

# FurnitureBrands

---

## INFORMATION

### FOR IMMEDIATE RELEASE

**Furniture Brands International, Inc.**  
1 North Brentwood Blvd.  
St. Louis, Missouri 63105

**For Further Information Call**  
John Hastings  
314-863-1100

## FURNITURE BRANDS INTERNATIONAL REPORTS FIRST QUARTER 2009 FINANCIAL RESULTS

- Sales from continuing operations totaled \$357 million, down 25% from prior year due to continued weak consumer market conditions.
- Reported net loss from continuing operations of \$4.2 million
- Net debt of \$97 million at March 31, 2009 and approximately \$68 million at May 6, 2009, which is the lowest net debt level in more than 20 years

St. Louis, Missouri, May 6, 2009 -- Furniture Brands International (NYSE: FBN) announced today its financial results for the first quarter ended March 31, 2009.

Net sales from continuing operations for the 2009 first quarter were \$356.9 million, compared with \$477.2 million in the first quarter of 2008. Results from continuing operations were a loss of \$0.09 per diluted share in the 2009 quarter compared to net income of \$0.08 per diluted share for the first quarter of 2008. A table detailing selected items in the company's reported first quarter 2009 and 2008 financial results is attached to this press release.

Ralph P. Scozzafava, Chairman of the Board and Chief Executive Officer, commented: "The commercial interventions that are the building blocks of our strategic plan have helped Furniture Brands moderate the effects of the severe downturn in consumer spending. Furniture Brands is leveraging our brand portfolio and diverse channel strategy by gaining new placements in our traditional retail customers as well as in adjacent markets such as international and contract. Since early 2008 we have been exercising increased discipline in our selling processes, in cost controls, and in managing our capital base. The results of that discipline are evident as we are continuing to reduce inventories, generate cash flow and manage one of the strongest balance sheets in the industry."

Gross margin for the 2009 quarter was 22.5% compared to 23.3% in the first quarter of 2008. Selling, general, and administrative costs for the 2009 quarter totaled \$83.2 million, which has improved from the \$102.0 million of selling, general, and administrative costs in the 2008 first quarter. The decline in operating profit from \$9.0 million in the first quarter of 2008 to an operating loss of \$2.9 million in the first quarter of 2009 resulted primarily from the deleveraging effect of the 25% reduction in net sales.

"Our more streamlined cost structure reflects the aggressive actions taken in 2008 to reduce manufacturing overhead and scale down administrative expenses with our new shared services organization. These activities will enable the company to be even more efficient in the future as we continue to make improvements and maintain a strong cash position," Mr. Scozzafava said.

At March 31, 2009 the company reported cash and cash equivalents of \$48 million and debt of \$145 million resulting in net debt of \$97 million. During April, the company received income tax refunds of approximately \$27 million, and at May 6, 2009, the company held cash and cash equivalents of approximately \$75 million and debt of \$143 million, resulting in a net debt position of approximately \$68 million. The company expects to generate positive cash flow for the year, exclusive of changes in debt balances and without the impact of tax refunds.

Mr. Scozzafava concluded, "Furniture Brands is now better positioned to deliver outstanding value to our retail partners in this current economic environment. For example, most of the new products introduced by Lane and Broyhill at the recent High Point Market had been tested with consumers to help ensure better consumer acceptance and sales performance at retail. We are also continuing to make significant marketing investments that will help drive traffic to our dealers and educate consumers about the advantages of our brands. These programs include:

- New, more powerful websites that provide lifestyle-driven product groupings and utilize state-of-the-art dealer locator functionality and room planning software to provide a better on-line shopping experience,
- The launch of The Thomasville Promise, the furniture industry's first program to help protect consumers against the effects of an unexpected job loss. This program will support our stores and enable us to give our retail customers another good reason to decorate their homes with beautifully designed and well-crafted Thomasville furniture, and
- Broyhill's new product warranty program is among the best in the industry and illustrates the commitment to quality of the Broyhill brand and builds consumer confidence at retail.

"We believe that these new programs will deliver the same benefits to our dealers as the Lane Family Home Entertainment Tour, which was recently named the nation's #1 mobile marketing campaign by *Event Marketer* magazine. The Lane tour has generated strong consumer traffic at every one of its stops and dealer support for this innovative program has been tremendous. All of these programs illustrate Furniture Brands' commitment to being the preferred partner of our dealers and the consumer's preferred family of brands."

### **Upcoming Investor Event**

A conference call will be held to discuss first quarter results at 7:30 a.m. (Central Time) on May 7, 2009. The call can be accessed in Upcoming Investor Events on the company's website at [furniturebrands.com](http://furniturebrands.com) under "Investor Info". Access to the call and the release will be archived for one year.

## **About Furniture Brands**

Furniture Brands International (NYSE: FBN) is a global operating company that is one of the nation's leading designers, manufacturers, and retailers of home furnishings. It markets through a wide range of retail channels, from mass merchant stores to single-brand and independent dealers to specialized interior designers. Furniture Brands serves its customers through some of the best known and most respected brands in the furniture industry, including *Broyhill, Lane, Thomasville, Drexel Heritage, Henredon, Pearson, Hickory Chair, Laneventure, and Maitland-Smith.*

## **Non-GAAP Reconciliation**

We have reconciled the non-GAAP measures included in our earnings press release in accordance with Regulation G.

## **Cautionary Statement Regarding Forward-Looking Statements**

Matters discussed in this document and in our public disclosures, whether written or oral, relating to future events or our future performance, including any discussion, express or implied, of our anticipated growth, operating results, future earnings per share, plans and objectives, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are often identified by the words "will," "believe," "positioned," "estimate," "project," "target," "continue," "intend," "expect," "future," "anticipates," and similar expressions that are not statements of historical fact. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Our actual results and timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2008, and in our other public filings with the Securities and Exchange Commission. Such factors include, but are not limited to: risks associated with the execution of our strategic plan; changes in economic conditions; loss of market share due to competition; failure to forecast demand or anticipate or respond to changes in consumer tastes and fashion trends; failure to achieve projected mix of product sales; business failures of large customers; distribution and cost savings programs; manufacturing realignments; increased reliance on offshore (import) sourcing of various products; fluctuations in the cost, availability and quality of raw materials; product liability uncertainty; environmental regulations; future acquisitions; impairment of goodwill and other intangible assets; anti-takeover provisions which could result in a decreased valuation of our common stock; loss of funding sources; and our ability to open and operate new retail stores successfully. It is routine for internal projections and expectations to change as the year or each quarter in the year progresses, and therefore it should be clearly understood that all forward-looking statements and the internal projections and beliefs upon which we base our expectations included in this report or other periodic reports are made only as of the date made and may change. While we may elect to update forward-looking statements at some point in the future, we do not undertake any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

**FURNITURE BRANDS INTERNATIONAL**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands except per share data)  
(Unaudited)

|   | Quarter Ended     |                   |
|---|-------------------|-------------------|
|   | March 31,<br>2009 | March 31,<br>2008 |
| Net sales   | \$ 356,871        | \$ 477,200        |
| Cost of sales   | 276,530           | 366,181           |
| Gross profit  | 80,341            | 111,019           |
| Selling, general & administrative expenses                              | 83,214            | 101,981           |
| Operating earnings (loss)   | (2,873)           | 9,038             |
| Interest expense  | 1,788             | 4,143             |
| Other income, net   | 926               | 2,236             |
| Earnings (loss) from continuing operations before<br>income tax expense | (3,735)           | 7,131             |
| Income tax expense  | 441               | 3,383             |
| Net earnings (loss) from continuing operations                          | (4,176)           | 3,748             |
| Net earnings from discontinued operations                               | -                 | 29,868            |
| Net earnings (loss)   | <u>\$ (4,176)</u> | <u>\$ 33,616</u>  |
| Earnings per common share - Basic and Diluted:                          |                   |                   |
| Earnings (loss) from continuing operations                              | \$ (0.09)         | \$ 0.08           |
| Earnings from discontinued operations                                   | \$ -              | \$ 0.62           |
| Net earnings (loss)   | \$ (0.09)         | \$ 0.69           |
| Weighted average common shares outstanding - Basic and Diluted          | 48,766            | 48,560            |

**Selected Items Included in Condensed Consolidated Statement of Operations**

The following items are included in our Condensed Statements of Operations for the periods indicated and are the result of our strategic initiatives and other matters.

|   | Quarter Ended     |                   |
|---|-------------------|-------------------|
|   | March 31,<br>2009 | March 31,<br>2008 |
| Selected items (increasing)/decreasing earnings<br>before income tax expense: | (in thousands)    |                   |
| Factory downtime costs  | \$ 2,286          | \$ 2,299          |
| Severance charges   | 418               | -                 |
| Total cost of sales   | <u>\$ 2,704</u>   | <u>\$ 2,299</u>   |
| Closed store expense  | \$ 1,395          | \$ 2,207          |
| Gain on sale of assets  | -                 | (1,243)           |
| Proxy advisory fees   | -                 | 587               |
| Total selling, general and administrative expenses                            | <u>\$ 1,395</u>   | <u>\$ 1,551</u>   |
| Valuation allowance - tax assets (included in income tax expense)             | <u>\$ 1,103</u>   | <u>\$ -</u>       |

**FURNITURE BRANDS INTERNATIONAL**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)  
(Unaudited)

|   | <u>March 31,</u><br><u>2008</u> | <u>December 31,</u><br><u>2008</u> |
|---|---------------------------------|------------------------------------|
| <b>ASSETS</b>   |                                 |                                    |
| Current assets:   |                                 |                                    |
| Cash and cash equivalents   | \$ 48,108                       | \$ 106,580                         |
| Receivables, less allowances of \$33,357<br>(\$34,372 at December 31, 2008) | 170,385                         | 178,590                            |
| Income tax refund receivable  | 28,805                          | 38,090                             |
| Inventories   | 323,436                         | 350,026                            |
| Prepaid expenses and other current assets                                   | 14,503                          | 12,592                             |
| Total current assets  | <u>585,237</u>                  | <u>685,878</u>                     |
| Property, plant and equipment, net  | 150,313                         | 150,864                            |
| Trade names   | 127,132                         | 127,300                            |
| Other assets  | 35,012                          | 35,476                             |
|   | <u>\$ 897,694</u>               | <u>\$ 999,518</u>                  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                 |                                 |                                    |
| Current liabilities:  |                                 |                                    |
| Current maturities of long-term debt  | \$ 2,000                        | \$ 30,000                          |
| Accounts payable  | 73,952                          | 85,206                             |
| Accrued expenses and other current liabilities                              | 77,681                          | 112,296                            |
| Total current liabilities   | <u>153,633</u>                  | <u>227,502</u>                     |
| Long-term debt  | 143,000                         | 160,000                            |
| Deferred income taxes   | 27,925                          | 27,917                             |
| Pension liability   | 135,284                         | 137,199                            |
| Other long-term liabilities   | 74,035                          | 80,406                             |
| Shareholders' equity  | <u>363,817</u>                  | <u>366,494</u>                     |
|   | <u>\$ 897,694</u>               | <u>\$ 999,518</u>                  |

**FURNITURE BRANDS INTERNATIONAL**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**  
(in thousands)  
(Unaudited)

|  | Quarter Ended     |                   |
|--|-------------------|-------------------|
|  | March 31,<br>2009 | March 31,<br>2008 |
| <b>Cash flows from operating activities:</b>   |                   |                   |
| Net earnings (loss)  | \$ (4,176)        | \$ 33,616         |
| Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities: |                   |                   |
| Depreciation   | 5,291             | 6,662             |
| Compensation expense related to stock option grants and restricted stock awards                      | 1,103             | 767               |
| Provision (benefit) for deferred income taxes  | 40                | 893               |
| Gain on sale of discontinued operations  | -                 | (48,059)          |
| Other, net   | (614)             | (1,406)           |
| Changes in operating assets and liabilities:   |                   |                   |
| Accounts receivable  | 7,411             | 12,732            |
| Income tax refund receivable   | 9,285             | -                 |
| Inventories  | 27,439            | 13,663            |
| Prepaid expenses and other assets  | (2,191)           | 1,114             |
| Accounts payable and other accrued expenses  | (46,046)          | 42,895            |
| Other long-term liabilities  | (6,807)           | (12,534)          |
| Net cash provided by (used in) operating activities  | <u>(9,265)</u>    | <u>50,343</u>     |
| <b>Cash flows from investing activities:</b>   |                   |                   |
| Acquisition of stores, net of cash acquired  | -                 | (8,741)           |
| Proceeds from the sale of business, net of cash sold   | -                 | 73,309            |
| Proceeds from the disposal of assets   | 51                | 3,261             |
| Additions to property, plant and equipment   | (4,248)           | (2,150)           |
| Net cash provided by (used in) investing activities  | <u>(4,197)</u>    | <u>65,679</u>     |
| <b>Cash flows from financing activities:</b>   |                   |                   |
| Payments of long-term debt   | (45,000)          | (65,000)          |
| Restricted cash used for the payment of long-term debt   | -                 | 20,000            |
| Payments of cash dividends   | -                 | (1,940)           |
| Other  | (10)              | (8)               |
| Net cash used in financing activities  | <u>(45,010)</u>   | <u>(46,948)</u>   |
| Net increase (decrease) in cash and cash equivalents   | (58,472)          | 69,074            |
| Cash and cash equivalents at beginning of period   | 106,580           | 118,764           |
| Cash and cash equivalents at end of period   | <u>\$ 48,108</u>  | <u>\$ 187,838</u> |
| <b>Supplemental disclosure:</b>  |                   |                   |
| Cash payments (refunds) for income taxes, net  | <u>\$ (9,380)</u> | <u>\$ 419</u>     |
| Cash payments for interest expense   | <u>\$ 2,329</u>   | <u>\$ 5,647</u>   |