Merger costs (pretax) of $662 and $450 incurred by Kellwood and Koret, respectively.

(2) Fourth quarter 1999 Net earnings include the impact of Merger costs (pretax) of $699 and $4,590 incurred by Kellwood and Koret, respectively, as well as Kellwood's provisions for facilities shut-down of $6.8 million and goodwill impairment of $48.9 million, respectively.

(Dollars in thousands except per share data)

Note 15. Industry Segment and Geographic Area Information:

Kellwood adopted SFAS 131, Disclosures about Segments of an Enterprise and Related Information beginning with this Annual Report. This standard requires disclosure of segment information on the same basis as used internally for evaluating segment performance. The Company and its subsidiaries are principally engaged in the apparel and related soft goods industry. The Company's business units are organized by product line. For purposes of SFAS 131, these have been aggregated into the following five reportable segments:

- Women's Branded Sportswear: Popular-to-Moderate, which includes blazers, dresses, sweaters, blouses, vests, other tops, skirts, pants, skorts, and other bottoms with "out the door" prices below $50.

- Women's Branded Sportswear: Better-to-Bridge, which includes upper price point women's sportswear sold principally to small specialty stores, regional department stores and catalog houses.

- Private Label Apparel, which covers a broad range of product from intimate apparel and loungewear to outerwear, activewear, pants and jeans, workwear and sweaters. The Private Label business partners with retailers in the design and delivery of floor-ready merchandise and programs to meet targeted price points.

- Smart Shirts, which is a leading manufacturer of woven dress and sport shirts in Hong Kong and China. The company recently started a knit shirt operation in Sri Lanka.

- Recreation Products, which includes American Recreation Products, a leading company in the camping products industry. Major products include tents, sleeping bags, backpacks and technical apparel and accessories under the Wenzel(R), Slumberjack(R), Kelty(R) and Sierra Designs(R) brands.

Management evaluates the performance of its operating segments separately to individually monitor the different factors affecting financial performance. Segment Operating Earnings includes substantially all of the segment's costs of production (on a FIFO basis), distribution and administration. Kellwood manages the following expenses at the corporate level. Accordingly, they are not allocated to the Segments:

- Interest income and expense,

- Corporate general and administrative expenses,

- Amortization of intangible assets,

- Merger and acquisition costs, including costs of the Koret merger,

- Provisions for facilities shut-down (primarily plants serving the Private Label segment),

- Provision for goodwill impairment (which pertained to the goodwill of businesses in the Better-to-Bridge (70%) and Popular-to-Moderate (30%) segments, and

- Income taxes.

Segment net assets measures net working capital, net fixed assets and other noncurrent operating assets and liabilities of the segment. Depreciation and amortization excludes amortization of intangible assets accounted for at the corporate level. Debt is not allocated to the segments. Capital expenditures exclude the cost of long lived assets included in the Fritzi acquisition which was accounted for as a purchase and is part of the Popular-to-Moderate segment.

Prior period amounts have been restated in accordance with the requirements of the new standard and to reflect the Koret merger which was accounted for as a pooling of interests and is part of the Popular-to-Moderate segment.

	1999	1998	1997
Net Sales:			
Popular-to-Moderate	$1,381,688	$1,296,100	$1,021,393
Better-to-Bridge	167,279	197,991	224,212
Private Label Apparel	255,939	289,199	264,029
Smart Shirts	202,662	173,284	153,195
Recreation Products	143,579	137,815	124,701

Kellwood total	$2,151,147	$2,094,389	$1,787,530
Operating earnings:			
Popular-to-Moderate	$ 123,197	$ 105,202	$ 64,530
Better-to-Bridge	4,485	5,381	16,085
Private Label Apparel	28,129	34,244	23,102
Smart Shirts	16,634	14,759	11,144
Recreation Products	11,504	10,515	9,389
Total segments	183,949	170,101	124,250
Amortization of Intangible assets	(15,855)	(16,562)	(16,601)
Interest expense	(33,883)	(35,142)	(26,823)
Impairment, restructuring, & merger	(62,338)	--	--
General corporate and other	(32,720)	(30,763)	(19,101)
Earnings before income taxes	$ 39,153	$ 87,634	$ 61,725
Net Assets at end of year:			
Popular-to-Moderate	$ 485,615	$ 510,368	$ 355,500
Better-to-Bridge	51,843	82,572	88,500
Private Label Apparel	106,910	96,303	99,200
Smart Shirts	66,152	75,541	70,100
Recreation Products	51,364	54,266	46,700
Corporate and Other	22,429	24,307	29,353
Kellwood total	$ 784,314	$ 843,357	$ 689,353
Capital expenditures:			
Popular-to-Moderate	$ 13,008	$ 8,407	$ 2,943
Better-to-Bridge	4,803	1,343	948
Private Label Apparel	21,659	7,361	4,744
Smart Shirts	2,829	3,314	4,051
Recreation Products	666	431	598
Corporate and Other	8,507	784	229
Kellwood total	$ 51,472	$ 21,640	$ 13,513
Depreciation expense:			
Popular-to-Moderate	$ 5,699	$ 5,169	$ 5,154
Better-to-Bridge	1,769	2,190	1,819
Private Label Apparel	4,822	4,492	3,919
Smart Shirts	3,350	3,117	2,319
Recreation Products	612	604	617
Corporate and Other	1,251	1,593	1,871
Kellwood total	$ 17,503	$ 17,165	$ 15,699

Substantially all sales are to U.S. customers. Sales and transfers between segments were not significant. Substantially all of the assets of Smart Shirts are located in Asia.

Supplemental Selected Financial Data

(Dollars in thousands except per share data)	1999	1998	1997	1996	1995
Net sales	$2,151,147	$2,094,389	$1,787,530	$1,741,799	$1,621,029
Net earnings	1,953/(1)/	50,134	34,558	31,857	13,330
Earnings per share:					
Basic	.07/(1)/	1.92	1.34	1.24	.53
Diluted	.07/(1)/	1.85	1.29	1.20	.51
Cash dividends declared per share	.64	.64	.60	.60	.60
Working capital	465,535	454,625	279,036	278,710	277,006
Total assets	1,054,212	1,103,890	956,368	886,690	878,144
Long-term debt	227,659	252,508	122,980	149,328	177,178
Total debt	338,126	413,697	303,096	302,168	326,693
Shareowners' Equity	446,188	429,660	386,257	366,722	346,118
Equity per Share	16.09	16.32	15.00	14.19	13.44

(1) 1999 Net earnings and earnings per share are net of unusual charges for merger costs, facilities shut-down, and goodwill impairment totaling $62,338 (pretax).

All data have been adjusted to reflect the 1999 merger with Koret, Inc., which was accounted for as a pooling of interests.

Management's Discussion and Analysis

(Dollars in millions except per share data)

The following discussion is a summary of the key factors management considers necessary in reviewing the Company's results of operations, liquidity, capital resources and operating segment results. This discussion should be read in conjunction with the Consolidated Financial Statements and related notes.

Results of Operations

Overview

Sales for fiscal 1999 increased 3% to a record $2,151 from $2,094 in 1998. Net earnings declined to $2 ($.07 per diluted share) due to special charges totaling $62 taken in the fourth quarter, however earnings before unusual items and income taxes increased 16% to $101 from $88 in the prior year. Diluted earnings per share before unusual items increased 17% to $2.16 from $1.85 in fiscal 1998. Reported results for all years were restated to include the sales and earnings of Koret, Inc., which was merged into the Company in April 1999 in a transaction accounted for as a pooling of interests.

Net Sales, Operating Earnings, and Earnings before Unusual Items

Summarized comparative financial data for fiscal 1999, 1998 and 1997, with historical results for all periods revised to include Koret, are as follows (dollars in millions; percentages are calculated based on actual data, but columns may not add due to rounding):

	1999	1998	1997	Percent change 98-99	Percent change 97-98
Net Sales	$2,151	$2,094	$1,788	2.7%	17.2%
Cost of products sold	1,685	1,655	1,415	1.8%	17.0%
S,G&A	315	301	269	4.8%	11.8%
Operating earnings	151	138	104	8.9%	33.6%
Amortization of intangibles	16	17	17	(4.3%)	(0.2%)
Interest, net & other	33	34	25	(2.5%)	35.2%
Koret merger costs	7	-	-		
Facilities shut-down	7	-	-		
Goodwill impairment	49	-	-		
Earnings before tax	39/(1)/	88	62		
Income Taxes	37	38	27		
Net Earnings	$ 2/(1)/	$ 50	$ 35		
Income Tax rate	95%	43%	44%		

(1) Earnings before income taxes and Net earnings were $101 and 60, respectively, excluding the impact of the unusual items (Merger costs, Facilities shut-down, and Goodwill impairment).

Selected income statement components as a percentage of Sales are as follows:

	1999	1998	1997
Net Sales	100.0%	100.0%	100.0%
Cost of products sold	78.3%	79.0%	79.2%
S,G&A	14.6%	14.4%	15.0%
Operating earnings	7.0%	6.6%	5.8%
Amortization of intangibles	.7%	.8%	.9%
Interest, net & other	1.6%	1.6%	1.4%

Sales increased 3% in fiscal 1999 after increasing 17% in 1998 vs. the prior year. Fiscal 1999 sales benefited from:

- the continued growth of the Sag Harbor(R) line including the new Sag Harbor(R) Sport weekendwear,

- the acquisition of Fritzi which added $48 in sales during the third and fourth quarters,

- the Studio Ease(R) line of casual dresses sold to department stores,

- private label intimate apparel programs with major discounters and national chains, and

- continued growth in the men's shirt business through private label programs.

These developments were partially offset by:

- decreases of approximately $93 related to exiting certain businesses, including Counterparts(R) (a division of Koret), Brittania(R) pants, and a nurse's uniforms and a maternitywear business,

- lower than expected results from the recently repositioned Cricket Lane(R) and Melrose(R) brands,

- sales deferrals due to the timing of customer orders as Koret's accessory business was repositioned to adopt a market segmentation strategy, and

- weak demand for private label outerwear and basic denim jeans.

The fiscal 1998 sales increase was broad-based across every channel of distribution and almost all segments. Leading contributors were the Sag Harbor(R), Kathie Lee(R), Koret(R) and Cricket Lane(R) labels as well as the Smart Shirts segment.

Cost of products sold as a percent of sales decreased to 78.3% in fiscal 1999 compared to the fiscal 1998 level of 79.0%. This was primarily due to improved production efficiencies and sourcing including cost reductions as a result of lower material costs and labor costs in Asia, exiting certain low margin businesses, and savings generated by the Supplier Management Initiative, one of the Vision 2000 programs.

Cost of products sold increased from 1997 to 1998 primarily due to the increase in sales. Cost of products sold as a percent of sales decreased from 79.2% in 1997 to 79.0% in 1998 as the impact of faster sales growth in businesses and programs with gross margins below the Company average partially offset improved production efficiencies and sourcing.

Selling, General and Administrative expenses (S,G&A) in fiscal 1999 increased $14 or 4.8% to $315 (14.6% of sales) as compared to $301 (14.4%) and $269 (15.0%) in fiscal 1998 and 1997, respectively. The increase in S,G&A in fiscal 1999 included the impact of start-up costs for new products and brands, and increased systems consulting and quota costs at Smart Shirts. These increases were partially offset by cost reductions resulting from consolidation of operations in the Better-to-Bridge segment.

(Dollars in millions except per share data)

The increase in 1998 resulted primarily from an $11 increase in spending on the Vision 2000 initiative and from variable S,G&A associated with the 17% sales increase.

Operating earnings (defined as net sales less cost of products sold and S,G&A) increased to 7.0% of sales from 6.6% in fiscal 1998 and 5.8% in 1997. The 1999 increase was due primarily to improved production efficiencies and sourcing including cost reductions as a result of lower material costs and labor costs in Asia, exiting certain low margin businesses, and savings from the Supplier Management Initiative.

The 1998 increase was due to the increased volume and improved production efficiencies and sourcing, partially offset by increased spending on Vision 2000 programs.

Interest expense increased from 1997 to 1998 due primarily to the increase in average debt and the higher interest rate that resulted from replacing short term debt with the 20 year debentures (discussed below).

The effective tax rate fluctuated from 1997 to 1998 due primarily to the timing of losses of Koret's foreign operations for which no tax benefit was recognized. The 1999 rate of 95% was a consequence primarily of the non-deductible Goodwill impairment charge and non-deductible Koret merger costs of $2.4.

Segment results:

Sales and Operating Earnings by Segment for the three years ended April 30, 1999 were as follows:

				Percent change	
Net sales	1999	1998	1997	98-99	97-98
Popular-to-Moderate	$1,382	$1,296	$1,021	6.6%	26.9%
Better-to-Bridge	167	198	224	(15.5%)	(11.7%)
Private Label Apparel	256	289	264	(11.5%)	9.5%
Smart Shirts	203	173	153	17.0%	13.1%
Recreation Products	144	138	125	4.2%	10.5%
Kellwood total	$2,151	$2,094	$1,788	2.7%	17.2%

				Percent change	
Operating earnings	1999	1998	1997	98-99	97-98
Popular-to-Moderate	$123.2	$105.2	$ 64.5	17.1%	63.0%
Better-to-Bridge	4.5	5.4	16.1	(16.7%)	(66.5%)
Private Label Apparel	28.1	34.2	23.1	(17.9%)	48.2%
Smart Shirts	16.6	14.8	11.1	12.7%	32.4%
Recreation Products	11.5	10.5	9.4	9.4%	12.0%
Total segment Operating earnings	$183.9	$170.1	$124.3	8.1%	36.9%

Popular-to-Moderate sales were up 27% in '98 on the strength of the Sag Harbor(R), Kathie Lee(R), Koret(R) and Cricket Lane(R) labels. The $41 increase in Operating earnings (8.1% of sales in 1998 from 6.3% in 1997) was primarily due to improved sourcing of products from Asia and Mexico, particularly the Koret products. The 27% sales increase also contributed to the margin improvement.

The acquisition of Fritzi in the third quarter of fiscal '99 added $48 to sales which, along with continued strength of the Sag Harbor(R) line, contributed the majority of the 7% increase in the sales of this segment. These increases were partially offset by discontinued businesses, including Counterparts(R) (a division of Koret), nurses' uniforms and maternitywear. Operating earnings margin improved to 8.9% from 8.1% in the prior year largely due to improved divisional mix (faster growth in businesses and programs with operating earnings margins higher than the segment average), the discontinuation of Koret's unprofitable Counterparts(R) business, and improved sourcing of Koret products.

Better-to-Bridge. Better-to-Bridge sales declined 12% in 1998 and 16% in 1999, and operating earnings margin declined from 7.2% in 1997 to 2.7% in 1998 and 1999. These declines were driven by disappointing sales from the Melrose(R) brand and lower sales to certain specialty stores. This segment contributed only 7.8% of Kellwood's sales and 2.4% of segment operating earnings in fiscal 1999.

Private Label sales for the fiscal year were down 12% in '99 due to weak demand for private label outerwear and basic denim jeans after being up 10% in `98 due primarily to the strength of outerwear sales. Operating earnings margins in the Private Label segment declined to 11.0% in 1999 from 11.8% in 1998 and 8.7% in 1997 due to the impact of the Brittania business in 1998.

Smart Shirts sales were up 17% in '99 and 13% in `98 vs. the prior year. The major drivers of this growth were the new knit shirt operation in Sri Lanka and the Polo Ralph Lauren(R) business which began shipping in the fourth quarter of fiscal 1997. Due to the increased volumes and improved worker productivity, as well as Asian currency fluctuations, operating profit margins at Smart Shirts have improved to 8.2% in 1999 and 8.5% in 1998 as compared to 7.3% in 1997.

Recreation Products sales were up 4% in '99 and 11% in `98 vs. the prior year. Due to the increased volumes and improved worker productivity, as well as Asian currency fluctuations, operating profit margins in the Recreation Products segment improved to 8.0% in 1999 from 7.6% in 1998 and 7.5% in 1997.

Unusual items

The Koret merger. Effective April 30, 1999 the Company completed a merger with Koret, Inc. (Koret), issuing approximately 5.2 million shares of Kellwood common stock in exchange for all of the outstanding shares and options of Koret. The transaction was accounted for as a pooling-of-interests. Accordingly, the consolidated financial statements and this Management's Discussion and Analysis give retroactive effect to the Merger with all periods presented as if the two companies had always been combined. One-time costs of the Koret merger ($6.6) decreased 1999 reported earnings per share by $.18.

Restructuring and Provision for Goodwill Impairment.

As part of its Vision 2000 program, Kellwood developed and began implementing a plan to reorganize and restructure several operating units that were experiencing operating losses or performing below expectations. Key components of the plan include the consolidation of similar types of operating units, relocation and consolidation of distribution facilities in the Northeast, Midwest and West Coast, and elimination of redundancies between operating units. These activities are currently in process and will continue through fiscal 2000.

During fiscal 1999, Kellwood closed a number of its domestic manufacturing facilities as their work was transferred to Kellwood facilities in Mexico, the Caribbean and Central America and the Company's network of contractors around the world. These moves, in concert with certain other planned plant closings scheduled to be completed in fiscal 2000, will enhance Kellwood's cost competitiveness and sourcing flexibility in fiscal 2000 and beyond. These plant closures and the related shift in manufacturing to offshore contractors relate primarily to the Private Label segment and are not expected to impact future sales. Cost reductions resulting from these moves will have a minimal impact on margins, as it is expected to be necessary to pass much of the savings on to customers in order to retain these businesses. These activities are currently in process and will continue through fiscal 2000. In connection with this restructuring, in the fourth quarter of 1999 the Company recorded a provision for facilities shut-down of $6.8 (pretax). This provision consisted of termination benefits of $4, vacant facilities costs of $1.4, other cash costs of $.3, and non-cash charges of $1.1. The non-cash charges represent primarily a write-down of obsolete or abandoned fixed assets to their net realizable value. Of the total non-cash provision of $5.6, $.5 has been paid during fiscal 1999. The total provision of $6.8 reduced net earnings and earnings per diluted share by $3.9 and $.14, respectively for the year.

As a consequence of the changes discussed above and changing market conditions, Kellwood conducted a review and analysis of the projected cash flows for certain underperforming operating units and assessed the realizability of the carrying value of the intangible assets of these units. During the fourth quarter the Company completed this review and identified an impairment of $48.9, primarily related to business units in the Better-to-Bridge segment. The provision for this impairment reduced net earnings and earnings per diluted share by $48.9 and $1.77, respectively for the year.

Financial Condition

Cash flow from operations is the Company's primary source of liquidity. Kellwood uses financial leverage to minimize the overall cost of capital and maintain adequate operating and financial flexibility. Management monitors leverage through its debt-to-capital ratio. Working capital management is monitored primarily by analysis of the Company's investment in accounts receivable and inventories.

Leverage. Kellwood's debt-to-capital ended fiscal 1999 at 43%, the lowest in 5 years and down from 49% at April 30, 1998. This reduction was in spite of a record level of capital spending and a $58 reduction in equity resulting from the unusual charges discussed above. Four major factors contributed to this decline:

- Better performance in the management of working capital, assisted by a slower rate of sales growth at fiscal 1999 year-end compared to fiscal 1998,
- Operating earnings were up significantly, as planned, from fiscal 1998,
- The purchase of Koret and Fritzi using Kellwood stock and assuming only a small amount of debt, and
- Repatriation of $35 from Smart Shirts in March 1999.

On a current equity market value basis, Kellwood's debt-to-capital declined to 32% at April 30, 1999 compared to 33% at the prior year-end.

Working Capital. The Company's working capital requirements for inventories and receivables are influenced primarily by sales patterns which are highly seasonal. Inventory levels are highly dependent upon forecasted sales, and receivables are a result of the timing of recent months' sales and customer payment terms.

The current ratio remained relatively stable at 2.4 to 1 at April 30, 1999 vs. 2.2 to 1 at April 30, 1998. Accounts receivable increased $64 (20%) vs. April 30, 1998, significantly ahead of the 3% increase in sales. This increase was due principally to the inclusion of $46 of Koret receivables in the 1999 balance sheet (compared to $8 at April 30, 1998) as a result of Kellwood's debt capacity replacing the factor borrowing previously used by Koret. The other major factor in the change is growth in the volume of business the Company does with certain customers which have terms of sale in excess of the company average. This was offset by an $87 decline in inventory levels (20%) as a consequence of improved working capital management and lower expected sales in the first half of fiscal 2000 compared to sales in the first half of fiscal 1999.

Investing Activities. Capital spending was $52 for fiscal 1999 and $22 for 1998. This compares with capital spending of $13-15 per year before the commencement of the Vision 2000 program. The additional spending was largely for warehouse construction and development of the Integrated

(Dollars in millions except per share data)

Business System (IBS). Capital spending for fiscal 2000 is planned to be in the $25 to $30 range. About half of this to be invested in computer hardware and software projects (including additional investments in the IBS, purchase and modification of a Warehouse Management System, and new CAD systems for certain divisions) and the other half to be invested in new domestic warehousing and distribution facilities, new or remodeled showrooms and selling facilities, and manufacturing facilities in Asia.

In the third quarter of fiscal 1999, the Company purchased substantially all of the non-real estate assets of Fritzi. The purchase price included 0.84 million shares of Kellwood common stock valued at $22.3 and the assumption of certain liabilities totaling $14.5. The transaction was accounted for as a purchase.

Financing Activities. Long-term financings are arranged as necessary to meet the Company's anticipated capital requirements, with the timing, principal amount and terms depending on the prevailing securities markets generally and the market for the Company's debt in particular.

In the second quarter of fiscal 1998, the Company completed a 20-year public debt offering totaling $150. These debentures carry a 7.625% coupon rate. They received investment grade ratings from Moody's and S&P of Baa3/BBB.

Long-term fixed-rate debt as a percentage of total debt was 67% at April 30, 1999 compared to 61% at the prior year-end. Kellwood plans to issue $150 of ten-year fixed rate public debt in the first half of fiscal 2000 to replace current short-term borrowings and to increase the Company's financial flexibility.

The Company maintains informal, uncommitted lines of credit with several banks which totaled $190 at April 30, 1999. Borrowings under these uncommitted lines totaled $94 at April 30, 1999.

Kellwood maintains a $300 committed credit facility agreement of which up to $200 can be utilized for short-term loans and up to $200 can be utilized for letters of credit. At April 30, 1999, $178 was available for future use. The existing agreement expires October 30, 1999. During the first half of fiscal 2000 the Company plans to put in place a new three-year $350 committed bank credit facility to ensure the liquidity necessary to support planned internal growth as well as to provide the capacity for additional acquisitions. Management believes that the combined operating, cash and equity position of the Company will continue to provide the capital flexibility necessary to fund future opportunities and to meet existing obligations.

In November 1998, the Board of Directors rescinded the share repurchase plan which had been adopted in September 1996.

The additional shares outstanding as a result of the Koret merger will increase the cash cost to the Company of the dividend compared to the dividends actually paid in the periods presented in the financial statements. Based on the current dividend rate and number of shares outstanding, the Company would expect to pay dividends of $18 in fiscal 2000 compared with $14 actually paid in fiscal 1999 and 1998.

Market Risk Sensitivity and Inflation Risks

Foreign Currency Risk. The company does not believe that it has significant foreign currency transactional exposures. The impact of a 10% unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of the foreign currencies in which the Company does have transactional exposures would be immaterial.

Interest Rate Risk. Interest rate risk is managed through the maintenance of a portfolio of variable- and fixed-rate debt composed of short- and long-term instruments. The objective is to maintain a cost-effective mix that management deems appropriate. At April 30, 1999, the Company's debt portfolio was composed of approximately 28% variable-rate debt (adjusted for the impact of variable rate assets) and 72% fixed-rate debt. Kellwood's strategy regarding management of its exposure to interest rate fluctuations did not change significantly during fiscal 1999. Except for the planned issuance of $150 of ten-year debt, management does not expect any significant changes in its exposure to interest rate fluctuations or in how such exposure is managed in fiscal 2000.

Various financial instruments issued by the Company are sensitive to changes in interest rates. Market interest rate changes would result in increases or decreases in the market value of the Company's fixed-rate debt. With respect to the Company's fixed-rate debt outstanding at April 30, 1999, a 10% change in interest rates would have resulted in approximately a $13 change in the market value of Kellwood's fixed-rate debt. With respect to the Company's variable-rate debt, a 10% change in interest rates would have had an immaterial impact on the Company's interest expense for fiscal 1999.

Commodity Price Risk. Kellwood is subject to commodity price risk arising from price fluctuations in the market prices of sourced garments or the various raw materials that comprise its manufactured products (synthetic fabrics, woolens, denim, etc.). The Company is subject to commodity price risk to the extent that any fluctuations in the market prices of its purchased garments and raw materials are not reflected by adjustments in selling prices of its products or if such adjustments significantly trail changes in these costs. Kellwood does not use derivative instruments in the management of these risks.

Inflation Risk. Kellwood's inflation risks are managed by each business unit through selective price increases when possible, productivity improvements, and cost-containment measures. Management does not believe that inflation risk is material to the Company's business or its consolidated financial position, results of operations or cash flows.

OUTLOOK

Management expects Kellwood's sales in the first half of fiscal 2000 to be relatively flat, with growth picking up in the second half; sales for the year are expected to be up approximately 5%.

While the demand for the quality products and superior service provided by Smart Shirts to its customers remains strong, the outlook for fiscal 2000 calls for flat to slightly lower sales due to quota constraints in Sri Lanka. Smart Shirts is evaluating acquisition and joint venture opportunities in Singapore and other countries which have ample quota to enable this segment to return to growth in fiscal 2001. As retailers are demanding and receiving lower prices, margins for 2000 will be under pressure.

The Company's investments in its Vision 2000 initiative peaked in fiscal 1999 and are expected to decline thereafter. The benefits of the Vision 2000 programs are expected to continue to further enhance the Company's competitive position and ability to continue to gain market share and improve profitability in the future.

Interest expense in fiscal 2000 is expected to be slightly lower due to lower borrowing needs, partially offset by a higher borrowing cost on the planned $150 ten-year public debt offering and expected changes in market interest rates vs. fiscal 1999. Though management believes that the rate on the new long-term debt will be favorable, it is expected to be approximately 2% higher than the Company would expect to pay for short-term floating rate debt.

The write-off of Goodwill in fiscal 1999 will reduce projected amortization of intangibles by approximately $9 from the level that would have been experienced had the impairment not occurred and had the assets continued to be written off over their remaining scheduled lives. Additionally, the reduction of the permanent difference related to this write-off in combination with other changes in the Company's income tax position is expected to reduce the Company's effective tax rate to approximately 41% for fiscal 2000.

YEAR 2000 ISSUE READINESS

In July 1996 the Company outsourced its Information Systems function to Electronic Data Systems Corporation (EDS). Together, EDS and Kellwood employees have completed an assessment and developed plans to make key operational and financial systems year 2000 compliant and ensure uninterrupted functionality through the year 2000. The Company is monitoring the progress and currently believes such plans are 90% implemented. The major components of the plan include:

- As part of the Vision 2000 initiative, several new information technologies have been and are being installed to implement a Consistent Office Environment (COE) and to replace several business and accounting systems with an Integrated Business System (IBS).

- The COE initiative is a corporate-wide effort to install new PC's and servers, and desktop software, all of which are year 2000 compliant. This initiative was fully implemented in fiscal 1999.

- The Company is in the process of remediating the current systems at three non-compliant locations. Development is complete, and testing of systems modifications for the systems being remediated is in process. Remediation projects at all three non-compliant locations are expected to be substantially completed in July 1999.

- Remediation or replacement of certain "non-IT" systems, including telephone systems, CAD systems, voice mail and shipping software and equipment is approximately 90% complete. Testing is currently in process where necessary and is progressing as planned.

The Company is incurring significant business process reengineering and system replacement expenses as part of the Vision 2000 initiative as described in the "Results of Operations" section. Kellwood's cost of remediation and replacement of non-year 2000 compliant systems is estimated to be $3.1, of which approximately $2.6 has already been incurred. The Company has utilized cash flow from operations to fund year 2000 expenditures.

Several of the Company's pre-IBS business and accounting systems that have been in use for several years are already year 2000 compliant. These compliant legacy systems are in place at business units which encompass approximately 78% of fiscal 1999 sales. Testing of year 2000 compliance for these systems has been substantially completed. Implementation of IBS to replace these systems is not scheduled until fiscal 2000 or later.

The Company believes its most reasonably likely worst case scenario with respect to its own systems would involve either:

. discrete modules of the IBS which do not handle year 2000 data properly because they are not properly written, interfaced or implemented, or

. components or subsystems of our legacy systems which are found to be not fully or properly remediated.

In either case, the Company would utilize internal systems staff and increase its utilization of EDS personnel and other qualified consultants from our software vendors to correct the problems. Until necessary system modifications could be made, manual procedures would be employed. Such a situation may result in additional remediation costs to be incurred and/or delays in operating activities.

Key trading partners such as customers, suppliers, banks, shipping companies and insurance companies have been contacted to assess year 2000 compliance in key potentially impacted business relationships. The Company does not have control over these third parties and, as a result, the Company cannot currently determine to what extent future operating results may be adversely affected by the failure of these third parties

(Dollars in millions except per share data)

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to successfully address their year 2000 issues. Electronic transactions with key trading partners have been identified and year 2000 compliance has been addressed.

. The Company's ability to process electronic data interchange transactions with its customers has been tested and certified Year 2000 compliant by the National Retail Federation.

. Electronic transactions dealing with funds transfers, letters of credit, payroll, and employee benefits have also been addressed and are currently either already year 2000 compliant or are in the process of becoming compliant.

Based on the results of the Year 2000 readiness information received from third parties, the Company believes that its key trading partners are putting forth their best efforts to minimize identified exposures. However, the Company has identified alternative suppliers for significant raw materials should current key suppliers prove unable to satisfactorily address year 2000 issues and supply necessary raw materials. The Company believes its contractors' most significant challenges will relate to transportation and infrastructure of the foreign countries in which they operate. Alternative contractors will be identified if current key contractors are unable to satisfactorily address year 2000 issues and manufacture product. Should customers be unable to satisfactorily address year 2000 issues, manual procedures would be employed to ensure key functions such as ordering and invoicing could be continued. The Company believes the most reasonably likely worst case scenario with respect to key trading partners would involve the inability of such partners to conduct business requiring manual processes to be employed and/or alternative partners to be utilized. Such a situation may result in temporary increases in costs, delays in receiving cash payments and/or delays in operating activities.

Euro Conversion

The company has no significant sales, manufacturing or sourcing in Europe, and therefore the Company does not expect to be impacted by the introduction or adaptation of the Euro in the European Union.

Safe Harbor Regarding Forward-Looking Statements

This Annual Report includes "forward-looking statements" within the meaning of the Securities Act of 1933, and of the Securities Exchange Act of 1934, which represent the Company's expectations or beliefs concerning future events. Although the Company believes that its expectations reflected in the forward-looking statements are reasonable, it cannot and does not give any assurance that these expectations will prove to be correct, since phases of the Company's operations are subject to influences outside its control. Any one of these factors or any combination of these factors could materially affect the results of the Company's operations, and cause actual results to differ materially from the Company's expectations. These factors include but are not limited to national and regional economic conditions, inflation or deflation, the overall level of consumer spending, the level of consumer debt, currency exchange fluctuations, other capital market conditions, competitive pressures, the performance of the Company's products within the prevailing retail environment, customer acceptance of both new designs and newly introduced product lines, the timing and magnitude of spending on and savings realized from our Vision 2000 initiative, stable governments and business conditions in the nations where the Company's products are manufactured, and financial difficulties encountered by customers. The words "believe", "expect", "will", "estimate", "project", "forecast", "should", "anticipate" and similar expressions may identify forward-looking statements. Additionally, all statements other than statements of historical facts included in the Annual Report, including without limitation, the statements under "Management's Discussion and Analysis," are also forward looking statements. All forward-looking statements contained herein and all subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by this cautionary statement.

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EXHIBIT 21

PARENTS AND SUBSIDIARIES

The Company and its subsidiaries* as of July 2, 1999 are as follows:

State (Country) of Name of Company	Percentage of Voting Incorporation	Securities Owned
Kellwood Company	Delaware	Parent
American Recreation Products, Inc.	Delaware	100%
Kellwood Asia Limited	Hong Kong	100%
Smart Shirts Limited	Hong Kong	100%
South Asia Garment Limited	Hong Kong	100%
KWD Holdings, Inc.	Delaware	100%
Robert Scott & David Brooks Outlet Stores, Inc.	Delaware	100%
Tri-W Corporation	North Carolina	100%
Halmode Apparel, Inc.	Delaware	100%
Fritzi California, Inc.	Delaware	100%
Koret, Inc.	Delaware	100%

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* Some of the above subsidiaries also have subsidiaries which are not listed because, in the aggregate, they are not considered to be significant.

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EXHIBIT 24

POWER OF ATTORNEY

The undersigned, directors of Kellwood Company (the "Company"), do hereby constitute and appoint Thomas H. Pollihan or Donald J. Gramke his/her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, to sign the Company's Form 10-K Annual Report pursuant to Section 13 of the Securities Exchange Act of 1934 as Amended for the fiscal year ended April 30, 1999, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto the attorney-in-fact full power and authority to sign such document on behalf of the undersigned and to make such filing, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that the attorney-in-fact, or his substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: May 27, 1999

	/s/ J C Jacobsen
Raymond F. Bentele	James C. Jacobsen
Edward S. Bottum	James S. Marcus
/s/ Kitty G. Dickerson	/s/ William J. McKenna
Kitty G. Dickerson	William J. McKenna
	/s/ Hal J. Upbin
Leonard A. Genovese	Hal J. Upbin
	/s/ Fred W. Wenzel
Jerry M. Hunter	Fred W. Wenzel

POWER OF ATTORNEY

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Dated: 5/28 , 1999

/s/ Leonard A. Genovese

LEONARD A. GENOVESE

POWER OF ATTORNEY

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Dated: 5/28/ , 1999

/s/ Raymond F. Bentele

RAYMOND F. BENTELE

POWER OF ATTORNEY

The undersigned, director of Kellwood Company (the "Company"), do hereby constitute and appoint Thomas H. Pollihan or Donald J. Gramke his/her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, to sign the Company's Form 10-K Annual Report pursuant to Section 13 of the Securities Exchange Act of 1934 as Amended for the fiscal year ended April 30, 1999, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto the attorney-in-fact full power and authority to sign such document on behalf of the undersigned and to make such filing, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that the attorney-in-fact, or his substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: 6-1-99

/s/ Edward S. Bottum

EDWARD S. BOTTUM

POWER OF ATTORNEY

The undersigned, director of Kellwood Company (the "Company"), do hereby constitute and appoint Thomas H. Pollihan or Donald J. Gramke his/her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, to sign the Company's Form 10-K Annual Report pursuant to Section 13 of the Securities Exchange Act of 1934 as Amended for the fiscal year ended April 30, 1999, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto the attorney-in-fact full power and authority to sign such document on behalf of the undersigned and to make such filing, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that the attorney-in-fact, or his substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: May 30, 1999

/s/ Jerry M. Hunter

JERRY M. HUNTER

POWER OF ATTORNEY

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Dated: June 2, 1999

/s/ James S. Marcus

JAMES S. MARCUS

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<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM KELLWOOD COMPANY AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCED SHEET AT APRIL 30, 1999, AND FROM THE CONDENSED CONSOLIDATED STATEMENT OF EARNINGS AND CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE MONTHS ENDED APRIL 30, 1999, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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<MULTIPLIER> 1,000

<PERIOD-TYPE>	12-MOS
<FISCAL-YEAR-END>	APR-30-1999
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<DEPRECIATION>	149,988
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<CURRENT-LIABILITIES>	331,745
<BONDS>	227,659
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<COMMON>	163,097
<OTHER-SE>	283,091
<TOTAL-LIABILITY-AND-EQUITY>	1,054,212
<SALES>	2,151,147
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<CGS>	1,685,281
<TOTAL-COSTS>	1,685,281
<OTHER-EXPENSES>	392,830
<LOSS-PROVISION>	3,868
<INTEREST-EXPENSE>	33,883
<INCOME-PRETAX>	39,153
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<INCOME-CONTINUING>	1,953
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<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	1,953
<EPS-BASIC>	0.07
<EPS-DILUTED>	0.07

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