

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549-1004

FORM 10-Q/A  
(Amendment No. 1)  
to

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

FOR QUARTER ENDED January 28, 1995 COMMISSION FILE NUMBER 1-9656

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  
Common Shares, \$1.00 par value

Outstanding at January 28, 1995  
17,968,660

Part I, Part II item 1 and Part II item 6 are amended in their entirety as set forth below.

Part I. Financial Information

Item 1 Consolidated Financial Statements



La-Z-Boy Chair Company  
CONSOLIDATED SUMMARY OF OPERATIONS

(Amounts in thousands, except per share data)

	THIRD QUARTER ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	Jan. 28, 1995	Jan. 22, 1994	% Over (Under)	1995	1994
Sales	\$210,814	\$192,648	9%	100.0%	100.0%
Cost of sales	157,767	141,771	11%	74.8%	73.6%
Gross profit	53,047	50,877	4%	25.2%	26.4%
S, G & A	39,616	37,136	7%	18.8%	19.3%
Operating profit	13,431	13,741	-2%	6.4%	7.1%
Interest expense	1,041	682	53%	0.5%	0.4%
Other income	298	412	-28%	0.1%	0.3%
Pretax income	12,688	13,471	-6%	6.0%	7.0%
Income taxes	5,467	5,483	-0%	43.1%**	40.7%**
Net income	\$7,221	\$7,988	-10%	3.4%	4.1%
Average shares	17,968	18,302	-2%		
Earnings per share	\$0.40	\$0.44	-9%		
Dividends per share	\$0.17	\$0.17	0%		

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

Note: Acquisition amortization of \$259 for both periods has been reclassified from other income to S, G & A.

La-Z-Boy Chair Company  
CONSOLIDATED SUMMARY OF OPERATIONS

(Amounts in thousands, except per share data)

	NINE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	Jan. 28, 1995	Jan. 22, 1994	% Over (Under)	1995	1994
Sales	\$615,787	\$563,788	9%	100.0%	100.0%
Cost of sales	458,237	416,978	10%	74.4%	74.0%
Gross profit	157,550	146,810	7%	25.6%	26.0%
S,G & A	116,187	109,109	6%	18.9%	19.3%
Operating profit	41,363	37,701	10%	6.7%	6.7%
Interest expense	2,455	2,178	13%	0.4%	0.4%
Other income	1,705	1,800	-5%	0.3%	0.3%
Pretax income	40,613	37,323	9%	6.6%	6.6%
Income taxes	17,044	14,946	14%	42.0%**	40.0%**
Income before acctg. change	23,569	22,377	5%	3.8%	4.0%
Accounting change	-	3,352	N/A	-	0.6%
Net income	<u>\$23,569</u>	<u>\$25,729</u>	<u>-8%</u>	<u>3.8%</u>	<u>4.6%</u>
Average shares	18,083	18,257	-1%		
Earnings per share:					
Income before acctg. change	\$1.30	\$1.23	6%		
Accounting change	-	0.18	N/A		
Net income	<u>\$1.30</u>	<u>\$1.41</u>	<u>-8%</u>		
Dividends per share	\$0.51	\$0.47	9%		

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

Note: Acquisition amortization of \$779 for both periods has been reclassified from other income to S, G & A.



La-Z-Boy Chair Company  
CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

	Unaudited		Increase (Decrease)		Audited April 30, 1994
	Jan. 28, 1995	Jan. 22, 1994	Dollars	Percent	
Current Assets					
Cash & equivalents	\$41,552	\$32,402	\$9,150	28%	\$25,926
Receivables	166,506	153,003	13,503	9%	183,115
Inventories					
Raw materials	36,362	33,259	3,103	9%	31,867
Work-in-process	33,574	32,063	1,511	5%	29,325
Finished goods	26,732	29,698	(2,966)	-10%	26,676
FIFO inventories	96,668	95,020	1,648	2%	87,868
Excess of FIFO over LIFO	(21,034)	(18,170)	(2,864)	-16%	(20,632)
Total inventories	75,634	76,850	(1,216)	-2%	67,236
Deferred income taxes	17,820	13,720	4,100	30%	15,160
Other current assets	5,084	5,614	(530)	-9%	4,148
Total Current Assets	306,596	281,589	25,007	9%	295,585
Property, plant & equipment	97,552	93,889	3,663	4%	94,277
Goodwill	20,085	20,991	(906)	-4%	20,752
Other long-term assets	17,191	18,541	(1,350)	-7%	19,639
Total Assets	\$441,424	\$415,010	\$26,414	6%	\$430,253

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





La-Z-Boy Chair Company  
CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

	Unaudited		Increase (Decrease)		Audited April 30, 1994
	Jan. 28, 1995	Jan. 22, 1994	Dollars	Percent	
<b>Current Liabilities</b>					
Current portion of L/T debt	\$1,875	\$2,875	(\$1,000)	-35%	2,875
Accounts payable	29,761	22,740	7,021	31%	21,552
Payroll/benefits	26,750	23,283	3,467	15%	29,453
Estimated income taxes	803	3,148	(2,345)	-74%	3,882
Other current liabilities	16,975	16,511	464	3%	13,701
<b>Total Current Liabilities</b>	<b>76,164</b>	<b>68,557</b>	<b>7,607</b>	<b>11%</b>	<b>71,463</b>
Long-term debt	56,245	52,495	3,750	7%	52,495
Deferred income taxes	6,424	6,455	(31)	-0%	6,949
Other long-term liabilities	8,170	7,579	591	8%	8,435
<b>Shareholders' Equity</b>					
17,968,660 shares, \$1.00 par	17,969	18,320	(351)	-2%	18,287
Capital in excess of par	10,464	9,596	868	9%	10,147
Retained earnings	267,014	252,550	14,464	6%	263,348
Currency translation	(1,026)	(542)	(484)	-89%	(871)
<b>Total Shareholders' Equity</b>	<b>294,421</b>	<b>279,924</b>	<b>14,497</b>	<b>5%</b>	<b>290,911</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$441,424</b>	<b>\$415,010</b>	<b>\$26,414</b>	<b>6%</b>	<b>\$430,253</b>

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



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		Nine Months Ended	
	Jan. 28, 1995	Jan. 22, 1994	Jan. 28, 1995	Jan. 22, 1994
<b>Cash Flows from Operating Activities</b>				
Net income	\$7,221	\$7,988	\$23,569	\$25,729
Adjustments to reconcile net income to net cash provided by operating activities				
Accounting change	0	0	0	(3,352)
Depreciation and amortization	3,829	3,580	11,151	10,254
Change in receivables	26,498	28,387	16,609	16,947
Change in inventories	173	(1,460)	(8,398)	(16,364)
Change in other assets and liab.	(183)	(7,523)	2,858	(7,122)
Change in deferred taxes	(2,310)	3	(3,185)	382
<b>Total adjustments</b>	<b>28,007</b>	<b>22,987</b>	<b>19,035</b>	<b>745</b>
<b>Cash Provided by Operating Activities</b>	<b>35,228</b>	<b>30,975</b>	<b>42,604</b>	<b>26,474</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from disposals of assets	104	79	1,338	146
Capital expenditures	(4,691)	(4,069)	(15,179)	(13,283)
Change in other investments	1,607	(234)	1,073	(3,311)
<b>Cash Used for Investing Activities</b>	<b>(2,980)</b>	<b>(4,224)</b>	<b>(12,768)</b>	<b>(16,448)</b>
<b>Cash Flows from Financing Activities</b>				
Short-term debt	0	0	261	441
Long-term debt	0	0	7,500	0
Change in unexpended IRB funds	680	0	(59)	0
Retirements of debt	0	(530)	(5,011)	(983)
Sale of stock under stock option plans	194	456	1,551	1,683
Stock for 401(k) employee plans	349	707	1,179	2,073
Purchase of La-Z-Boy stock	(994)	(261)	(10,345)	(857)
Payment of cash dividends	(3,056)	(3,109)	(9,232)	(8,576)
<b>Cash Used for Financing Activities</b>	<b>(2,827)</b>	<b>(2,737)</b>	<b>(14,156)</b>	<b>(6,219)</b>
Effect of exch. rate changes on cash	(168)	23	(54)	(213)
<b>Net change in cash and equivalents</b>	<b>29,253</b>	<b>24,037</b>	<b>15,626</b>	<b>3,594</b>
Cash and equiv. at beginning of period	12,299	8,365	25,926	28,808
<b>Cash and equiv. at end of period</b>	<b>\$41,552</b>	<b>\$32,402</b>	<b>\$41,552</b>	<b>\$32,402</b>
<b>Cash paid during period - Income taxes</b>	<b>\$10,923</b>	<b>\$6,542</b>	<b>\$22,776</b>	<b>\$20,269</b>
- Interest	\$944	\$522	\$2,362	\$1,945

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 January 28, 1995 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.



Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

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.

La-Z-Boy Chair Company's 1995 fiscal third quarter that ended January 28, 1995 set a third quarter record with sales up 9%. Net income per share was 9% lower than last year's third quarter.

The third quarter and nine months ended sales both increased 9%. Management believes the increases were primarily the result of the general economic recovery and were roughly equal to growth in the U.S. Furniture industry. Price increases were generally in the 1-3% range and the remainder of the increases were primarily due to volume increases. The decline in the Canadian exchange rate from last year in the third quarter and nine months ended reduced the sales increase by .3 points.

Sales do not include any acquired companies, so the third quarter and nine months improvements of 9% were all internally generated. Excluding exchange rate fluctuations sales increased in each period at all five operating divisions with particular strength at Hammary.

In general, incoming sales orders and backlogs as of February 15, 1995 continue to be good.

For the nine month period ended gross profit as a percent of sales (margins) dropped from 26.0% last year to 25.6%. The majority of the decrease in nine month margins occurred in the third quarter. Gross profit as a percent of sales (margins) dropped from 26.4% in last year's third quarter to 25.2% primarily due to cost increases. The third quarter's health-care costs were about 25% higher than last year. Adverse selection and provider cost shifting are thought to have caused the 25% jump. Fourth quarter health-care costs are expected to be roughly equal to last year's quarter on a per week basis. (Last year's fourth quarter had high health-care costs). Costs of leather, fabric, cartoning and premium (not frame stock) woods were measurably up and are not expected to decline. Cartoning is expected to further increase in cost in the fourth quarter of fiscal 1995. Factory wage costs were up but were within expectations. The next wage increase is scheduled to occur in the residential division at 3/1/95 and is expected to be moderate.

To a lesser extent, 1995's third quarter margins were unfavorably impacted approximately .1 points by incentives and costs associated with the introduction of new contract products as well as an unfavorable Canadian/U.S. dollar exchange rate. The contract items are not expected to impact the upcoming fourth quarter as much as the third quarter. Canadian exchange rate gross margin impacts are expected to continue unless the Canadian dollar strengthens.

The costs and anticipated higher sales associated with La-Z-Boy's new TV advertising campaign will affect the company's financial results in the fourth quarter and beyond. The national campaign is part of a long-term effort believed to be necessary to further expand the company's marketshare by repositioning La-Z-Boy as a complete furniture resource.





The third quarter and nine months ended S, G & A expenses increased 7% and 6% respectively from the prior year largely due to the increase in sales. S, G & A expenses have been slightly less than what was expected before the year started. This was primarily in the selling expenses area. With the new TV advertising program, fourth quarter S, G & A expenses are expected to exceed both last year and expectation before the year started.

The increase in interest expense for the quarter and nine months ended was primarily due to higher interest rates.

Other income for the third quarter was down from the prior year primarily due to Canadian exchange impacts. This was partially offset by increased interest income due to increased investments and higher interest rates. The Canadian dollar impacts are due to revaluations of trade and other cash-type intercompany balances at the end of each quarter and only change or cause P&L impacts if the Canadian/U.S. dollar exchange rate changes from the end of one quarter to the end of the next consecutive quarter. That is, unfavorable P&L impacts will not occur in the fourth quarter if the rate stays the same or strengthens (from Canada's perspective).

Income taxes as a percent of pretax profit was higher than last year for both the quarter and nine months ended primarily due to unfavorable tax situations at La-Z-Boy's Canadian operating division. The higher tax rates may continue in the fourth quarter.

The estimated income taxes liability was \$2.3 million less at the end of January, 1995 compared to January, 1994. The January, 1994 balance was overstated and corrected in the fourth quarter last year with the offsetting adjustment to deferred taxes. Since last year, the company has also settled several audits and tax disputes which resulted in a significant reduction in the estimated income taxes liability.

The deferred income taxes asset was higher at the end of January, 1995 compared to January, 1994 due to the increase in expenses which were deducted for book purposes but cannot currently be deducted for tax purposes like accrued bad debts expenses.

As mentioned above, a major new TV advertising program began in February. This program is intended to increase sales over the longer term. Effects on sales in the shorter term (the next few quarters) are difficult to predict but sales increases and other related favorable management actions may not be enough to cover the net additional costs of the TV program.

Raw materials were up 9% vs. last year. About half of the increase was in fabric and leather; and although it was higher than desired, plans are in place for a reduction by April, 1995. Lumber was planned to increase as part of seasonal purchasing and should be declining soon.

Finished goods declined 10%, roughly as planned. On hand balances should be leveling off although efforts are still underway to reduce balances longer term.

The 89% decrease in the balance sheet currency translation adjustment from 1/22/94 to 1/28/95 was due to the decline in the Canadian exchange rate from .7627 to .7069 (Canadian dollar to U.S. dollar ratio). This reduced the present valuation of investments in the Canadian division.

The Company's strong financial position is reflected in the debt to capital percentage of 16% and a current ratio of 4.0 to 1 at the end of the third 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 third quarter, the debt to capital percentage was 17% and the current ratio was 3.8 to 1. As of January 28, 1995, there was \$62 million of unused lines of credit available under several credit arrangements.

Approximately 28% 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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Not applicable.

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

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(a)(1)(2) Amended and Restated Reorganization Agreement and the Amended and Restated Plan of Merger among La-Z-Boy Chair Company, LZB Acquisition, Inc. and England/Corsair, Inc. (Filed as annexes A and B to Form S-4 (Commission File 33-57623) and incorporated herein by reference).

(27) Financial Data Schedule (EDGAR only)

(b) An 8-K was filed on January 13, 1995 discussing the agreement to acquire England/Corsair, Inc.

An 8-K was filed on January 27, 1995 discussing third quarter sales and profits.

SIGNATURE

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

LA-Z-BOY CHAIR COMPANY  
(Registrant)

Date: March 20, 1995

James J. Korsnack  
Corporate Controller

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Apr-29-1995  
Jan-28-1995  
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