

LA-Z-BOY INC  
Form 10-Q  
February 15, 2011

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 JANUARY 22, 2011  
COMMISSION FILE NUMBER 1-9656  
LA-Z-BOY INCORPORATED

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(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).

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Yes ..

No p

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

Class	Outstanding at February 8, 2011
Common Shares, \$1.00 par value	51,864,806

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

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PART I  
FINANCIAL INFORMATION  
Item 1. Consolidated Financial Statements

LA-Z-BOY INCORPORATED  
CONSOLIDATED STATEMENT OF INCOME

	Third Quarter Ended	
(Unaudited, amounts in thousands, except per share data)	01/22/11	01/23/10
Sales	\$ 291,943	\$ 305,094
Cost of sales		
Cost of goods sold	203,662	206,930
Restructuring	(65)	392
Total cost of sales	203,597	207,322
Gross profit	88,346	97,772
Selling, general and administrative	78,057	83,811
Restructuring	297	201
Operating income	9,992	13,760
Interest expense	561	577
Interest income	250	140
Income from Continued Dumping and Subsidy Offset Act, net	903	4,436
Other income (expense), net	251	(593)
Earnings before income taxes	10,835	17,166
Income tax expense	2,451	6,502
Net income	8,384	10,664
Net loss attributable to noncontrolling interests	1,626	489
Net income attributable to La-Z-Boy Incorporated	\$ 10,010	\$ 11,153
Basic average shares	51,865	51,546
Basic net income attributable to La-Z-Boy Incorporated per share	\$ 0.19	\$ 0.21
Diluted average shares	52,270	51,845
Diluted net income attributable to La-Z-Boy Incorporated per share	\$ 0.19	\$ 0.21

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

LA-Z-BOY INCORPORATED  
CONSOLIDATED STATEMENT OF INCOME

	Nine Months Ended	
(Unaudited, amounts in thousands, except per share data)	01/22/11	01/23/10
Sales	\$ 848,239	\$ 868,472
Cost of sales		
Cost of goods sold	602,101	594,645
Restructuring	(148)	1,791
Total cost of sales	601,953	596,436
Gross profit	246,286	272,036
Selling, general and administrative	232,033	246,346
Restructuring	572	1,022
Operating income	13,681	24,668
Interest expense	1,743	2,387
Interest income	716	615
Income from Continued Dumping and Subsidy Offset Act, net	903	4,436
Other income (expense), net	182	242
Earnings before income taxes	13,739	27,574
Income tax expense	3,126	10,027
Net income	10,613	17,547
Net loss attributable to noncontrolling interests	3,126	1,149
Net income attributable to La-Z-Boy Incorporated	\$ 13,739	\$ 18,696
Basic average shares	51,835	51,517
Basic net income attributable to La-Z-Boy Incorporated per share	\$ 0.26	\$ 0.36
Diluted average shares	52,242	51,595
Diluted net income attributable to La-Z-Boy Incorporated per share	\$ 0.26	\$ 0.36

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)	01/22/11	04/24/10
<b>Current assets</b>		
Cash and equivalents	\$ 109,632	\$ 108,427
Receivables, net of allowance of \$23,318 at 01/22/11 and \$20,258 at 04/24/10	154,277	165,001
Inventories, net	142,051	132,480
Deferred income taxes – current	2,314	2,305
Other current assets	19,443	18,862
<b>Total current assets</b>	<b>427,717</b>	<b>427,075</b>
Property, plant and equipment, net	128,310	138,857
Trade names	3,100	3,100
Deferred income taxes – long-term	458	458
Other long-term assets	36,357	38,293
<b>Total assets</b>	<b>\$ 595,942</b>	<b>\$ 607,783</b>
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 5,099	\$ 1,066
Accounts payable	50,734	54,718
Accrued expenses and other current liabilities	77,061	91,523
<b>Total current liabilities</b>	<b>132,894</b>	<b>147,307</b>
Long-term debt	40,030	46,917
Other long-term liabilities	66,557	70,445
Contingencies and commitments	—	—
<b>Equity</b>		
<b>La-Z-Boy Incorporated shareholders' equity:</b>		
Common shares, \$1 par value	51,865	51,770
Capital in excess of par value	201,544	201,873
Retained earnings	124,138	106,466
Accumulated other comprehensive loss	(18,753)	(20,284)
<b>Total La-Z-Boy Incorporated shareholders' equity</b>	<b>358,794</b>	<b>339,825</b>
Noncontrolling interests	(2,333)	3,289
<b>Total equity</b>	<b>356,461</b>	<b>343,114</b>
<b>Total liabilities and equity</b>	<b>\$ 595,942</b>	<b>\$ 607,783</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)	Nine Months Ended	
	01/22/11	01/23/10
<b>Cash flows from operating activities</b>		
Net income	\$ 10,613	\$ 17,547
<b>Adjustments to reconcile net income to cash provided by operating activities</b>		
(Gain) loss on sale of assets	112	(50)
Restructuring	424	2,813
Provision for doubtful accounts	3,739	5,593
Depreciation and amortization	17,745	19,186
Stock-based compensation expense	3,043	4,082
Pension plan contributions	(2,500)	—
Change in receivables	10,995	(14,101)
Change in inventories	(14,138)	(4,192)
Change in other assets	(3,120)	6,224
Change in payables	(3,232)	6,676
Change in other liabilities	(12,976)	15,222
Change in deferred taxes	11	(301)
Total adjustments	103	41,152
Net cash provided by operating activities	10,716	58,699
<b>Cash flows from investing activities</b>		
Proceeds from disposals of assets	423	1,925
Capital expenditures	(8,169)	—