

LA-Z-BOY INC  
Form 10-Q  
August 17, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-1004  
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
FOR QUARTERLY PERIOD ENDED JULY 24, 2010  
COMMISSION FILE NUMBER 1-9656

LA-Z-BOY INCORPORATED  
(Exact name of registrant as specified in its charter)

MICHIGAN  
(State or other jurisdiction of incorporation or organization)

38-0751137  
(I.R.S. Employer Identification No.)

1284 North Telegraph Road, Monroe, Michigan  
(Address of principal executive offices)

48162-3390  
(Zip Code)

Registrant's telephone number, including area code (734) 242-1444

None

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(Former name, former address and former fiscal year, if changed since last report.)

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  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at August 10, 2010
Common Shares, \$1.00 par value	51,830,174

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LA-Z-BOY INCORPORATED  
FORM 10-Q FIRST QUARTER OF FISCAL 2011

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PART I  
FINANCIAL INFORMATION  
Item 1. Financial Statements

LA-Z-BOY INCORPORATED  
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, amounts in thousands, except per share data)	First Quarter Ended	
	07/24/10	07/25/09
Sales	\$ 263,313	\$ 262,671
Cost of sales		
Cost of goods sold	190,175	181,559
Restructuring	(21)	736
Total cost of sales	190,154	182,295
Gross profit	73,159	80,376
Selling, general and administrative	74,045	77,612
Restructuring	165	301
Operating income (loss)	(1,051)	2,463
Interest expense	590	980
Interest income	243	276
Other income, net	351	711
Earnings (loss) before income taxes	(1,047)	2,470
Income tax (benefit) expense	(468)	439
Net income (loss)	(579)	2,031
Net (income) loss attributable to noncontrolling interests	384	(48)
Net income (loss) attributable to La-Z-Boy Incorporated	\$ (195)	\$ 1,983
Basic average shares	51,785	51,479
Basic net income (loss) attributable to La-Z-Boy Incorporated per share	\$ —	\$ 0.04
Diluted average shares	51,785	51,479
Diluted net income (loss) attributable to La-Z-Boy Incorporated per share	\$ —	\$ 0.04

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

LA-Z-BOY INCORPORATED  
CONSOLIDATED BALANCE SHEET

(Unaudited, amounts in thousands)	07/24/10	04/24/10
<b>Current assets</b>		
Cash and equivalents	\$ 93,133	\$ 108,421
Receivables, net of allowance of \$21,414 at 07/24/10 and \$20,258 at 04/24/10	150,302	165,038
Inventories, net	138,952	134,187
Deferred income taxes – current	2,305	2,305
Other current assets	17,403	18,159
<b>Total current assets</b>	<b>402,095</b>	<b>428,110</b>
Property, plant and equipment, net	133,482	138,857
Trade names	3,100	3,100
Deferred income taxes – long-term	442	458
Other long-term assets	34,923	38,293
<b>Total assets</b>	<b>\$ 574,042</b>	<b>\$ 608,818</b>
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 5,223	\$ 1,066
Accounts payable	43,299	54,718
Accrued expenses and other current liabilities	73,805	91,496
<b>Total current liabilities</b>	<b>122,327</b>	<b>147,280</b>
Long-term debt	40,540	46,917
Other long-term liabilities	66,887	68,381
Contingencies and commitments	—	—
<b>Equity</b>		
<b>La-Z-Boy Incorporated shareholders' equity:</b>		
Common shares, \$1 par value	51,823	51,770
Capital in excess of par value	202,937	201,873
Retained earnings	109,155	108,707
Accumulated other comprehensive loss	(20,606)	(20,251)
<b>Total La-Z-Boy Incorporated shareholders' equity</b>	<b>343,309</b>	<b>342,099</b>
Noncontrolling interests	979	4,141
<b>Total equity</b>	<b>344,288</b>	<b>346,240</b>
<b>Total liabilities and equity</b>	<b>\$ 574,042</b>	<b>\$ 608,818</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

LA-Z-BOY INCORPORATED  
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited, amounts in thousands)	First Quarter Ended	
	07/24/10	07/25/09
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (579)	\$ 2,031
Adjustments to reconcile net income (loss) to cash provided by (used for) operating activities		
(Gain) loss on sale of assets	27	(13)
Restructuring	144	1,037
Provision for doubtful accounts	914	2,362
Depreciation and amortization	5,806	6,275
Stock-based compensation expense	1,027	1,007
Change in receivables	16,985	8,898
Change in inventories	(9,332)	(2,098)
Change in other assets	(19)	(4,665)
Change in payables	(10,667)	(2,326)
Change in other liabilities	(16,259)	1,269
Change in deferred taxes	37	8
Total adjustments	(11,337)	11,754
Net cash provided by (used for) operating activities	(11,916)	13,785
<b>Cash flows from investing activities</b>		
Proceeds from disposals of assets	22	1,686
Capital expenditures	(2,436)	(1,439)
Purchases of investments	(4,333)	(1,199)
Proceeds from sales of investments	4,353	2,664
Change in restricted cash	—	17,007
Change in other long-term assets	(13)	(15)
Net cash provided by (used for) investing activities	(2,407)	18,704
<b>Cash flows from financing activities</b>		
Proceeds from debt	10,238	10,460
Payments on debt	(10,566)	(22,159)
Stock issued from stock plans	24	—
Net cash used for financing activities	(304)	(11,699)
Effect of exchange rate changes on cash and equivalents	(29)	179
Change in cash and equivalents	(14,656)	20,969
Cash reduction upon deconsolidation of VIE	(632)	—
Cash and equivalents at beginning of period	108,421	17,364
Cash and equivalents at end of period	\$ 93,133	\$ 38,333
Cash paid (net of refunds) during period – income taxes	\$ 2,461	\$ 266
Cash paid during period – interest	\$ 537	\$ 725

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.





LA-Z-BOY INCORPORATED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited, amounts in thousands)	Common Shares	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Compre- hensive Loss	Non- Controlling Interests	Total
At April 25, 2009	\$ 51,478	\$ 205,945	\$ 67,431	\$ (22,559)	\$ 4,137	\$ 306,432
Comprehensive income						
Net income (loss)			32,538		(487)	
Unrealized gain on marketable securities arising during the period				2,685		