

# FurnitureBrands

Following is a press release issued today by Furniture Brands International.

You are reminded that a conference call will take place on Thursday, May 4, 2006 at 7:30 a.m. (Central Time). Those wishing to participate should call 800-901-5231, (domestic calls) or 617-786-2961 (international calls) at that time and reference the Furniture Brands International conference call.

For those unable to attend the conference call, it will be available via taped replay from 11:30 a.m. (Central Time) on May 3, 2006 through 5:00 p.m. (Central Time) May 11, 2006. That replay can be accessed by dialing 888-286-8010 (617-801-6888 for international calls) and entering passcode number 31911492.

The call will also be simulcast on the Company's web site and will be available for replay there as well.

# FurnitureBrands

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## INFORMATION

### FOR IMMEDIATE RELEASE

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St. Louis, Missouri 63105

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## FURNITURE BRANDS INTERNATIONAL REPORTS SALES AND EARNINGS FOR THE FIRST QUARTER OF 2006

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St. Louis, Missouri, May 3, 2006 -- Furniture Brands International (NYSE:FBN) announced today its financial results for the first quarter of 2006.

### Operating Results – First Quarter

Net sales for the first quarter of 2006 were \$661.4 million, compared with \$641.6 million in the first quarter of 2005, an increase of 3%. Net earnings for the first quarter were \$30.2 million, up from \$24.8 million in the first quarter of last year. Net earnings per diluted common share were \$0.61, as compared to \$0.46 in the first quarter of last year (\$0.45 pro forma for \$1.1 million of net stock option expense).

Included in the 2006 first quarter net earnings was \$5.4 million (\$0.11 per diluted common share) from the recognition of an accounting gain on interest rate swaps as a result of the refinancing of the company's revolving credit facility, which occurred early in the second quarter. Also included in the 2006 first quarter net earnings were restructuring, asset impairment and severance charges totaling \$0.5 million (\$0.8 million before income tax benefits) or \$0.01 per diluted common share. The 2005 first quarter net earnings were negatively impacted by restructuring, asset impairment and severance charges totaling \$2.5 million (\$3.8 million before income tax benefits) or \$0.05 per diluted common share.

### Management Comments

W. G. (Mickey) Holliman, Chairman and Chief Executive Officer, commented: "We were generally pleased with the results of the quarter. We continue to see mixed results between our Brands, with weakness in one being offset by strength in another. As a whole, however, the stronger performing Brands – particularly Thomasville and Lane – drove meaningful year over year improvements.

“In the longer-term, we continue to pursue the strategies that will drive both growth and profitability across the company. Our senior leadership team is focused on building our Brands through aggressive service initiatives, product development and consumer research. Our logistics and supply chain, sourcing, and retail development processes are being streamlined across all our Brands to support these initiatives.

“During the first quarter we repurchased 1.0 million shares of our common stock.”

## **Outlook**

Mr. Holliman concluded, “With respect to the second quarter, we currently expect net sales to be up in the low single digits versus the second quarter of last year and net earnings per diluted common share to be in the \$0.29 to \$0.33 range. This includes the effect of \$0.03 in previously disclosed restructuring, asset impairment and severance charges. This also includes the effect of \$0.03 in increased interest expense due to the upfront recognition of the accounting gain on a cash flow hedge. As is our practice, we will provide an update on our second quarter expectations in early June.”

A conference call will be held to discuss the first quarter results at 7:30 a.m. (Central Time) on May 4, 2006. The call can be listened to on the company’s website – [www.furniturebrands.com](http://www.furniturebrands.com).

Furniture Brands International is one of America’s largest residential furniture companies. The company produces, sources and markets its products under six of the best-known brand names in the industry – *Broyhill, Lane, Thomasville, Henredon, Drexel Heritage* and *Maitland-Smith*.

Statements in this release that are not strictly historical may be forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties, and Furniture Brands undertakes no obligation to update any such statement to reflect later developments. These include economic conditions, competitive factors, raw material pricing and restructuring efforts, among others, as set forth in the Company’s most recent Form 10-K filed with the SEC.

**FURNITURE BRANDS INTERNATIONAL  
CONSOLIDATED OPERATING RESULTS  
(Dollars in thousands except per share)  
(Unaudited)**

	Three Months Ended	
	March 31, 2006	March 31, 2005
Net sales	\$661,445	\$641,565
Cost of sales	<u>507,506</u>	<u>491,628</u>
Gross profit	153,939	149,937
Selling, general and administrative expenses	<u>116,564</u>	<u>111,416</u>
Earnings from operations	37,375	38,521
Interest expense	2,961	3,102
Other income, net	<u>10,538</u>	<u>1,809</u>
Earnings before income tax expense	44,952	37,309
Income tax expense	<u>14,730</u>	<u>12,525</u>
Net earnings	<u>\$ 30,222</u>	<u>\$ 24,784</u>
Net earnings per common share (diluted)	\$ 0.61	\$ 0.46
Average diluted common shares outstanding (in thousands)	49,569	53,507

Included in the above Consolidated Statements of Operations are charges for stock option compensation (beginning January 1, 2006), the accounting gain on interest rate swaps, restructuring and severance. The following reconciliation of net earnings shows the breakdown of these charges and their impact on operations. We believe this reconciliation provides a meaningful comparison of our ongoing operations.

	Three Months Ended	
	March 31, 2006	March 31, 2005
Net earnings	\$ 30,222	\$ 24,784
Adjustments:		
Stock option compensation, net	-	(1,099)
Gain on cash flow hedge, net	(5,408)	-
Restructuring charges (1):		
Cost of sales	430	1,380
Selling, general and administrative expenses	344	1,368
Severance (executive)	<u>-</u>	<u>1,100</u>
	774	3,848
Income tax expense	<u>271</u>	<u>1,347</u>
Restructuring Charges, net	<u>503</u>	<u>2,501</u>
Adjusted - net earnings	<u>\$ 25,317</u>	<u>\$ 26,186</u>
Adjusted - earnings per share – diluted	\$ 0.51	\$ 0.49

(1) Restructuring charges include asset impairment charges, severance and other closing costs associated with the previously announced plant shutdowns.

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

	March 31, <u>2006</u>	December 31, <u>2005</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 90,554	\$ 114,322
Receivables, net	393,216	349,202
Inventories	439,312	432,814
Prepaid expenses and other current assets	<u>37,720</u>	<u>35,330</u>
Total current assets	960,802	931,668
Property, plant and equipment, net	242,368	250,817
Intangible assets	352,178	352,178
Other assets	<u>49,137</u>	<u>47,561</u>
	<u>\$1,604,485</u>	<u>\$1,582,224</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 110,698	\$ 101,860
Accrued expenses and other current liabilities	<u>113,189</u>	<u>111,625</u>
Total current liabilities	223,887	213,485
Long-term debt	301,600	301,600
Other long-term liabilities	172,585	163,187
Shareholders' equity	<u>906,413</u>	<u>903,952</u>
	<u>\$1,604,485</u>	<u>\$1,582,224</u>

**FURNITURE BRANDS INTERNATIONAL**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in thousands)  
(Unaudited)

	Three Months Ended	
	March 31, 2006	March 31, 2005
Cash flows from operating activities:		
Net earnings	\$ 30,222	\$ 24,784
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	10,093	11,803
Compensation expense related to stock option grants and restricted stock awards	1,623	87
Provision (benefit) for deferred income taxes	(3,339)	(2,205)
Other, net	(4,699)	1,417
Changes in operating assets and liabilities:		
Accounts receivable	(44,014)	(20,851)
Inventories	(6,498)	15,077
Prepaid expenses and other assets	(399)	(9,174)
Accounts payable and other accrued expenses	17,143	9,198
Other long-term liabilities	4,059	5,557
Net cash provided by operating activities	4,191	35,693
Cash flows from investing activities:		
Proceeds from the disposal of assets	3,183	2,139
Additions to property, plant and equipment	(5,356)	(7,941)
Net cash used by investing activities	(2,173)	(5,802)
Cash flows from financing activities:		
Proceeds from the exercise of stock options	6,769	572
Tax benefit from the exercise of stock options	404	-
Payments of cash dividends	(7,959)	(7,986)
Payments for the purchase of treasury stock	(25,000)	(5,000)
Net cash used by financing activities	(25,786)	(12,414)
Net increase (decrease) in cash and cash equivalents	(23,768)	17,477
Cash and cash equivalents at beginning of period	114,322	51,248
Cash and cash equivalents at end of period	\$ 90,554	\$ 68,725
Supplemental Disclosure:		
Cash payments for income taxes, net	\$ 18,033	\$ 15,500
Cash payments for interest expense	\$ 1,679	\$ 3,153