

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 January 28, 1995 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 NO

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

Class	Outstanding at January 28, 1995
Common Shares, \$1.00 par value	17,968,660

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 February 15, 1995 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		Nine Months Ended	
	Jan. 28, 1995	Jan. 22, 1994	Jan. 28, 1995	Jan. 22, 1994
Cash Flows from Operating Activities				
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
Total adjustments	28,007	22,987	19,035	745
Cash Provided by Operating Activities	35,228	30,975	42,604	26,474
Cash Flows from Investing Activities				
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)
Cash Used for Investing Activities	(2,980)	(4,224)	(12,768)	(16,448)
Cash Flows from Financing Activities				
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)
Cash Used for Financing Activities	(2,827)	(2,737)	(14,156)	(6,219)
Effect of exch. rate changes on cash	(168)	23	(54)	(213)
Net change in cash and equivalents	29,253	24,037	15,626	3,594
Cash and equiv. at beginning of period	12,299	8,365	25,926	28,808
Cash and equiv. at end of period	\$41,552	\$32,402	\$41,552	\$32,402
Cash paid during period - Income taxes	\$10,923	\$6,542	\$22,776	\$20,269
- 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

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

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

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.

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

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

None.

Item 3. Default Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

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

Exhibit I News Release and Financial Information Release: re Actual third quarter results and Management Discussion dated February 15, 1995.

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 Quarterly Report on Form 10-Q for the quarter ended January 28, 1995 to be signed on its behalf by the undersigned thereunto duly authorized.

LA-Z-BOY CHAIR COMPANY
(Registrant)

Date: February 15, 1995

James J. Korsnack
Corporate Controller

LA-Z-BOY'S THIRD QUARTER SALES IMPROVED; PROFITS DECLINED

MONROE, MI., February 15, 1995: 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. On 1/27/95 the company issued a press release estimating sales would increase 8% and profits would be "equal to or somewhat less than last year".

Financial Details

1995 THIRD QUARTER sales grew to \$211 million vs. \$193 million, an increase of 9%. 1994 third quarter sales were up 13% over the preceding year. Net income for the 1995 third quarter was \$7.2 million vs. \$8.0 million last year for a decline of 10%. On a per share basis, net income was \$.40 vs. \$.44 last year.

1995 NINE MONTHS sales were \$616 million, 9% more than last year's \$564 million. Excluding the effect of a year-earlier tax accounting change, net income was \$23.6 million, up 5% from the prior year's \$22.4 million, or \$1.30 per share vs. \$1.23 last year.

After an accounting change, which was unrelated to operations but which raised last year's nine months net income 15%, fiscal 1995 nine months net income of \$23.6 million compares to \$25.7 million, or \$1.30 per share vs. \$1.41 last year.

More

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La-Z-Boy has electronically filed its third 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, cash flow statement and more detailed management discussions.

Sales do not include any acquired companies, so the third quarter improvement of 9% was all internally generated. Sales increased at all five operating divisions with particular strength at Hammary.

See La-Z-Boy's 10-Q and 1/27/95 press release for details regarding the cumulative impact of higher health-care costs, unfavorable Canadian exchange rates & taxes and raw material cost increases on third quarter 1995 net income.

Future

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In general, incoming sales orders and backlogs as of press release date continue to be good.

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 necessary long-term effort to further expand the company's marketshare by repositioning La-Z-Boy as a complete furniture resource.

NYSE & PSE: LZB

Contact: Jim Korsnack (313) 241-4208

(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	39,357	36,877	7%	18.7%	19.1%
Operating profit	13,690	14,000	-2%	6.5%	7.3%
Interest expense	1,041	682	53%	0.5%	0.4%
Other income	39	153	-75%	0.0%	0.1%
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.

(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	115,408	108,330	7%	18.8%	19.2%
Operating profit	42,142	38,480	10%	6.8%	6.8%
Interest expense	2,455	2,178	13%	0.4%	0.4%
Other income	926	1,021	-9%	0.2%	0.2%
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	\$23,569	\$25,729	-8%	3.8%	4.6%
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	\$1.30	\$1.41	-8%		
Dividends per share	\$0.51	\$0.47	9%		

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

(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.

(Dollars in thousands)

	Unaudited		Increase (Decrease)		Audited April 30, 1994
	Jan. 28, 1995	Jan. 22, 1994	Dollars	Percent	
Current Liabilities					
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
Total Current Liabilities	76,164	68,557	7,607	11%	71,463
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
Shareholders' Equity					
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)
Total Shareholders' Equity	294,421	279,924	14,497	5%	290,911
Total Liabilities and Shareholders' Equity	\$441,424	\$415,010	\$26,414	6%	\$430,253

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

Overall: Refer to today's press release for additional comments.

Gross Profit Margins

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 quarter's health-care costs were about 30% higher than last year. Adverse selection, provider cost shifting and faster claims turnaround are thought to cause 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 near future months. 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.

In addition to higher costs, 1995's third quarter margins were unfavorably impacted by incentives & 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.

Other Income

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

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.

Advertising

As mentioned in the press release, 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.

Inventories

Raw materials were up 9% vs. last year. About half of the increase was in fabric & 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 & 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.

Currency Translation Adjustment

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.

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	Jan-28-1995	
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