

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549-1004

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934

FOR QUARTER ENDED October 29, 1994 COMMISSION FILE NUMBER 0-5091

LA-Z-BOY CHAIR COMPANY  
(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)

48161-3390  
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (313) 241-4414

None  
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 and (2) has been subject to such filing  
requirements for the past 90 days.

YES [X] NO [ ]

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

Class	Outstanding at October 29, 1994
Common Shares, \$1.00 par value	17,975,406

Part I. Financial Information

The Consolidated Balance Sheet and Consolidated Statement of Income required  
for Part I are contained in the Registrant's Financial Information Release  
dated November 15, 1994 and are incorporated herein by reference.

LA-Z-BOY CHAIR COMPANY CONSOLIDATED STATEMENTS OF CASH FLOWS  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
(Unaudited, dollar amounts in thousands)

	Three Months Ended		Six Months Ended	
	Oct. 29, 1994	Oct. 23, 1993	Oct. 29, 1994	Oct. 23, 1993
Cash Flows from Operating Activities				
Net income	\$12,078	\$10,415	\$16,348	\$17,741
Adjustments to reconcile net income				

to net cash provided by operating activities

Accounting change	0	0	0	(3,352)
Depreciation and amortization	3,590	3,375	7,322	6,674
Change in receivables	(43,798)	(42,424)	(9,889)	(11,440)
Change in inventories	621	(2,573)	(8,571)	(14,904)
Change in other assets and liab.	15,134	15,640	3,041	401
Change in deferred taxes	(875)	21	(875)	379
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Total adjustments	(25,328)	(25,961)	(8,972)	(22,242)
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Cash Provided by Operating Activities	(13,250)	(15,546)	7,376	(4,501)
Cash Flows from Investing Activities				
Proceeds from disposals of assets	1,210	56	1,234	67
Capital expenditures	(4,498)	(5,894)	(10,488)	(9,214)
Change in other investments	(75)	(2,013)	(534)	(3,077)
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Cash Used for Investing Activities	(3,363)	(7,851)	(9,788)	(12,224)
Cash Flows from Financing Activities				
Short-term debt	261	441	261	441
Long-term debt	0	0	7,500	0
Change in unexpended IRB funds	1,827	0	(739)	0
Retirements of debt	(261)	(364)	(5,011)	(453)
Sale of stock under stock option plans	1,154	584	1,357	1,227
Stock for 401(k) employee plans	429	607	830	1,366
Purchase of La-Z-Boy stock	(2,742)	(79)	(9,351)	(596)
Payment of cash dividends	(3,067)	(2,737)	(6,176)	(5,467)
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Cash Used for Financing Activities	(2,399)	(1,548)	(11,329)	(3,482)
Effect of exch. rate changes on cash	131	(111)	114	(236)
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Net change in cash and equivalents	(18,881)	(25,056)	(13,627)	(20,443)
Cash and equiv. - beginning of period	31,180	33,421	25,926	28,808
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Cash and equiv. - end of period	\$12,299	\$8,365	\$12,299	\$8,365
	=====	=====	=====	=====
Cash paid during period - Income taxes	\$8,980	\$10,320	\$11,853	\$13,727
- Interest	\$816	\$749	\$1,418	\$1,423

For purposes of the Statement of Cash Flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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

Certain prior year balance sheet items have been reclassified for comparability to the current year.

#### LA-Z-BOY CHAIR COMPANY AND OPERATING DIVISIONS

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

##### 1. Basis of Presentation

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The financial information is prepared in conformity with generally accepted accounting principles and such principles are applied on a basis consistent with those reflected in the 1994 Annual Report filed with the

Securities and Exchange Commission. The financial information included herein, other than the consolidated condensed balance sheet as of April 30, 1994, has been prepared by management without audit by independent certified public accountants who do not express an opinion thereon. The consolidated condensed balance sheet as of October 29, 1994 has been derived from, but does not include all the disclosures contained in, the audited consolidated financial statements for the year ended April 30, 1994. The information furnished includes all adjustments and accruals consisting only of normal recurring accrual adjustments which are, in the opinion of management, necessary for a fair presentation of results for the interim period.

2. Interim Results  
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The foregoing interim results are not necessarily indicative of the results of operations for the full fiscal year ending April 29, 1995.

3. Commitments and Contingencies  
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There has been no significant change from the prior fiscal year end audited financial statements.

LA-Z-BOY CHAIR COMPANY AND OPERATING DIVISIONS  
MANAGEMENT DISCUSSION

Due to the cyclical nature of the Company's business, comparison of operations between the most recently completed quarter and the immediate preceding quarter would not be meaningful and could be misleading to the reader of these financial statements.

For further Management Discussion, see attached Exhibit I.

Second quarter health care expenses matched expectations while the previous two quarters exceeded expectations.

The 46% increase in other income for the quarter was due to favorable Canadian exchange rate fluctuations, a gain on the sale of stock and increased royalty income being partially offset by lower pension income.

Income tax expense as a percent of pretax profit was higher than last year for both the quarter and six months ended due to an unfavorable mix of tax rates across tax divisions.

In October, a plant in Siloam Springs, Arkansas was sold and will be replaced by a new, larger plant currently under construction.

The Company's strong financial position is reflected in the debt to capital percentage of 17% and a current ratio of 3.8 to 1 at the end of the second quarter. At April 30, 1994, the debt to capital percentage was 17% and the current ratio was 4.1 to 1. At the end of the preceding year's second quarter, the debt to capital percentage was 18% and the current ratio was 3.7 to 1. As of October 29, 1994, there was \$62 million of unused lines of credit available under several credit arrangements.

Approximately 30% of the 2 million shares of Company stock authorized for purchase on the open market are still available for purchase by the Company. The Company plans to be in the market for its shares as changes in its stock price and other factors present appropriate opportunities.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings  
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The Company has been named as defendant in various lawsuits arising in the

normal course of business. It is not possible at the present time to estimate the ultimate outcome of these actions; however, management believes that the resultant liability, if any, will not be material to the Company's consolidated financial position.

Item 2. Changes in Securities

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None.

Item 3. Default Upon Senior Securities

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None.

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

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None.

Item 5. Other Information

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None.

Item 6. Exhibits and Reports on Form 8-K.

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Exhibit I News Release and Financial Information Release: re Actual second quarter results and Management Discussion dated November 15, 1994.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q for the quarter ended October 29, 1994 to be signed on its behalf by the undersigned thereunto duly authorized.

LA-Z-BOY CHAIR COMPANY  
(Registrant)

Date: November 15, 1994

James J. Korsnack  
Corporate Controller

## LA-Z-BOY'S SECOND QUARTER SALES AND MARGINS IMPROVE

MONROE, MI., November 15, 1994: La-Z-Boy Chair Company's 1995 fiscal second quarter that ended October 29, 1994 set a second quarter record with sales up 10%, and net income per share up 18% compared to the prior year's second quarter.

## Financial Details

1995 SECOND QUARTER sales grew to \$231 million vs. \$209 million, an increase of 10%. Last year's second quarter sales were up 19% over the preceding year. Net income for the quarter rose to \$12.1 million from \$10.4 million last year for an overall gain of 16%, and a per share gain of 18% or \$.67 per share vs. \$.57.

1995 FIRST HALF sales were \$405 million, 9% more than last year's \$371 million. Excluding the effect of a year-earlier tax accounting change, net income was \$16.3 million, up 14% from the prior year's \$14.4 million, or \$.90 per share vs. \$.79.

After an accounting change, which was unrelated to operations but which raised last year's first half net income 23%, fiscal 1995 first half net income of \$16.3 million compares to \$17.7 million, or \$.90 per share vs. \$.97 last year.

## Television Advertising Campaign

At the recently completed High Point Home Furnishings Market, La-Z-Boy unveiled its planned January launch of a new consumer advertising program designed to reposition La-Z-Boy as America's preeminent resource for living room and family room furniture. This new campaign is scheduled to be carried on prime time television beginning January 30th and is La-Z-Boy's first use of national television since 1989.

## Chairman Comments

La-Z-Boy Chairman and President Charles T. Knabusch said, "Most of our dealers enjoyed strong business in recent months. The La-Z-Boy proprietary store business also remains strong, validating the direction and programs we've undertaken.

Mr. Knabusch said, "With the growth La-Z-Boy has experienced in all categories, particularly major upholstery, it became evident that we needed to expand our presentation so retailers could be exposed to the depth and breadth of the La-Z-Boy line. As a result, we enlarged our High Point showroom presentation from 29,000 square feet to nearly 60,000 square feet. The expansion of our showroom, coupled with the new advertising program, resulted in an overwhelmingly positive response from our dealers. We anticipate that our placements of major upholstery on retail floors will increase measurably in the coming months."

## Form 10-Q on EDGAR

La-Z-Boy has electronically filed its second quarter FORM 10-Q with the Securities and Exchange Commission via their EDGAR system. Among other things, this filing includes the balance sheet, income statement and cash flow statement and additional management discussion.

(Amounts in thousands, except per share data)

	SECOND QUARTER ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	Oct. 29, 1994	Oct. 23, 1993	% Over (Under)	1994	1993
Sales	\$230,586	\$209,044	10%	100.0%	100.0%
Cost of sales	166,816	152,160	10%	72.3%	72.8%
Gross profit	63,770	56,884	12%	27.7%	27.2%
S, G & A	43,279	39,204	10%	18.8%	18.7%
Operating profit	20,491	17,680	16%	8.9%	8.5%
Interest expense	752	776	-3%	0.3%	0.4%
Other income	601	411	46%	0.2%	0.2%
Pretax income	20,340	17,315	17%	8.8%	8.3%
Income taxes	8,262	6,900	20%	40.6%**	39.8%**
Net income	\$12,078	\$10,415	16%	5.2%	5.0%
Average shares	18,028	18,259	-1%		
Earnings per share	\$0.67	\$0.57	18%		
Dividends per share	\$0.17	\$0.15	13%		

\*\* As a percent of pretax income, not sales.

(Amounts in thousands, except per share data)

	SIX MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	Oct. 29, 1994	Oct. 23, 1993	% Over (Under)	1994	1993
Sales	\$404,973	\$371,140	9%	100.0%	100.0%
Cost of sales	300,470	275,207	9%	74.2%	74.2%
Gross profit	104,503	95,933	9%	25.8%	25.8%
S,G & A	76,051	71,453	6%	18.8%	19.2%
Operating profit	28,452	24,480	16%	7.0%	6.6%
Interest expense	1,414	1,496	-5%	0.3%	0.4%
Other income	887	868	2%	0.2%	0.2%
Pretax income	27,925	23,852	17%	6.9%	6.4%
Income taxes	11,577	9,463	22%	41.5%**	39.7%**

Income before acctg. change	16,348	14,389	14%	4.0%	3.9%
Accounting change	-	3,352	N/A	-	0.9%
Net income	\$16,348	\$17,741	-8%	4.0%	4.8%

Average shares 18,140 18,236 -1%

Earnings per share:

Income before acctg. change	\$0.90	\$0.79	14%
Accounting change	-	0.18	N/A
Net income	\$0.90	\$0.97	-7%

Dividends per share \$0.34 \$0.30 13%

\*\* As a percent of pretax income, not sales.

La-Z-Boy Chair Company Financial Information Release  
CONSOLIDATED BALANCE SHEET

3 of 4  
11/15/94

(Dollars in thousands)

	Unaudited		Increase (Decrease)		Audited April 30, 1994
	Oct. 29, 1994	Oct. 23, 1993	Dollars	Percent	
Current Assets					
Cash & equivalents	\$12,299	\$8,365	\$3,934	47%	\$25,926
Receivables	193,004	181,390	11,614	6%	183,115
Inventories					
Raw materials	35,561	33,696	1,865	6%	31,867
Work-in-process	33,302	31,126	2,176	7%	29,325
Finished goods	27,885	28,530	(645)	-2%	26,676
FIFO inventories	96,748	93,352	3,396	4%	87,868
Excess of FIFO over LIFO	(20,941)	(17,961)	(2,980)	-17%	(20,632)
Total inventories	75,807	75,391	416	1%	67,236
Deferred income taxes	15,849	13,720	2,129	16%	15,160
Other current assets	8,735	6,486	2,249	35%	4,148
Total Current Assets	305,694	285,352	20,342	7%	295,585
Property, plant & equipment	96,663	93,337	3,326	4%	94,277
Goodwill	20,307	21,213	(906)	-4%	20,752
Other long-term assets	19,850	18,451	1,399	8%	19,639
Total Assets	\$442,514	\$418,353	\$24,161	6%	\$430,253

Certain prior year balance sheet items have been reclassified for comparability to the current year.

(Dollars in thousands)

	Unaudited		Increase (Decrease)		Audited April 30, 1994
	Oct. 29, 1994	Oct. 23, 1993	Dollars	Percent	
Current Liabilities					
Short-term debt	\$0	\$441	(\$441)	-100%	\$0
Current portion of L/T debt	1,875	2,964	(1,089)	-37%	2,875
Accounts payable	27,170	28,508	(1,338)	-5%	21,552
Payroll/benefits	28,561	25,125	3,436	14%	29,453
Estimated income taxes	3,940	4,207	(267)	-6%	3,882
Other current liabilities	18,605	16,823	1,782	11%	13,701
Total Current Liabilities	80,151	78,068	2,083	3%	71,463
Long-term debt	56,245	52,495	3,750	7%	52,495
Deferred income taxes	6,763	6,452	311	5%	6,949
Other long-term liabilities	8,286	7,160	1,126	16%	8,435
Shareholders' Equity					
17,975,406 shares, \$1.00 par	17,975	18,284	(309)	-2%	18,287
Capital in excess of par	10,412	9,192	1,220	13%	10,147
Retained earnings	263,342	247,217	16,125	7%	263,348
Currency translation	(660)	(515)	(145)	-28%	(871)
Total Shareholders' Equity	291,069	274,178	16,891	6%	290,911
Total Liabilities and Shareholders' Equity	\$442,514	\$418,353	\$24,161	6%	\$430,253

Certain prior year balance sheet items have been reclassified for comparability to the current year.



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