

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

Current Report Pursuant  
to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

November 3, 1999  
(Date of Report (Date of Earliest Event Reported))

LA-Z-BOY INCORPORATED  
(Exact Name of Registrant as Specified in Its Charter)

Michigan  
(State or Other Jurisdiction of Incorporation)

1-9656  
(Commission File Number)

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

1284 N. Telegraph Road  
Monroe, Michigan 48162  
(Address of Principal Executive Offices, Including Zip Code)

(734) 242-1444  
(Registrant's Telephone Number, Including Area Code)

[not applicable]  
(Former Name or Former Address If Changed Since Last Report)

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ITEM 5. OTHER EVENTS.

On November 3, 1999, La-Z-Boy issued a news release reporting its second quarter of fiscal year 2000 results of operations. The News Release is attached hereto as Exhibit 99.1 and the Financial Information Release to be submitted to stock analysts and others in the investor relations community and posted on the Company's website at [www.la-z-boy.com](http://www.la-z-boy.com) is attached as Exhibit 99.2.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

Exhibits

- 99.1 News Release dated November 3, 1999.
- 99.2 Financial Information Release to be submitted to stock analysts and others in the investor relations community and posted on the Company's website ([www.la-z-boy.com](http://www.la-z-boy.com)) on November 3, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LA-Z-BOY INCORPORATED

Date: November 3, 1999

/s/Gene M. Hardy

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Gene M. Hardy  
Secretary and Treasurer



News Release

LA-Z-BOY, INC. REPORTS STRONG  
SECOND QUARTER RESULTS

NYSE & PCX: LZB

Contact: Gene Hardy (734) 241-4306

MONROE, MI., November 3, 1999: In the second quarter of its fiscal year 2000, La-Z-Boy Incorporated again reached record levels of sales and profits. La-Z-Boy is one of the world's principal furniture producers.

Financial Details

For the second quarter ended October 23, 1999, sales reached \$387.7 million, up almost 16% from last year's second quarter of \$334.8 million. Net income was up over 26% to \$23.3 million vs. \$18.4 million. Diluted earnings per share increased 26% to \$0.44 from \$0.35.

For the six months ended October 23, 1999, sales reached \$709.4 million, up 18% from last year's \$603.7 million. Net income was up 43% to \$36.6 million vs. \$25.6 million. Diluted earnings per share was up 44% to \$0.69 vs. \$0.48.

President Comments

"Our sales continue to improve at a rate meeting our highest expectations," according to company President and COO, Gerald L. Kiser. "Dealer feedback from the recently completed furniture market in High Point, NC reinforced our positive near term sales outlook."

Marketing

La-Z-Boy's Oasis Recliner is receiving worldwide publicity. Reports in media ranging from newspapers to magazines to BBC radio and ESPN point to this chair's most novel feature: a built in cooler in the left armrest that holds a six-pack of 12-ounce cans. This La-Z-Boy convenience feature, plus the chair's ten-motor massage with heat, and an optional phone with caller ID and 99-number speed dial have reporters calling Oasis "the ultimate sports fan recliner." At the October international furniture market, the Oasis was rolled out in a collection of 19 leather-like coverings that allow consumers to choose recliners upholstered in their favorite team colors.

Wendall & Al, the lovable La-Z-Boy raccoons, were back on primetime television this fall singing the praises of La-Z-Boy comfort through the classic "My Fair Lady" tune, "Wouldn't It Be Lovely." This new commercial, the first ever to use a Lerner & Lowe showtune, reached millions of viewers with its uniquely appropriate lyrics of..."all I want is a room somewhere...far away from the cold night air...with one enormous chair...."

How to Get More Information

A financial information release containing an income statement, balance sheet and additional management discussion is available now at the Company's internet site ([www.la-z-boy.com](http://www.la-z-boy.com)).

Forward-Looking Information

Any forward-looking statements contained in this report represent management's current expectations based on present information and current assumptions. These statements can be identified by the use of forward-looking terminology such as "expects" or "outlook". Forward-looking statements are inherently subject to risks and uncertainties. Actual results could differ materially from those which are anticipated or projected due to a number of factors. These factors include, but are not limited to, anticipated growth in sales; success of product introductions; fluctuations of interest rates; changes in consumer confidence/demand and other risks and factors identified from time to time in the Company's reports.

La-Z-Boy Incorporated Financial Information Release  
 CONSOLIDATED STATEMENT OF INCOME  
 (Amounts in thousands, except per share data)

SECOND QUARTER ENDED

| (UNAUDITED)            |               |           |                   |         |                  |  |
|------------------------|---------------|-----------|-------------------|---------|------------------|--|
|                        | Oct. 23, 1999 |           | Oct. 24, 1998     |         | Percent of Sales |  |
|                        |               |           | % Over<br>(Under) |         |                  |  |
| Sales                  | \$387,736     | \$334,831 | 16%               | 100.0%  | 100.0%           |  |
| Cost of sales          | 286,520       | 245,062   | 17%               | 73.9%   | 73.2%            |  |
| Gross profit           | 101,216       | 89,769    | 13%               | 26.1%   | 26.8%            |  |
| S, G & A               | 62,920        | 59,510    | 6%                | 16.2%   | 17.8%            |  |
| Operating profit       | 38,296        | 30,259    | 27%               | 9.9%    | 9.0%             |  |
| Interest expense       | 1,866         | 1,164     | 60%               | 0.5%    | 0.3%             |  |
| Interest income        | 610           | 471       | 30%               | 0.2%    | 0.1%             |  |
| Other income           | 927           | 865       | 7%                | 0.2%    | 0.3%             |  |
| Pretax income          | 37,967        | 30,431    | 25%               | 9.8%    | 9.1%             |  |
| Income tax expense     | 14,697        | 11,984    | 23%               | 38.7% * | 39.4% *          |  |
| Net income             | \$ 23,270     | \$ 18,447 | 26%               | 6.0%    | 5.5%             |  |
| Diluted average shares | 52,625        | 53,425    | -1%               |         |                  |  |
| Diluted EPS            | \$0.44        | \$0.35    | 26%               |         |                  |  |
| Basic EPS              | \$0.44        | \$0.35    | 26%               |         |                  |  |
| Dividends per share    | \$0.08        | \$0.08    | 0%                |         |                  |  |

SIX MONTHS ENDED

| (UNAUDITED)            |               |           |                   |         |                  |  |
|------------------------|---------------|-----------|-------------------|---------|------------------|--|
|                        | Oct. 23, 1999 |           | Oct. 24, 1998     |         | Percent of Sales |  |
|                        |               |           | % Over<br>(Under) |         |                  |  |
| Sales                  | \$709,395     | \$603,711 | 18%               | 100.0%  | 100.0%           |  |
| Cost of sales          | 527,546       | 450,493   | 17%               | 74.4%   | 74.6%            |  |
| Gross profit           | 181,849       | 153,218   | 19%               | 25.6%   | 25.4%            |  |
| S, G & A               | 121,896       | 110,798   | 10%               | 17.1%   | 18.4%            |  |
| Operating profit       | 59,953        | 42,420    | 41%               | 8.5%    | 7.0%             |  |
| Interest expense       | 3,305         | 2,351     | 41%               | 0.5%    | 0.4%             |  |
| Interest income        | 1,206         | 1,048     | 15%               | 0.2%    | 0.2%             |  |
| Other income           | 1,708         | 1,220     | 40%               | 0.2%    | 0.2%             |  |
| Pretax income          | 59,562        | 42,337    | 41%               | 8.4%    | 7.0%             |  |
| Income tax expense     | 22,999        | 16,706    | 38%               | 38.6% * | 39.5% *          |  |
| Net income             | \$ 36,563     | \$ 25,631 | 43%               | 5.2%    | 4.2%             |  |
| Diluted average shares | 52,610        | 53,543    | -2%               |         |                  |  |
| Diluted EPS            | \$0.69        | \$0.48    | 44%               |         |                  |  |
| Basic EPS              | \$0.70        | \$0.48    | 46%               |         |                  |  |
| Dividends per share    | \$0.16        | \$0.15    | 7%                |         |                  |  |

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

11/3/99

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La-Z-Boy Incorporated Financial Information Release  
CONSOLIDATED BALANCE SHEET  
(Amounts in thousands, except par value)

|                                  | Unaudited        |                  | Increase<br>(Decrease) |         | Audited<br>Apr. 24,<br>1999 |
|----------------------------------|------------------|------------------|------------------------|---------|-----------------------------|
|                                  | Oct. 23,<br>1999 | Oct. 24,<br>1998 | Dollars                | Percent |                             |
| Current assets                   |                  |                  |                        |         |                             |
| Cash & equivalents               | \$ 12,769        | \$ 22,721        | (\$ 9,952)             | -44%    | \$ 33,550                   |
| Receivables                      | 281,651          | 256,328          | 25,323                 | 10%     | 265,157                     |
| Inventories                      |                  |                  |                        |         |                             |
| Raw materials                    | 56,139           | 47,847           | 8,292                  | 17%     | 47,197                      |
| Work-in-process                  | 43,354           | 39,118           | 4,236                  | 11%     | 37,447                      |
| Finished goods                   | 43,388           | 35,627           | 7,761                  | 22%     | 34,920                      |
| FIFO inventories                 | 142,881          | 122,592          | 20,289                 | 17%     | 119,564                     |
| Excess of FIFO over LIFO         | (23,303)         | (22,712)         | (591)                  | -3%     | (23,053)                    |
| Total inventories                | 119,578          | 99,880           | 19,698                 | 20%     | 96,511                      |
| Deferred income taxes            | 22,660           | 19,396           | 3,264                  | 17%     | 20,028                      |
| Other current assets             | 11,510           | 5,889            | 5,621                  | 95%     | 10,342                      |
| Total current assets             | 448,168          | 404,214          | 43,954                 | 11%     | 425,588                     |
| Property, plant & equipment, net | 143,006          | 119,660          | 23,346                 | 20%     | 125,989                     |
| Goodwill                         | 89,271           | 48,017           | 41,254                 | 86%     | 46,985                      |
| Other long-term assets           | 39,719           | 29,847           | 9,872                  | 33%     | 31,230                      |
| Total assets                     | \$ 720,164       | \$ 601,738       | \$ 118,426             | 20%     | \$ 629,792                  |
| Current liabilities              |                  |                  |                        |         |                             |
| Current portion - long-term debt | \$ 1,585         | \$ 4,726         | (\$ 3,141)             | -66%    | \$ 2,001                    |
| Current portion - capital leases | 844              | 1,099            | (255)                  | -23%    | 784                         |
| Accounts payable                 | 59,506           | 50,693           | 8,813                  | 17%     | 45,419                      |
| Payroll/other compensation       | 44,641           | 39,063           | 5,578                  | 14%     | 53,697                      |
| Income taxes                     | 5,818            | 6,885            | (1,067)                | -15%    | 4,103                       |
| Other current liabilities        | 29,393           | 26,491           | 2,902                  | 11%     | 26,424                      |
| Total current liabilities        | 141,787          | 128,957          | 12,830                 | 10%     | 132,428                     |
| Long-term debt                   | 119,594          | 63,319           | 56,275                 | 89%     | 62,469                      |
| Capital leases                   | 1,485            | 300              | 1,185                  | 395%    | 219                         |
| Deferred income taxes            | 4,995            | 5,454            | (459)                  | -8%     | 5,697                       |
| Other long-term liabilities      | 14,554           | 11,912           | 2,642                  | 22%     | 14,064                      |
| Commitments & contingencies      |                  |                  |                        |         |                             |
| Shareholders' equity             |                  |                  |                        |         |                             |
| Common shares, \$1 par           | 52,143           | 52,909           | (766)                  | -1%     | 52,340                      |
| Capital in excess of par         | 32,543           | 30,328           | 2,215                  | 7%      | 31,582                      |
| Retained earnings                | 354,795          | 310,417          | 44,378                 | 14%     | 332,934                     |

|                            |           |            |            |       |           |
|----------------------------|-----------|------------|------------|-------|-----------|
| Currency translation       | (1,732)   | (1,858)    | 126        | 7%    | (1,941)   |
|                            | -----     | -----      | -----      | ----- | -----     |
| Total shareholders' equity | 437,749   | 391,796    | 45,953     | 12%   | 414,915   |
|                            |           |            |            |       |           |
| Total liabilities and      |           |            |            |       |           |
| shareholders' equity       | -----     | -----      | -----      | ----- | -----     |
|                            | \$720,164 | \$ 601,738 | \$ 118,426 | 20%   | \$629,792 |
|                            | =====     | =====      | =====      | ===== | =====     |

Pending Acquisitions:

As previously announced, on September 28, 1999, La-Z-Boy and LADD Furniture, Inc. entered into a merger agreement, pursuant to which LADD would become a wholly-owned subsidiary of La-Z-Boy. This transaction is subject to regulatory approval and approval by LADD's shareholders and, if approved, is expected to be completed during the current fiscal quarter. The Company's acquisition of Alexvale Furniture, Inc. is still pending and expected to close during the current quarter. Both transactions are to be accounted for as purchases.

Closing the pending acquisitions, particularly the LADD transaction, would significantly affect the Company's financial results going forward. The discussion that follows focuses primarily on La-Z-Boy's historical financial results and does not include any discussion of those potential effects. More information concerning the acquisitions will be provided in the proxy statement/prospectus that will be sent to LADD shareholders.

Sales:

Sales in the second quarter of fiscal year 2000 were up 16% over the prior year's second quarter. Roughly half of the 16% sales increase was caused by the acquisition of Bauhaus, which occurred in June, 1999. The remaining increase was spread across both the Residential upholstery and Residential casegoods segments.

Gross profit margin:

The gross profit margin decreased to 26.1% of sales from 26.8% of sales in last year's second quarter on a 16% increase in sales and a 14% increase in unit volume. Higher labor and overhead costs were incurred during the quarter as a result of improving plant floor layout to accommodate additional product lines and implement lean manufacturing processes. While causing short-term disruptions and increased plant labor and overhead costs, these changes are expected to generate long-term production capacity without the need for additional facilities. In addition, significant employee training costs for new hires, especially in sewing and upholstery, were incurred. It has become increasingly difficult to acquire and retain labor in a low unemployment environment. These labor and overhead cost trends are expected to continue into the third quarter, but at a lesser degree than experienced in the second quarter.

The gross profit margin was also somewhat impacted by an increased cost for plywood and cardboard packaging during the second quarter, which was only partially offset by a decreased cost for leather. Costs for plywood in the third quarter are expected to decrease and costs for cardboard packaging are expected to increase.

Selling, general & administrative:

Second quarter selling, general & administrative expenses decreased to 16.2% of sales vs. 17.8% last year. Information technology, bad debt and selling expenses as a percent of sales were below the prior year.

Interest expense:

Second quarter interest expense as a percent of sales increased from 0.3% last year to 0.5% due to financing obtained in the first quarter for the acquisition of Bauhaus.

Income tax expense:

Income tax expense as a percent of pretax income declined to 38.7% from 39.4% last year. The Canadian division results for the second quarter were favorable compared to last year's second quarter. Since this division has net operating loss carryforwards to offset the income, this resulted in a decrease to the second quarter's effective tax rate.

Forward-looking information:

Any forward-looking statements contained in this report represent management's current expectations based on present information and current assumptions. These statements can be identified by the use of forward-looking terminology such as "expected" or "trend". Forward-looking statements are inherently subject to risks and uncertainties. Actual results could differ



materially from those which are anticipated or projected due to a number of factors. These factors include, but are not limited to, anticipated growth in sales; success of product introductions; fluctuations of interest rates; changes in consumer confidence/demand and other risks and factors identified from time to time in the Company's reports.

