

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 July 27, 2002 COMMISSION FILE NUMBER 1-9656

LA-Z-BOY INCORPORATED

-----  
(Exact name of registrant as specified in its charter)

MICHIGAN

38-0751137

-----  
(State or other jurisdiction of  
incorporation or organization)

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

1284 North Telegraph Road, Monroe, Michigan

48162-3390

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's telephone number, including area code (734) 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

Outstanding at July 27, 2002

-----  
Common Shares, \$1.00 par value

-----  
58,326,053

LA-Z-BOY INCORPORATED  
FORM 10-Q FIRST QUARTER OF FISCAL 2003

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LA-Z-BOY  
 INCORPORATED  
 CONSOLIDATED  
 STATEMENT  
 OF INCOME  
 (Amounts in  
 thousands,  
 except per  
 share data)  
 (Unaudited)

First  
 Quarter  
 Ended -----  
 -----  
 -----  
 -----  
 -----

Percent of  
 Sales %  
 Over -----  
 -----  
 7/27/02  
 7/28/01  
 (Under)  
 7/27/02  
 7/28/01 ---  
 -----  
 -----  
 -----

Sales  
~~\$497,375~~  
~~\$456,935~~  
~~8.9%~~ ~~100.0%~~  
~~100.0%~~ Cost  
 of sales  
~~382,552~~  
~~369,729~~  
~~3.5%~~ ~~76.9%~~  
~~80.9%~~

Gross  
 profit  
~~114,823~~  
~~87,206~~  
~~31.7%~~ ~~23.1%~~  
~~19.1%~~ S, G  
 & A ~~81,936~~  
~~80,229~~ ~~2.1%~~  
~~16.5%~~ ~~17.6%~~

Operating  
 profit  
~~32,887~~  
~~6,977~~  
~~371.4%~~ ~~6.6%~~  
~~1.5%~~  
 Interest  
 expense  
~~2,027~~ ~~2,956~~  
~~31.4%~~ ~~0.4%~~  
~~0.6%~~  
 Interest  
 income ~~602~~  
~~358~~ ~~68.2%~~  
~~0.1%~~ ~~0.0%~~

Other  
income  
(expense),  
net (486)  
263 284.8%  
-0.1% 0.1%

Pretax  
income  
30,976  
4,642  
567.3% 6.2%  
1.0% Tax  
expense  
11,848  
1,811  
554.2%  
38.2%\*  
39.0%\*

Income  
before  
cumulative  
effect of  
accounting  
change  
10,128  
2,831  
575.7% 3.8%  
0.6%  
Cumulative  
effect of  
accounting  
change (net  
of tax of  
\$17,920)  
59,782  
100.0%  
12.0%

Net  
income  
(loss)  
(\$40,654)  
\$2,831 N/M  
-8.2% 0.6%

Basic  
average  
shares  
59,125  
60,772

Basic net  
income per  
share  
before  
cumulative  
effect of  
accounting  
change  
\$0.32 \$0.05  
Cumulative  
effect of

accounting  
change per  
share  
~~(1.01)~~

~~Basic net  
income  
(loss) per  
share  
(\$0.69)  
\$0.05~~

Diluted  
average  
shares  
59,667  
61,021

~~Diluted net  
income per  
share  
before  
cumulative  
effect of  
accounting  
change  
\$0.32 \$0.05  
Cumulative  
effect of  
accounting  
change per  
share  
(1.00)~~

~~Diluted  
net income  
(loss) per  
share  
(\$0.69)  
\$0.05~~

~~Dividends  
paid per  
share \$0.10  
\$0.00 \* As  
a percent  
of pretax  
income, not  
sales. The  
accompanying  
Notes to  
Consolidated  
Financial  
Statements  
are an  
integral  
part of  
these  
statements.~~



~~=====  
 =====  
 Current liabilities—Lines of credit \$—  
 \$20,750 (\$20,750)  
 —100.0% \$—  
 Current portion of long-term debt and capital leases  
 2,276 3,695  
 (1,419) —38.4%  
 2,276 Accounts payable 77,986  
 76,845 1,141 1.5%  
 68,497 Accrued expenses and other current liabilities  
 127,890 116,367  
 11,523 9.9%  
 156,120~~

~~=====  
 =====  
 Total current liabilities  
 208,152 217,657  
 (9,505) —4.4%  
 226,893 Long-term debt 147,917  
 168,976 (21,059)  
 —12.5% 137,444  
 Capital leases  
 1,801 2,359 (558)  
 —23.7% 1,942  
 Deferred income taxes 28,364  
 46,281 (17,917)  
 —38.7% 46,145  
 Other long-term liabilities 36,856  
 36,724 132 0.4%  
 34,830  
 Contingencies and commitments  
 Shareholders' equity—Common shares, \$1 par value 58,326  
 60,898 (2,572)  
 —4.2% 59,953  
 Capital in excess of par value  
 215,585 210,559  
 5,026 2.4% 215,060  
 Retained earnings  
 351,885 429,899  
 (78,014) —18.1%  
 444,173  
 Accumulated other comprehensive loss  
 (5,456) (7,060)  
 1,604 —22.7%  
 (5,664)~~

~~=====  
 =====  
 Total shareholders' equity 620,340  
 694,296 (73,956)  
 —10.7% 713,522~~

~~=====  
 =====  
 Total liabilities and shareholders' equity \$1,043,430~~

\$1,166,293  
~~(\$122,863) 10.5%~~  
 \$1,160,776

=====  
 =====  
 =====  
 =====  
 =====

The accompanying  
 Notes to  
 Consolidated  
 Financial  
 Statements are an  
 integral part of  
 these statements.

LA-Z-BOY  
 INCORPORATED  
 CONSOLIDATED  
 STATEMENT OF  
 CASH FLOWS  
 (Amounts in  
 thousands)  
 (Unaudited)  
 First  
 Quarter  
 Ended -----

-----  
 -----  
 7/27/02  
 7/28/01 ----  
 -----

----	Cash
flows from	operating
activities	Net income
	(loss)
	(\$40,654)
	\$2,831
Adjustments	to reconcile
to reconcile	net income
to cash	to cash
provided by	operating
operating	activities
Cumulative	effect of
accounting	change—net
change—net	of income
of income	taxes 59,782
taxes 59,782	—
—	Depreciation
Depreciation	and
and	amortization
amortization	7,066 10,921
7,066 10,921	Change in
Change in	receivables
receivables	58,156
58,156	75,998
75,998	Change in
Change in	inventories
inventories	(23,474)
(23,474)	(2,291)
(2,291)	Change in
Change in	payables
payables	9,345
9,345	(15,985)
(15,985)	Change in
Change in	other assets
other assets	and
and	liabilities
liabilities	(22,516)
(22,516)	(33,180)
(33,180)	Change in
Change in	deferred
deferred	taxes (448)
taxes (448)	3,459
3,459	-----

~~Total  
adjustments  
87,911  
38,922~~

~~Net cash  
provided by  
operating  
activities  
47,257~~

~~41,753 Cash  
flows from  
investing  
activities  
Proceeds  
from  
disposals of  
assets 63  
539 Capital  
expenditures  
(8,945)  
(6,085)~~

~~Acquisitions,  
net of cash  
acquired  
(1,166)  
Change in  
other long-  
term assets  
4,128 3,236~~

~~Net  
cash used  
for  
investing  
activities  
(5,920)~~

~~(2,310) Cash  
flows from  
financing  
activities  
Proceeds  
from debt  
10,608  
35,370~~

~~Payments on  
debt (133)  
(55,097)  
Capital  
leases (141)  
(137) Stock  
issued for  
stock option  
& 401(k)  
plans 693  
4,948~~

~~Repurchase  
of common  
stock  
(47,454)  
Dividends  
paid (5,973)  
(5,464)~~

~~Net  
cash used  
for  
financing  
activities  
(42,400)  
(20,380)  
Effect of  
exchange  
rate changes  
on cash and  
equivalents  
(158) (181)~~

~~Net  
increase~~

(decrease)  
in cash and  
equivalents  
(1,221)  
~~18,882~~ Cash  
and  
equivalents  
at beginning  
of period  
26,771  
~~23,565~~

~~—~~ Cash and  
equivalents  
at end of  
period  
\$25,550  
\$42,447  
=====

~~=====~~  
Cash paid  
during  
period—  
Income taxes  
\$12,645  
\$3,063—  
Interest  
\$971 \$2,262

The  
accompanying  
Notes to  
Consolidated  
Financial  
Statements  
are an  
integral  
part of  
these  
statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Presentation

The interim financial information is prepared in conformity with generally accepted accounting principles and, except as indicated in Note 8, such principles are applied on a basis consistent with those reflected in our 2002 Annual Report on Form 10-K, filed with the Securities and Exchange Commission but does not include all the disclosures required by generally accepted accounting principles. In the opinion of management, the interim financial information includes all adjustments and accruals, consisting only of normal recurring adjustments other than the adoption of Statement of Financial Accounting Standard (SFAS) No. 142 discussed in Note 8, which are, in our opinion, necessary for a fair presentation of results for the respective interim period.

Note 2: Interim Results

The foregoing interim results are not necessarily indicative of the results of operations for the full fiscal year ending April 26, 2003.

Note 3: Reclassification

Certain prior year information has been reclassified to be comparable to the current year presentation.

Note 4: Earnings per Share

Basic earnings per share is computed using the weighted-average number of shares outstanding during the period. Diluted earnings per share uses the weighted-average number of shares outstanding during the period plus the additional common shares that would be outstanding if the dilutive potential common shares issuable under employee stock options were issued.

(Amounts in thousands)	(Unaudited)	
	First Quarter Ended	
	7/27/02	7/28/01
Weighted average common shares outstanding (basic)	59,125	60,772
Effect of options	542	249
Weighted average common shares outstanding (diluted)	59,667	61,021

Note 5: Inventories

A summary of inventory follows:

(Amounts in thousands)	7/27/02	(Unaudited)	
		7/28/01	4/27/02
Raw materials	\$80,167	\$89,497	\$72,389
Work-in-progress	55,574	62,793	53,947
Finished goods	109,655	118,306	94,062
FIFO inventories	245,396	270,596	220,398
Excess of FIFO over LIFO	(11,871)	(10,418)	(11,741)
Inventories, net	\$233,525	\$260,178	\$208,657

Note 6: Restructuring

In fiscal years 2002 and 2001 we recorded restructuring liabilities of \$22.2 million and \$11.2 million, respectively. As of July 27, 2002, 20 of the 1,132 employees expected to be terminated as a result of these plans remain with the company. Restructuring liabilities along with charges to expense, cash payments or asset write-offs were as follows:

(Amounts in thousands)	Fiscal 2003			
	4/27/02 Balance	Charges to Expense	Cash Payments or Asset Write-offs	7/27/02 Balance
Fixed asset write-downs	--	--	--	--
Severance and benefit related costs	\$1,500	--	(\$600)	\$900
Inventory write-downs	--	--	--	--
Other	3,100	--	(800)	2,300
Total restructuring	\$4,600	--	(\$1,400)	\$3,200

(Amounts in thousands)	Fiscal 2002			
	4/28/01 Balance	Charges to Expense	Cash Payments or Asset Write-offs	4/27/02 Balance
Fixed asset write-downs	--	\$11,000	(\$11,000)	--
Severance and benefit related costs	\$1,200	4,600	(4,300)	\$1,500
Inventory write-downs	--	3,500	(3,500)	--
Other	2,700	3,100	(2,700)	3,100
Total restructuring	\$3,900	\$22,200	(\$21,500)	\$4,600

Note 7: Segment Information

Our reportable operating segments are the Upholstery segment and the Casegoods segment. Operating income for the first quarter of fiscal 2002 is net of \$2.3 million of goodwill and trade name amortization expense. See Note 8 for additional information.

(Amounts in thousands)	Unaudited Quarter ended	Unaudited Fiscal 2002 Quarter Ended			
	7/27/02	7/28/01	10/27/01	1/26/02	4/27/02
Sales					
Upholstery segment	\$366,889	\$308,398	\$389,239	\$396,553	\$449,566

Casegoods segment	131,274	148,683	168,441	147,274	146,870
Eliminations	(788)	(146)	(272)	(280)	(374)
	-----	-----	-----	-----	-----
Consolidated	\$497,375	\$456,935	\$557,408	\$543,547	\$596,062
	=====	=====	=====	=====	=====
Operating income					
Upholstery segment	\$31,219	\$11,966			
Casegoods segment	7,593	(27)			
Corporate and other	(5,925)	(4,962)			
	-----	-----			
Consolidated	\$32,887	\$6,977			
	=====	=====			

Note 8: New Accounting Pronouncement

Effective April 28, 2002, we adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 eliminates the amortization of goodwill and indefinite-lived intangible assets and requires a review at least annually for impairment. We have determined that our trade names are indefinite-lived assets, as defined by SFAS No. 142, and therefore not subject to amortization beginning in fiscal 2003. Amortization expense for goodwill and trade names was \$9.3 million (\$7.5 million after tax) in fiscal 2002. Of this \$9.3 million, \$3.3 million was attributable to the Upholstery segment and \$6.0 was attributable to the Casegoods segment. Excluding the effect of amortization, our reported net income for the first quarter of fiscal 2002 would have been increased to \$4.7 million from \$2.8 million and our diluted net income per common share would have been increased to \$0.08 from \$0.05 per common share.

In accordance with SFAS No. 142, trade names were tested for impairment by comparing their fair value to their carrying values. The fair value for each trade name was based upon a royalty approach. As of April 28, 2002, the carrying value of trade names exceeded their fair value creating an impairment loss of \$48.3 million. Additionally, goodwill was tested for

impairment by comparing the fair value of our operating units to their carrying values. The fair value for each operating unit was based upon a combination of the discounted cash flows and the projected profitability of the market in which the entity operates. As of April 28, 2002, the carrying value of goodwill exceeded its fair value creating an impairment loss of \$29.4 million. Of the pre-tax impairment loss, \$17.1 million is attributable to the Upholstery segment and \$60.6 million is attributable to the Casegoods segment. The after-tax effect of \$59.8 million for these impairment losses is included in the "Cumulative effect of accounting change" in the Consolidated Statement of Income.

The amount for goodwill and trade names recorded in the fiscal 2002 financial statements were supported by the undiscounted estimated future cash flows of the related operations in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

(Amounts in thousands)	Upholstery Group	Casegoods Group
	-----	-----
Goodwill		
Balance as of 4/27/02	\$70,265	\$37,979
Effect of adopting SFAS No. 142	(17,062)	(12,349)
	-----	-----
Balance at 7/27/02	\$53,203	\$25,630
	=====	=====
Trade names		
Balance as of 4/27/02	\$14,255	\$102,490
Effect of adopting SFAS No. 142	--	(48,291)
	-----	-----
Balance at 7/27/02	\$14,255	\$54,199
	=====	=====

## Cautionary Statement Concerning Forward-Looking Statements

We are making forward-looking statements in this item. Generally, forward-looking statements include information concerning possible or assumed future actions, events or results of operations. More specifically, forward-looking statements include the information in this document regarding:

future income and margins	future economic performance
future growth	industry trends
adequacy and cost of financial resources	management plans

Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes," "plans," "intends" and "expects" or similar expressions. With respect to all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Many important factors, including future economic, political and industry conditions (for example, changes in interest rates, changes in consumer demand, changes in currency exchange rates, changes in demographics and consumer preferences, changes in housing sales, oil price changes, terrorism impacts and changes in the availability and cost of capital); competitive factors (such as the competitiveness of foreign-made products, new manufacturing technologies, or other actions taken by current or new competitors); operating factors (for example, supply, labor, or distribution disruptions, changes in operating conditions or costs, effects of restructuring actions and changes in regulatory environment); and factors relating to acquisitions, could affect our future results and could cause those results or other outcomes to differ materially from what may be expressed or implied in our forward-looking statements. We undertake no obligation to update or revise any forward-looking statements for new developments or otherwise.

## Results of Operations

First Quarter Ended July 27, 2002 Compared to First Quarter Ended July 28, 2001.

See page 4 for the consolidated statement of income with analysis of percentages and calculations.

Our results for the first quarter of fiscal 2002 included the operations of our former Pilliod subsidiary, which operated in the Casegoods segment and which we divested effective November 30, 2001.

First quarter sales increased 8.9% to \$497.4 million from the prior year first quarter. On a pro forma basis, excluding \$10.9 million of Pilliod's sales, the increase in sales totaled 11.5%. The major factor contributing to the increased sales was the ongoing strength of the La-Z-Boy Furniture Galleries(R) proprietary store system, which had a 6.0% increase over the same store sales for the previous first quarter. Although these comparisons are against depressed numbers from the previous year, the La-Z-Boy Furniture Galleries have seen a significant increase in the quarterly sales and orders. In addition, on April 28, 2002 we acquired three stores in the Boston, Massachusetts area to add to our Retail division. The Upholstery segment had a 19.0% increase in sales while the Casegoods segment had a 4.7% decline in sales after taking into account the Pilliod 2002 first quarter net sales. The hospitality sector of our Casegoods segment is still experiencing weak sales activity as hotel occupancies and refurbishments continue to be below prior year levels.

Gross profit as a percent of sales increased to 23.1% as compared to 19.1% in the fiscal 2002 first quarter. Although the increased sales volume attributed to the increased gross margins through better absorption of overhead in the factories, the main reason for the increase was management's continued efforts to adjust capacity of the plants to production requirements. The restructurings announced in both fiscal 2001 and 2002 continue to positively impact the current year gross margins as we better matched domestic production requirements and plant manufacturing capacity. Additionally, the Casegoods segment margins improved due to our increased sales of imported goods, which we are able to sell at higher margins than comparable products manufactured domestically.

Selling, General & Administrative (S, G & A) expenses as a percent of sales declined from 17.6% in first quarter fiscal 2002 to 16.5% in the current quarter. This decline was primarily attributable to the Upholstery segment's 19.0% increase in sales volume, which absorbed the fixed portion of the SG&A expenses at a better rate than the previous year. In the previous year's quarter a sales training and support event for our La-Z-Boy proprietary dealers that occurs every two years increased our S, G & A expenses.

Operating profit as a percent of sales increased to 6.6% from 1.5% in the previous years first quarter. The Casegoods margin went from breakeven to an operating margin of 5.8%. With the closing of four casegoods plants and converting two other plants to warehouse, sub-assembly and import service operations as well as divesting Pilliod, the Casegoods segment was able to reduce its overhead at a faster rate than the sales decline. In addition, the Upholstery segment, benefiting from its strong sales growth, increased its margins from 3.9% to 8.5% in the current year's quarter.

The 31.4% decline in interest expense is mainly attributable to the \$46.2 million decline in debt over the past twelve months. Due to the interest rate swap agreements we use to reduce the impact of changing rates on our floating rate revolving debt and the fixed rates on the majority of our other outstanding debt, our overall weighted average interest rate does not fluctuate significantly.

Our income tax rate of 38.2% is lower than the 39.0% rate of last year's first quarter due mainly to the elimination of goodwill amortization.

#### Liquidity and Capital Resources

See pages 3 through 5 for our Consolidated Statement of Income, Consolidated Balance Sheet and Consolidated Statement of Cash Flows.

Cash flows from operations amounted to \$47.3 million in the first three months of fiscal year 2003 compared to \$41.8 million in the prior year. In the aggregate, capital expenditures, dividends and stock repurchases totaled approximately \$62.4 million during the first quarter, which is up from about \$11.5 million in the first three months of fiscal 2002. Cash and cash equivalents decreased by \$1.2 million during the three-month period compared to an increase of \$18.9 million in the prior year.

Capital expenditures were \$8.9 million during the quarter ended July 27, 2002 compared to last year's \$6.1 million.

During the first quarter of the current fiscal year, we used \$47.5 million to repurchase common stock under the repurchase program approved by our Board of Directors. We did not repurchase any shares during the first quarter last year. As of July 27, 2002, approximately 1.9 million additional shares could be repurchased pursuant to the repurchase program.

Our financial strength is reflected in three commonly used calculations. Our current ratio (current assets divided by current liabilities) was 3.1:1 at July 27, 2002 and 3.0:1 at April 27, 2002 and July 28, 2001. Our total debt-to-capital percentage (total debt divided by shareholders' equity plus total debt) was 19.7% at July 27, 2002, 16.6% at April 27, 2002, and 22.0% at July 28, 2001.

As of July 27, 2002, we had lines of credit availability of approximately \$349.5 million under several credit agreements.

#### Outlook

We believe the longer-term outlook for our industry remains very positive - especially for a company such as La-Z-Boy, operating under the umbrella of powerful consumer brand names and a strong and growing proprietary distribution system. We expect the recent declines in U.S. interest rates to ultimately rejuvenate consumer spending and strengthen housing turnover and home remodeling - - both strong drivers of retail furniture demand.

We expect interest expense to continue to be less next quarter than the prior year quarter.

We are anticipating our fiscal 2003 full year income tax rate to be approximately 38.25% down from 39.0% excluding the tax benefit of the Pilliod divestiture mainly due to the elimination of goodwill amortization.

We estimate that our diluted net income per share for the second quarter ending October 2002 will be between \$0.45-\$0.50 compared to \$0.20 last year (which included \$0.13 per share of restructuring charges) with middle single digit sales growth. Excluding the cumulative effect of adoption of SFAS No. 142, we are tentatively looking for \$1.70 - \$1.80 for our full fiscal year ending April 2003 with middle single digit sales growth as well. This compares to earnings per share in FY 2002 of \$1.01. Prior to restructuring

charges of \$0.22 in fiscal 2002 earnings per diluted share were \$1.23.

We expect total capital expenditures to be between \$35.0 million and \$40.0 million for fiscal 2003. This compares to \$33.0 million of capital expenditures in fiscal 2002.

We expect to continue to be in the open market for purchasing our shares from time to time as changes in our stock price and other factors present appropriate opportunities, but we have no commitments for repurchases.

We expect to meet our cash needs for capital expenditures, stock repurchases and dividends during fiscal year 2003 from cash generated by operations and borrowings under available lines of credit.

Recently the Financial Accounting Standards Board issued SFAS No. 143 "Accounting for Asset Retirement Obligations," SFAS No. 145 "Rescission of

FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections" and SFAS No. 146 "Accounting for Costs Associated with Exit and Disposal Activities." SFAS No. 146 is effective for activities occurring after December 31, 2002, and the other standards must be implemented during our next fiscal year. We have not yet determined the impact, if any, of these standards on our financial statements.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates. Our exposure to interest rate risk results from our floating rate \$300 million revolving credit facility under which we had \$80 million borrowed at July 27, 2002. We have entered into several interest rate swap agreements with counter-parties that are participants in the revolving credit facility to reduce the impact of changes in interest rates on a portion of this floating rate debt. We believe that potential credit loss from counter-party non-performance is minimal. The purpose of these swaps is to fix interest rates on a notional amount of \$70 million for a three year period at 6.095% plus our applicable borrowing spread under the revolving credit facility, which can range from 0.475% to 0.800%. Management estimates that a 1% change in interest rates would not have a material impact on the results of operations for fiscal 2003 based upon the year end levels of exposed liabilities.

We are exposed to market risk from changes in the value of foreign currencies. Our exposure to changes in the value of foreign currencies is reduced through our use of foreign currency forward contracts from time to time. Substantially all of our imported purchased parts and finished goods are denominated in U.S. dollars. Thus, we believe that gains or losses resulting from changes in the value of foreign currencies will not be material to our results from operations in fiscal year 2003.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- (3) Restated Bylaws
- (4) Second Amendment dated as of August 6, 2002 to Credit Agreement dated as of May 12, 2000
- (10) Form of Change in Control Agreement executed by John J. Case. Directors or executive officers currently covered: Patrick H. Norton, Gerald L. Kiser, David M. Risley, John J. Case; incorporated by reference to an exhibit to Form 8-K dated February 6, 1995
- (11) Statement of Computation of Per Share Earnings See note 4 to the financial statements included in this report.
- (99.1) Press Release dated August 14, 2002
- (99.2) Certifications of Executive Officers pursuant to 18 U.S.C. Section 1350

(b) Reports on Form 8-K

We filed a Form 8-K on May 29, 2002 containing a press release and financial information about our fourth quarter and full fiscal year 2002 financial results.

We filed a Form 8-K on August 14, 2002 reporting that our chief executive officer and chief financial officer had filed the statement under oath required by the SEC's June 29, 2002 order directed to 947 of the country's largest publicly traded companies.

SIGNATURE

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 thereunto duly authorized.

LA-Z-BOY INCORPORATED

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(Registrant)

Date: August 14, 2002

/s/ Louis M. Riccio, Jr.

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Louis M. Riccio, Jr.

On behalf of the registrant and as  
Chief Accounting Officer

AMENDED AND RESTATED BYLAWS  
OF  
LA-Z-BOY INCORPORATED  
(as of July 1, 2002)

ARTICLE I

Name and Office

Section 1. Name. The name of this corporation is La-Z-Boy Incorporated.

Section 2. Registered Office. The principal and registered office of the corporation shall be located at 1284 North Telegraph Road, Monroe, Michigan.

Section 3. Other Offices. The corporation may also have other offices for the transaction of business located at such places, both within and without the State of Michigan, as the Board of Directors may from time to time determine.

ARTICLE II

Capital Stock and Transfers

Section 1. Share Certificates.

(A) Required Signatures. The shares of the corporation shall be represented by certificates signed by the Chairman of the Board or the President or an Executive Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or is registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if the signer were still such officer, transfer agent or registrar at the date of the certificate's issue.

(B) Required Information. A certificate representing shares of the corporation shall state upon its face all of the following:

- (a) That the corporation is formed under the laws of this state.
- (b) The name of the person to whom issued.
- (c) The number and class of shares, and the designation of the series, if any, which the certificate represents.

Section 2. Lien. The corporation shall have a first lien on all the shares of its capital stock, and upon all dividends declared upon the same for any indebtedness of the respective holders thereof to the corporation.

Section 3. Transfers. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares fully endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate canceled and the transaction recorded upon the books of the corporation.

Section 4. Replacement of Lost, Stolen or Destroyed Share Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost, stolen or destroyed.

Section 5. Transfer Agent and Registration. The Board of Directors may appoint a transfer agent and a registrar in the registration of transfers of its

securities.

Section 6. Rules of Issue and Transfer. The Board of Directors shall have power and authority to make all such rules and regulations as the board shall deem expedient regulating the issue, transfer and registration of certificates for shares in the corporation.

Section 7. Registered Shareholders. The corporation shall have the right to treat the registered holder of any share as the absolute owner thereof, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the corporation shall have express or other notice thereof, save as may be otherwise provided by the statutes of Michigan.

### ARTICLE III

#### Shareholders and Meetings

Section 1. Annual Meeting of Shareholders. The 1991 Annual Meeting of Shareholders was held August 5, 1991 and all subsequent Annual Meetings of Shareholders shall be held on the last Monday in July of each year, or at such other date as shall be designated by the Board of Directors and stated in the notice of the meeting. At said meeting the shareholders shall elect by a plurality vote the Directors to be elected at such meeting, and shall transact such other business as may properly be brought before the meeting.

Section 2. Special Meetings of Shareholders. A special meeting of the shareholders for any purpose or purposes other than election of Directors may be called at any time and place by the Chairman of the Board, and in his absence, by the President; or by the Directors. It shall be the duty of the Directors, the Chairman of the Board, or the President to call such meeting whenever so requested in writing by shareholders owning, in the aggregate, at least seventy-five percent (75%) of the entire capital stock of the corporation entitled to vote at such special meeting. Such request shall state the purpose or purposes of the proposed meeting.

Section 3. Notice of Meetings of Shareholders. Notice of the time, date and place of all annual and special meetings shall be mailed by the Secretary to

each shareholder entitled to vote at such meeting not less than ten (10) days nor more than sixty (60) days before the date thereof. The business transacted at any special meeting of shareholders shall be limited to the purpose(s) stated in the notice.

Section 4. Presiding Officer. The Chairman of the Board, or in his absence, the President, or in his absence such Vice President as the Board of Directors may designate, shall preside at any meeting of shareholders.

Section 5. Vote of Shareholders; Proxies. At every such meeting each shareholder entitled to vote thereat may cast such vote or votes either in person, or by proxy, but no proxy shall be voted after three (3) years from its date, unless the proxy provides for a longer period. A shareholder may authorize one or more persons to act for him by proxy. All proxies shall be in writing by the shareholder or by his duly authorized agent or representative and shall be filed with the Secretary.

Section 6. Quorum of Shareholders. The holders of a majority of the shares of stock issued and outstanding and entitled to vote thereat, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. Required Vote. If a quorum is present, the affirmative vote of the holders of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the Articles of Incorporation.

Section 8. Removal. The shareholders shall have power by a majority vote at any such meeting, to remove any Director from office.

Section 9. List of Shareholders Entitled to Vote. The officer or agent having charge of the stock transfer books for shares of the corporation shall make and

certify a complete list of the shareholders entitled to vote at a shareholders' meeting or any adjournment thereof. The list shall:

- (a) Be arranged alphabetically within each class and series, with the address of, and the number of shares held by, each shareholder.
- (b) Be produced at the time and place of the meeting.
- (c) Be subject to inspection by any shareholder during the whole time of the meeting.
- (d) Be prima facie evidence as to who are the shareholders entitled to examine the list or to vote at the meeting.

Section 10. Record Date for Determination of Shareholders. For the purpose of determining shareholders entitled to notice of and to vote at a meeting of shareholders or an adjournment of a meeting, the Board of Directors may fix a record date, which shall not precede the date on which the resolution fixing the record date is adopted by the Board. The date shall not be more than sixty (60)

nor less than ten (10) days before the date of the meeting. If a record date is not fixed, the record date for determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be the close of business on the day next preceding the day on which notice is given, or if no notice is given, the day next preceding the day on which the meeting is held. When a determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders has been made as provided in this Section, the determination applies to any adjournment of the meeting, unless the Board of Directors fixes a new record date under this Section for the adjourned meeting. For the purpose of determining shareholders entitled to receive payment of a share dividend or distribution, or allotment of a right, or for the purpose of any other action, the Board of Directors may fix a record date, which shall not precede the date on which the resolution fixing the record date is adopted by the Board. The date shall not be more than sixty (60) days before the payment of the share dividend or distribution or allotment of a right or other action. If a record date is not fixed, the record date shall be the close of business on the day on which the resolution of the Board of Directors relating to the corporate action is adopted.

Section 11. Inspectors of Election. The Board of Directors may appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a shareholders' meeting may, and on request of a shareholder entitled to vote thereat shall, appoint one or more inspectors. The inspectors shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or a shareholder entitled to vote thereat, the inspectors shall make and execute a written report to the person presiding at the meeting of any of the facts found by them and matters determined by them. The report is prima facie evidence of the facts stated and of the vote as certified by the inspectors.

#### ARTICLE IV

##### Directors

Section 1. Number and Powers of Directors. The business and affairs of the corporation shall be managed by a Board of Directors consisting of 10 Directors who shall be elected by the shareholders. The Directors shall be elected at the annual meeting of the shareholders, as detailed hereinafter, and each Director shall serve until his successor shall have been elected and qualified. When acting as such, the Board of Directors may exercise all powers and do all such lawful acts and things (including, without limitation, the making of such adjustments in the number of Directors in any Director class or classes that may be determined by the Board to be necessary or appropriate in light of an increase or decrease in the total number of Directors specified in these bylaws) as are not by statute or by the Articles of Incorporation or these bylaws directed or required to be exercised or done by the shareholders.

Section 2. Classification and Term of Office. The Directors shall be severally classified with the respect to the time for which they shall hold office by dividing them into three classifications, with the number of Directors in each class being as nearly equal as possible to the number of directors in each other class.

Section 3. Regular Meetings of Board. Regular meetings of the Directors shall be held immediately after the adjournment of each annual shareholders' meeting and may be held at such time and at such place as shall from time to time be determined by the Board.

Section 4. Special Meetings of Board. Special meetings of the Board of Directors may be called by the Chairman, and, in his absence, by the President or any four

members of the Board of Directors. By unanimous consent of the Directors, special meetings of the Board may be held without notice, at any time and place. The presence of a Director at a meeting shall constitute a Waiver of Notice except where the Director attends solely to protest the legality of the meeting.

Section 5. Notice. Notice of all regular and special meetings, except those specified in the second sentence of Section 4 or in Section 7 of this article, shall be delivered in person, mailed, e-mailed, faxed, or sent by telegram to each Director, by the Secretary, at least one day previous to the time fixed for the meetings. All notices of special meetings shall state the purposes thereof.

Section 6. Quorum and Required Vote. A majority of the Directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the Articles of Incorporation. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by statute, these bylaws, or by the Articles of Incorporation. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Annual Meeting; Election of Officers. The Directors shall elect officers of the corporation, and fix their salaries; such elections to be held at the Directors' meeting following each annual shareholders' meeting. No notice of such meeting shall be necessary to any newly elected Director in order to legally constitute the meeting, provided a quorum shall be present. The Board of Directors also may elect other officers, and fix the salaries of such officers, at other times and from time to time as the Board may deem necessary or appropriate for transaction of the business of the corporation. Any officer may be removed at any time by a two-thirds vote of the full Board of Directors.

Section 8. Vacancies. All vacancies occurring in the Board of Directors, whether caused by resignation, death or otherwise, may be filled by the affirmative vote of two-thirds of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Section 9. Directors' Report. At each annual shareholders' meeting the Directors shall submit a statement of the business done during the preceding year, together with a report of the general financial condition of the corporation, and of the condition of its tangible property.

Section 10. Committees of Directors. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the Directors of the corporation. Any such committee, to the extent provided in the resolution of the Board of Directors, or in these bylaws, shall have and may exercise all of the power and authority of the Board of Directors in the management of the business and affairs of the corporation, but no such committee shall have the power or authority in reference to amending the Articles of Incorporation, adopting an agreement of merger or consolidation, recommending to shareholders the sale, lease, or exchange of all or substantially all of the corporation's property and assets, recommending to the shareholders the dissolution of the corporation or revocation of a dissolution, amending the bylaws of the corporation, or filling vacancies in the Board, and unless a resolution of the Board of Directors, the Articles of Incorporation or the bylaws expressly so provides, no such committee shall have the power or authority to declare a distribution, dividend, or to authorize the issuance of stock.

Section 11. Compensation of Directors. The Board of Directors, by the affirmative vote of a majority of the Directors then in office, and irrespective of any personal interest of any of them, shall have authority to fix the compensation of all Directors for services to the corporation as directors, officers, or otherwise.

Section 12. Action by Written Consent. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to

be taken at any meeting of the Board of Directors or of any Committee thereof may be taken without a meeting, if all members of the Board or Committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes or proceedings of the Board or Committee.

Section 13. Participation in Meeting by Telephone. By oral or written permission of a majority of the Board of Directors, a member of the Board of Directors or of a Committee designated by the Board may participate in a meeting by means of conference telephone or similar communications equipment through which all persons participating in the meeting can communicate with the other participants. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.

Section 14. Nomination of Director Candidates. Nomination of candidates for election as Directors of the Corporation at any meeting of shareholders called for election of Directors (an "Election Meeting") may be made by the Board of Directors or by any shareholder entitled to vote at such Election Meeting but only in accordance with the procedure outlined herein.

- (a) Procedure for Nominations by the Board of Directors. Nominations made by the Board of Directors shall be made at a meeting of the Board of Directors, or by written consent of Directors in lieu of a meeting, not less than 30 days prior to the date of the Election Meeting, and such nominations shall be reflected in the minute books of the corporation as of the date made. At the request of the Secretary of the corporation each proposed nominee shall provide the corporation with such information concerning himself or herself as is required, under the rules of the Securities and Exchange Commission, to be included in the corporation's proxy statement soliciting proxies for his or her election as a director.

Any shareholder who wishes to recommend a director candidate for consideration for nomination by the Board of Directors must send the recommendation to the Secretary of the Corporation, who shall forward it to the Committee on the Board. The recommendation must include a description of the candidate's qualifications for board service, the candidate's consent to be considered for nomination and to serve if nominated and elected, and addresses and telephone numbers for contacting the recommending shareholder and the candidate for more information. The deadline for the corporation's receipt of such a recommendation shall be as follows: (1) if the proposal is submitted for a regularly scheduled annual meeting of shareholders, the deadline shall be 120 calendar days before the date of the corporation's proxy statement in connection with the previous year's annual meeting, except that if the corporation did not hold an annual meeting in the previous year, or if the date of annual meeting for which the recommendation is submitted has been changed by more than 30 days from the date of the previous year's annual meeting, the deadline shall be a reasonable time (as determined by the Secretary of the corporation) before the corporation begins to print and mail its proxy materials; and (2) if the proposal is submitted for a meeting other than a regularly scheduled annual meeting, the deadline shall be a reasonable time (as determined by the Secretary of the corporation) before the corporation begins to print and mail its proxy materials.

- (b) Procedure for Nominations by Shareholders. Not less than 90 days prior to the first anniversary of the preceding year's annual meeting any shareholder who intends to make a nomination at the Election Meeting shall deliver a notice to the Secretary of the Corporation setting forth (i) the name, age, business address and residence of each nominee proposed in each such notice, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of capital stock of the Corporation which are beneficially owned by each such nominee and (iv) such other information concerning each such nominee as would be required, under the rules of the Securities and Exchange Commission, in a proxy statement soliciting proxies for the election of such nominee.
- (c) Determination of Compliance with Procedures. If the Chairman of the Election Meeting determines that a nomination was not in accordance with the foregoing procedures, such nomination shall be void.

## Officers

Section 1. In General. The officers of this corporation shall include a Chairman of the Board, a President, a Secretary and a Treasurer, and may include a Vice Chairman of the Board, one or more Vice Presidents, Senior Vice Presidents or Executive Vice Presidents and such Assistant Secretaries and Treasurers or other officers as shall seem necessary or appropriate to the Board of Directors from time to time. None of said officers, except the Chairman of the Board, the President, and the Vice Chairman of the Board, need be a Director. Any of the aforementioned offices, except those of Chairman of the Board and President, of Chairman of the Board and Vice-Chairman of the Board, of President and Vice-President or Executive Vice President, of Treasurer and Assistant Treasurer, or of Secretary and Assistant Secretary, may be held by the same person, but no officer shall execute, acknowledge, or verify any instrument or document in more than one capacity. As and whenever it determines the same to be appropriate, the Board of Directors may designate the President, an Executive Vice President, a Vice President, or the Treasurer as the Chief Financial Officer of the corporation, and any such officer so designated (while he continues to hold the office held at the time of such designation and until such designation is revoked or a different officer is so designated by the Board of Directors) may identify himself and execute instruments and other documents using the title of Chief Financial Officer.

Section 2. Chairman of the Board. The Chairman of the Board shall be selected by, and from among the membership of, the Board of Directors. Except as otherwise indicated in these bylaws, the Chairman of the Board shall preside at all meetings of the shareholders and of the Board of Directors and of any Board committee at which he is in attendance. He shall serve as principal adviser with respect to all sales and marketing activities of the corporation and its subsidiaries, shall sign stock certificates as provided in Section 1 of Article II of these bylaws and shall perform such other duties and functions as shall be assigned to him from time to time by the Board of Directors. Except where by law the signature of the President of the corporation is required, the Chairman of the Board shall possess the same power and authority as the President to sign all certificates, contracts, instruments, papers, and documents of every conceivable kind and character whatsoever, in the name of and on behalf of the corporation, as may be authorized by the Board of Directors. During the absence or disability of the President, the Chairman of the Board shall exercise all of the powers and discharge all of the duties of the President. In case of the absence or the disability of the Chairman of the Board, his duties shall be performed by the President, and in case of the President's absence, by the Vice Chairman of the Board or, with respect to a shareholder meeting, by such Vice President or Executive Vice President as the Board of Directors may designate.

Section 3. Vice Chairman of the Board. If the Board of Directors elects a Vice Chairman of the Board, he shall be selected from the membership of the Board of Directors. During the absence or disability of both the Chairman of the Board and the President, or while both such offices are vacant, he shall preside at all meetings of the Board of Directors and of any Board committee at which he is in attendance. During the absence or disability of both the President and the Chairman of the Board, or while both such offices are vacant for any reason, the Vice Chairman of the Board shall have and may exercise any and all of the powers and duties of the President and of the Chairman of the Board. At all other times the Vice Chairman of the Board shall be responsible to the Chairman of the Board and through him (or during the absence or disability of the Chairman of the Board or while that office is vacant for any reason, directly) to the Board of Directors for the exercise, performance, and discharge of such powers, duties, and responsibilities as the Chairman of the Board or the Board of Directors shall see fit to vest in or delegate to him or which are vested in or imposed upon him by the bylaws.

Section 4. President and Chief Executive Officer. The President shall be selected by, and from among the membership of, the Board of Directors. The President shall be (and may identify himself and execute instruments and other documents using the title of) the Chief Executive Officer of the corporation and shall, in general, supervise and manage the business affairs of the corporation, including, but not limited to, by discharging any and all duties normally and customarily incident to the office of President and Chief Executive Officer of a corporation and such other duties and functions as shall be assigned to him from time to time by the Board of Directors. During the absence or disability of the Chairman of the Board, or while such office is vacant, the President shall perform all duties and functions, and while so acting shall have all of the powers and authority, of the Chairman of the Board.

Section 5. Vice Presidents. The Board of Directors may elect or appoint one or more Vice Presidents and may designate one or more Vice Presidents as Executive Vice Presidents. Unless the Board of Directors shall otherwise provide by resolution duly adopted by it, or as otherwise provided in these bylaws, such of

the Vice Presidents as shall have been designated Executive Vice Presidents and who are members of the Board of Directors in the order specified by the Board of Directors shall perform the duties and exercise the powers of the President during the absence or disability of the President if the office of the Chairman of the Board is vacant. The Vice Presidents shall perform such other duties as may be delegated to them by the Board of Directors, the Chairman of the Board or the President.

Section 6. Secretary and Assistant Secretaries. The Secretary shall issue notices of all Directors' and shareholders' meeting, and shall attend and keep the minutes of the same; shall have charge of all corporation books, records and papers; shall be custodian of the corporate seal, all stock certificates and written contracts of the corporation; and shall perform all such other duties as are incident to his office. The Secretary shall also perform such duties as are assigned to him from time to time by the Board of Directors. The Assistant Secretary or Assistant Secretaries, in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary.

Section 7. Treasurer and Assistant Treasurers. The Treasurer shall have custody of all corporate funds and securities and shall keep in books belonging to the corporation full and accurate accounts of all receipts and disbursements; he shall deposit all moneys, securities and other valuable effects in the name of the corporation in such depositories as may be designated for that purpose by

the Board of Directors. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board, the President, and the Board of Directors whenever requested by them an account of all his transactions as Treasurer. If required by the Board of Directors, he shall keep in force a bond, in form, amount and with a surety or sureties satisfactory to the Board of Directors, conditioned for faithful performance of the duties of his office, and for restoration to the corporation in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and property of whatever kind in his possession or under his control belonging to the corporation. He shall perform such other duties as may be delegated to him by the Board of Directors or the President. The Assistant Treasurer or Assistant Treasurers, in the absence or disability of the Treasurer, shall perform the duties and exercise the powers of the Treasurer. If required by the Board of Directors, any Assistant Treasurer also shall keep in force a bond as provided in this Section.

Section 8. Indemnification of Directors, Officers and Others. Pursuant to the provisions of Article XI of the Articles of Incorporation of the corporation, the corporation shall indemnify any of its Directors and officers and may indemnify any of its employees and agents (in each case including such person's heirs, executors, administrators and legal representatives) in accordance with the following provisions of this bylaw:

- A. Indemnification of Directors and Officers: Claims by Third Parties. The corporation shall, to the fullest extent authorized or permitted by the Michigan Business Corporation Act, as amended (the "Act") or other applicable law, as the same presently exist or may hereafter be amended, but, in the case of any such amendment, only to the extent such amendment permits the corporation to provide broader indemnification rights than before such amendment, indemnify a Director or officer (an "Indemnitee") who was or is a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a Director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders, and with respect to a criminal action or proceeding, if the Indemnitee had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders, and, with respect to a criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

- B. Indemnification of Directors and Officers: Claims Brought by or in the Right of the Corporation. The corporation shall, to the fullest extent authorized or permitted by the Act or other applicable law, as the same presently exist or may hereafter be amended, but, in the case of any such amendment, only to the extent such amendment permits the corporation to provide broader indemnification rights than before such amendment, indemnify an Indemnitee who was or is a party or is threatened to be made a party to a threatened, pending, or is completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a Director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by the Indemnitee in connection with the action or suit, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders. However, indemnification shall not be made under this Section B for a claim, issue, or matter in which the Indemnitee has been found liable to the corporation unless and only to the extent that the Court in which the action or suit was brought has determined upon application that, despite the adjudication of liability but in view of all circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnification for the expenses which the Court considers proper.
- C. Actions Brought by the Indemnitee. Notwithstanding the provisions of Subsections A and B of this Section 8, the corporation shall not be required to indemnify an Indemnitee in connection with an action, suit, proceeding or claim (or part thereof) brought or made by such Indemnitee, unless such action, suit, proceeding or claim (or part thereof): (i) was authorized by the Board of Directors of the corporation; or (ii) was brought or made to enforce this Section 8 and the Indemnitee has been successful in such action, suit, proceeding or claim (or part thereof).
- D. Approval of Indemnification. An indemnification under Subsections A or B of this Section 8, unless ordered by the court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because such Indemnitee has met the applicable standard of conduct set forth in Subsections A or B of this Section 8, as the case may be, and upon an evaluation of the reasonableness of expenses and amounts paid in settlement. This determination and evaluation shall be made in any of the following ways:
- (a) By a majority vote of a quorum of the Board of Directors consisting of Directors who are not parties or threatened to be made parties to the action, suit, or proceeding.
  - (b) If a quorum cannot be obtained in subsection (a), then by majority vote of a committee of Directors who are not parties to the action. The committees shall consist of not less than three (3) disinterested Directors.
  - (c) By independent legal counsel in a written opinion.
  - (d) By the shareholders.
- E. Advancement of Expenses. The corporation may pay or reimburse the reasonable expenses incurred by an Indemnitee who is a party or threatened to be made a party to an action, suit, or proceeding in advance of final disposition of the proceeding if all of the following apply:
- (a) The Indemnitee furnishes the corporation a written affirmation of his or her good faith belief that he or she has met the applicable standard of conduct set forth in Subsections A and B above.
  - (b) The Indemnitee furnishes the corporation a written undertaking, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct.
  - (c) A determination is made that the facts then known to those making the determination would not preclude indemnification under the Act.

The undertaking required by subsection (b) must be an unlimited general

obligation of the Indemnitee but need not be secured. Determinations of payments under this Section shall be made in the manner specified in Subsection D above.

- F. Partial Indemnification. If an Indemnitee is entitled to indemnification under Subsections A or B of this Section 8 for a portion of expenses, including reasonable attorneys' fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the corporation shall indemnify the Indemnitee for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the Indemnitee is entitled to be indemnified.
- G. Indemnification of Employees and Agents. Any person who is not covered by the foregoing provisions of this Section 8 and who is or was an employee or agent of the corporation, or is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not, may be indemnified to the fullest extent authorized or permitted by the Act or other applicable law, as the same exists or may hereafter be amended, but, in the case of any such amendment, only to the extent such amendment permits the corporation to provide broader indemnification rights than before such amendment, but in any event only to the extent authorized at any time or from time to time by the Board of Directors.
- H. Other Rights of Indemnification. The indemnification or advancement of expenses provided under Subsections A through G of this Section 8 is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation, bylaws, or a contractual agreement. The total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses. The indemnification provided for in Subsections A through G of this Section 8 continues as to a person who ceases to be a Director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person.
- I. Definitions. "Other enterprises" shall include employee benefit plans; "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and "serving at the request of the corporation" shall include any service as a Director, officer, employee, or agent of the corporation which imposes duties on, or involves services by, the Director, officer, employee or agent with respect to an employee benefit plan, its participants or its beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be considered to have acted in a manner "not opposed to the best interests of the corporation or its shareholders" as referred to in Subsections A and B of this Section 8.
- J. Liability Insurance. The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have power to indemnify him or her against liability under the pertinent provisions of the Act.
- K. Enforcement. If a claim under this Section 8 is not paid in full by the corporation within thirty (30) days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim, and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of

its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Act for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, a committee thereof, independent legal counsel, or its shareholders) to have made a

determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because such claimant has met the applicable standard of conduct set forth in the Act nor an actual determination by the corporation (including its Board of Directors, a committee thereof, independent legal counsel or its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

- L. Contract With the Corporation. The right to indemnification conferred in this Section 8 shall be deemed to be a contract right between the corporation and each Director or officer who serves in any such capacity at any time while this Section 8 is in effect, and any repeal or modification of this Section 8 shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.
- M. Application to a Resulting or Surviving Corporation or Constituent Corporation. The definition for "corporation" found in Section 569 of the Act, as the same exists or may hereafter be amended is, and shall be, specifically excluded from application to this Section 8. The indemnification and other obligations set forth in this Section 8 of the corporation shall be binding upon any resulting or surviving corporation after any merger or consolidation with the corporation. Notwithstanding anything to the contrary contained herein or in Section 569 of the Act, no person shall be entitled to the indemnification and other rights set forth in this Section 8 for acting as a Director or officer of another corporation prior to such other corporation entering into a merger or consolidation with the corporation.
- N. Severability. Each and every paragraph, sentence, term and provision of this Section 8 shall be considered severable in that, in the event a court finds any paragraph, sentence, term or provision to be invalid or unenforceable, the validity and enforceability, operation, or effect of the remaining paragraphs, sentences, terms, or provisions shall not be affected, and this Section 8 shall be construed in all respects as if the invalid or unenforceable matter had been omitted.

## ARTICLE VI

### Dividends and Finance

Section 1. Dividends. Dividends, to be paid out of the surplus earnings of the corporation, or as otherwise permitted in accordance with the provisions of the governing statute, may be declared from time to time by resolution of the Board of Directors; but no dividend shall be paid that will impair the capital of the corporation. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the governing statute or the Articles of Incorporation.

Section 2. Deposits. The funds of the corporation shall be deposited in such banks or trust companies as the Directors shall designate and shall be withdrawn only upon checks issued and signed in accordance with regulations adopted by the Board of Directors.

Section 3. Checks. All checks, drafts and orders for the payment of money shall be signed in the name of the corporation in such manner and by such officer or officers or such other person or persons as the Board of Directors shall from time to time designate for that purpose.

## ARTICLE VII

### Fiscal Year

Section 1. The fiscal year of this corporation shall end on the last Saturday of April each year. The fiscal year may be changed by the Board of Directors by resolution of the Board of Directors.

## ARTICLE VIII

### Amendments

These bylaws may be altered, amended or repealed in whole or in part and new bylaws may be adopted either:

- (a) By the affirmative vote of the holders of record of not less than 67%

of the outstanding stock of the Corporation entitled to vote in elections of Directors; or

- (b) By the affirmative vote of a majority of the Board of Directors at any meeting of the Board, or by written consent signed by all members of the Board of Directors; provided, however, no such alteration, amendment or repeal of Article VIII (a) of these bylaws shall be made by the Board of Directors or be effective unless such alteration, amendment or repeal shall be first approved by the affirmative vote of the holders of record of not less than 67% of the outstanding stock of the corporation entitled to vote in elections of Directors.

## ARTICLE IX

### General Provisions

Section 1. Distributions in Cash or Property. The Board of Directors may authorize and the corporation may make distributions to its shareholders subject to restriction by the Articles of Incorporation and/or unless otherwise limited by the Articles of Incorporation, these bylaws or the Act.

Section 2. Reserves. The Board of Directors shall have power and authority to set apart such reserve or reserves, for any proper purpose, as the Board in its discretion shall approve, and the Board shall have the power and authority to abolish any reserve created by the Board.

Section 3. Voting Securities. Unless otherwise directed by the Board of Directors, the President or in the case of his absence or inability to act, the Chairman of the Board or the Vice Chairman of the Board, or in the case of their absence or inability to act, the Vice Presidents, including Executive Vice Presidents, in order of their seniority, shall have full power and authority on behalf of the corporation to attend and to act and to vote, or to execute in the name or on behalf of the corporation a consent in writing in lieu of a meeting of shareholders or a proxy authorizing an agent or attorney-in-fact for the corporation to attend and vote at any meetings of security holders of corporations in which the corporation may hold securities, and at such meetings he or his duly authorized agent or attorney-in-fact shall possess and may exercise on behalf of the corporation any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the corporation might have possessed and exercised if present. The Board of Directors by resolution from time to time may confer like power upon any other person or persons.

Section 4. Contracts, Conveyances, Etc. When the execution of any contract, conveyance or other instrument has been authorized without specification of the executing officers, the Chairman of the Board, the Vice Chairman of the Board, the President or any Vice President, and the Secretary or any Assistant Secretary, may execute the same in the name and on behalf of this corporation and may affix the corporate seal thereto. The Board of Directors shall have power to designate the officers and agents who shall have authority to execute any instrument in behalf of the corporation.

Section 5. Corporate Books and Records. The corporation shall keep books and records of account and minutes of the proceedings of its shareholders, Board of Directors and executive committees, if any. The corporation shall keep at its registered office, or at the office of its transfer agent in or outside the State of Michigan, records containing the names and addresses of all shareholders, the number, class and series of shares held by each and the dates when they respectively became holders of record. Any of the books, records or minutes may be in written form or in any other form capable of being converted into written form within a reasonable time. The corporation shall convert into written form without charge any record not in written form, unless otherwise requested by a person entitled to inspect the records.

Section 6. Seal. The seal of the corporation shall have inscribed thereon the name of the corporation and the words "Corporate Seal" and "Michigan." The seal may be used by causing it or a facsimile to be affixed, impressed or reproduced in any other manner.

Exhibit (4)

### SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of the 6th day of August, 2002, among LA-Z-BOY INCORPORATED, a Michigan corporation (the "Borrower"), WACHOVIA BANK, NATIONAL ASSOCIATION as Administrative Agent under the Credit Agreement (as herein defined) and the

BANKS named in the Credit Agreement.

Background:

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The Borrower, the Administrative Agent and the Banks have entered into a certain Credit Agreement dated as of May 12, 2000, as amended by that First Amendment to Credit Agreement dated as of December 19, 2000 (as amended, the "Credit Agreement").

The Borrower, the Administrative Agent and the Banks wish to amend the Credit Agreement in certain respects, as hereinafter provided.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings assigned to them in the Credit Agreement.

SECTION 2. Amendments. (a) The definition of "Consolidated Net Income" in Section 1.01 is hereby amended and restated in its entirety to read as follows:

"Consolidated Net Income" means for any period the net income (or the net deficit if expenses and charges exceed revenues and other proper income credits) of the Borrower and its Consolidated Subsidiaries for such period taken as one accounting period, without giving effect to non-cash charges incurred during such period related to the compliance by the Borrower with the provisions of Financial Accounting Statement Board Statement No. 142, all determined in accordance with GAAP.

(b) The definition of "Consolidated Net Worth" in Section 1.01 is hereby amended and restated in its entirety to read as follows:

"Consolidated Net Worth" means, at any time, shareholders' equity of the Borrower and its Subsidiaries, as set forth or reflected on the most recent consolidated balance sheet of the Borrower and its Subsidiaries, without giving effect to non-cash charges incurred during any period related to the compliance by the Borrower with the provisions of Financial Accounting Statement Board Statement No. 142, as prepared in accordance with GAAP.

SECTION 3. Conditions to Effectiveness. The effectiveness of this Amendment and the obligations of the Banks hereunder are subject to the following conditions, unless the Required Banks waive such conditions:

(a) receipt by the Administrative Agent from each of the parties hereto of a duly executed counterpart of this Amendment signed by such party;

(b) the fact that the representations and warranties of the Borrower contained in Section 5 of this Amendment shall be true on and as of the date hereof; and

(c) receipt by the Administrative Agent from the Borrower for the account of each Bank executing this Amendment of an amendment fee in an amount equal to \$5,000 per such Bank.

SECTION 4. No Other Amendment. Except for the amendments set forth above, the text of the Credit Agreement shall remain unchanged and in full force and effect. This Amendment is not intended to effect, nor shall it be construed as, a novation. The Credit Agreement and this Amendment shall be construed together as a single instrument and any reference to the "Agreement" or any other defined term for the Credit Agreement in the Credit Agreement, the Notes or any certificate, instrument or other document delivered pursuant thereto shall mean the Credit Agreement as amended hereby and as it may be amended, supplemented or otherwise modified hereafter.

SECTION 5. Representations and Warranties. The Borrower hereby represents and warrants in favor of the Administrative Agent and the Banks as follows:

(a) No Default or Event of Default under the Credit Agreement has occurred and is continuing on the date hereof;

(b) The Borrower has the corporate power and authority to enter into this Amendment and to do all acts and things as are required or contemplated hereunder to be done, observed and performed by it;

(c) This Amendment has been duly authorized, validly executed

and delivered by one or more authorized officers of the Borrower and each of this Amendment and the Credit Agreement, as amended hereby, constitutes the legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms; provided, that the enforceability of each of this Amendment and the Credit Agreement, as amended hereby, is subject to general principles of equity and to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally; and

The execution and delivery of this Amendment and the Borrower's performance hereunder and under the Credit Agreement, as amended hereby, do not and will not require the consent or approval of any regulatory authority or governmental authority or agency having jurisdiction over the Borrower other than those which have already been obtained or given, nor be in contravention of or in conflict with the Articles of Incorporation or Bylaws of the Borrower, or the provision of any statute, or any judgment, order or indenture, instrument, agreement or undertaking, to which the Borrower is a party or by which its assets or properties are or may become bound.

SECTION 6. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement.

SECTION 7. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of Georgia.

SECTION 8. Effective Date. This Amendment shall become effective as of August 6, 2002, upon receipt by the Administrative Agent from each of the parties hereto of either a duly executed signature page from a counterpart of this Amendment or a facsimile transmission of a duly executed signature page from a counterpart of this Amendment, signed by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed, under seal, by their respective authorized officers as of the day and year first above written.

LA-Z-BOY INCORPORATED

By: \_\_\_\_\_ (SEAL)

Title: \_\_\_\_\_

1284 North Telegraph Road  
Monroe, Michigan 48162  
Attention: Mark A. Stegeman  
Telecopy number: (734) 457-2005  
Telephone number: (734) 241-4418

WACHOVIA BANK, NATIONAL ASSOCIATION  
(formerly known as First Union National Bank  
and successor by merger to Wachovia Bank,  
N.A.), as Administrative Agent and as a Bank

By: \_\_\_\_\_ (SEAL)  
Title: \_\_\_\_\_

Lending Office  
-----

301 South College Street, DC-5  
Charlotte, North Carolina 28288-0760  
Attention: Roger Pelz, Managing Director  
Telecopy number: (704) 374-6319  
Telephone number: (704) 383-6060

With a copy to:

301 South College Street, DC-5  
Charlotte, North Carolina 28288-0760  
Attention: George Scott, Vice President  
Telecopy number: (704) 374-6319  
Telephone number: (704) 383-3562

COMERICA BANK, as Syndication Agent and as  
a Bank

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Lending Office  
-----

One Detroit Center  
500 Woodward Avenue  
Detroit, Michigan 48226-3268  
Attention: Jeffrey J. Judge  
Vice President, U.S.  
Banking  
Telecopy number: (313) 222-9514  
Telephone number: (313) 222-3801

SUNTRUST BANK, as Documentation Agent  
and as a Bank

By: \_\_\_\_\_ (SEAL)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Lending Office  
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P.O. Box 448  
Atlanta Georgia 30302  
Attention: Brad Staples  
Director, Corporate and Investment Banking  
Telecopy number: (404) 575-2594  
Telephone number: (404) 230-5099

BANK ONE, MICHIGAN

By: \_\_\_\_\_ (SEAL)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Lending Office  
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611 Woodward Avenue  
Mail Suite MI1-8074  
Detroit, Michigan 48226  
Attention: Thomas A. Gamm  
Director  
Telecopy number: (313) 226-0855  
Telephone number: (313) 225-2531

BRANCH BANKING & TRUST COMPANY

By: \_\_\_\_\_ (SEAL)  
-----  
Name: John Bondurant  
Title: Senior Vice President

Lending Office  
-----  
201 West Market Street  
Greensboro, North Carolina 27401  
(or)  
P.O. Box 26122  
Greensboro, North Carolina 27402  
Attention: John Bondurant  
Senior Vice President  
Telecopy number: (336) 433-4099  
Telephone number: (336) 433-4075

KEYBANK NATIONAL ASSOCIATION

By: \_\_\_\_\_ (SEAL)  
-----  
Name: \_\_\_\_\_  
-----  
Title: \_\_\_\_\_  
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Lending Office  
127 Public Square  
Mail Code: OH-01-27-0606  
Cleveland, Ohio 44114  
Attention: James Taylor  
Telecopy number: (216) 689-4981  
Telephone number: (216) 689-3589

THE BANK OF TOKYO-MITSUBISHI, LTD., CHICAGO  
BRANCH

By: \_\_\_\_\_ (SEAL)  
-----  
Name: \_\_\_\_\_  
-----  
Title: \_\_\_\_\_  
-----

Lending Office  
-----  
227 West Monroe Street  
Suite 2300  
Chicago, Illinois 60606  
Attention: Thomas Denio  
Vice President  
Telecopy number: (312) 696-4535  
Telephone number: (312) 696-4665

FIFTH THIRD BANK, NORTHWESTERN OHIO, N.A.

By: \_\_\_\_\_ (SEAL)  
-----  
Name: \_\_\_\_\_  
-----  
Title: \_\_\_\_\_  
-----

Lending Office  
-----  
606 Madison Avenue  
Toledo, Ohio 43604  
Attention: William Behe  
Senior Vice President  
Telecopy number: (419) 259-7134  
Telephone number: (419) 259-7135

NATIONAL CITY BANK

By: \_\_\_\_\_ (SEAL)  
-----  
Name: \_\_\_\_\_  
-----  
Title: \_\_\_\_\_  
-----

Lending Office  
-----  
1001 South Worth  
Birmingham, Michigan 48009-6943  
Attention: Michael Hinz  
Assistant Vice President  
Telecopy number: (248) 901-2033  
Telephone number: (248) 901-2139

MIZUHO CORPORATE BANK, LTD.,  
(formerly known as The Fuji Bank, Limited)

By: \_\_\_\_\_ (SEAL)  
-----  
Name: \_\_\_\_\_  
-----  
Title: \_\_\_\_\_  
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Lending Office  
-----  
The Fuji Bank, Limited  
New York Branch  
2 World Trade Center  
79th Floor  
New York, New York 10048  
Attention: Loans Administration Dept.  
Telecopy number: (212) 775-1460  
Telephone number: (212) 898-2088

With a copy to:  
-----  
  
227 West Monroe Street  
Suite 2600  
Chicago, Illinois 60606  
Attention: Rick Dunning  
Senior Vice President  
Telecopy number: (312) 621-3386  
Telephone number: (312) 621-9485

LA-Z-BOY REPORTS FIRST QUARTER RESULTS

MONROE MI, August 14, 2002 - La-Z-Boy Incorporated (NYSE, PCX: LZB) today reported results for its first fiscal quarter ended July 27, 2002. Net sales for the first quarter were \$497 million, which was an 8.9% increase over the prior year and above the sales growth rate the company had anticipated in late May. Exclusive of the company's former Pilliod subsidiary, which was divested effective November 30, 2001, sales for the quarter were up 11.5%. Diluted earnings per share, before the cumulative effect of a change in accounting principle for goodwill and intangible assets resulting from the company's adoption of Statement of Financial Accounting Standards No. 142 ("SFAS 142"), were \$0.32 per diluted share. This was substantially above the company's recent earnings guidance for the quarter of \$0.22-\$0.27 per diluted share, and compares to \$0.05 per diluted share earned in the July 2001 first quarter. The elimination of goodwill and trade name amortization under SFAS 142 added \$0.03 to this year's first quarter diluted EPS, and would have added \$0.03 to the year-earlier quarter's diluted EPS had SFAS 142 been in effect at that time. Including the cumulative effect of the change in accounting principle, the net loss for the July 2002 first quarter was \$0.68 per diluted share.

The revenue strength was primarily due to better than expected sales growth in the company's upholstery segment, paced by the continued above-average sales performance from the La-Z-Boy Furniture Galleries(R) network of mostly independently-owned stand-alone stores. Operating margin for the quarter was 6.6%, up sharply from a depressed 1.5% in the year-earlier quarter and was the third consecutive quarter in which the company's operating margin, "normalized" to exclude restructuring and divestiture expenses recorded in fiscal years 2002 and 2001, increased over the year-earlier level.

President and CEO Jerry Kiser said he was particularly pleased with the healthy sales gains recorded by the company's upholstery businesses during the quarter and with the continuing year-over-year comparative margin improvement. "Our margins are benefiting from the strong growth in volume combined with the aggressive restructuring actions we implemented last year," Kiser said. He pointed out that this restructuring, primarily on the casegoods (wood furniture) side, has reduced the company's cost structure and enabled it to successfully blend a growing volume of imports with its domestic production. He continued, "while margins were below the previous quarter this was the result of the seasonality of our business. Our July quarter is our lowest volume quarter and a significant number of our plants shut down for summer vacations."

Business segments  
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First quarter upholstery sales rose 19.0% with an operating margin of 8.5%, sharply above the 3.9% margin of 2001's first quarter, which represented last year's quarterly sales low point. The La-Z-Boy Furniture Galleries(R) store system enjoyed an overall same store sales gain of 6.0% for the three months ended July 2002, well ahead of observable industry trends and resulted in a record quarter for La-Z-Boy. Overall this segment benefited from the broad price point range of the product lines and the proprietary distribution programs of most of the companies.

Casegoods remained substantially weaker than upholstery during the quarter, with sales declining 11.7% from a year earlier. Excluding Pilliod, first quarter year-over-year casegoods sales were down 4.7% attributable principally to the commercial hospitality market which remains in a slump. But despite this softness, casegoods operating margins continued to strengthen, rising to 5.8% in the most recent quarter. This reflects a combination of benefits from 2001's restructuring efforts and a growing mix of imported products.

Change in accounting principle  
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During the first quarter, the company adopted as required Statement of Financial Accounting Standards No. 142 ("SFAS 142"). The adoption of this new Statement is considered a change in accounting principle and affects the financial results in several ways. The amortization of goodwill and trade names is eliminated. The elimination of goodwill and trade name amortization under SFAS 142 added \$0.03 to this year's first quarter diluted EPS, and would have added \$0.03 to the year-earlier quarter's diluted EPS had SFAS 142 been in effect at that time. The Statement requires initial and subsequent periodic tests of recorded goodwill and indefinite-lived intangible assets to determine if the carrying values of

such assets exceed their implied fair values as calculated under the new Standard. The cumulative effect of the adoption of SFAS 142 resulted in a non-operating non-cash pretax charge of \$77.7 million and an after-tax charge of \$59.8 million, or \$1.00 per diluted share.

#### Balance sheet

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Kiser continued, "During the July quarter, we generated \$47 million in free cash flow, which was used to repurchase 1.8 million shares of the company's stock, reducing shares outstanding to 58.3 million. Under the authorization the company has 1.9 million shares remaining available for repurchase. Inventories during the quarter increased reflecting the higher sales volumes and additional import volume, which requires higher inventory levels."

#### Business outlook

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Commenting on the current business outlook, president and CEO Kiser said, "Assuming that consumer confidence is currently near a cyclical low point, prior to stabilizing and then regaining momentum later this year and on into 2003, we expect the coming year to be fairly strong. Our casegoods business remains sluggish, but we anticipate that continuing growth in the upholstery segment

will produce an overall mid-single digit sales increase for our seasonally strong October quarter, and we expect earnings for the quarter to be in the range of \$0.45-\$0.50 per diluted share, compared with \$0.33 a year ago, excluding restructuring charges of \$0.13 per diluted share. When casegoods demand rebounds even somewhat, as we believe it will, in the second half of our April 2003 fiscal year, we would expect sales gains for the full year in the mid-single digit range, with earnings in the area of \$1.70- \$1.80 per diluted share excluding the cumulative effect of the adoption of SFAS 142."

Kiser also noted that he and La-Z-Boy Incorporated's Senior Vice President and Chief Financial Officer, David M. Risley, are today filing with the Securities and Exchange Commission their statements under oath to the effect that, to the best of their knowledge, the corporation's Annual Report on Form 10-K for the 2002 fiscal year and its reports and proxy materials filed after the filing of Form 10-K do not contain any material misstatements, or omit any material facts. Kiser said, "we want to publicly demonstrate our strong belief in the integrity and accuracy of our accounting and financial reporting procedures."

#### Conference Call Information

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The dial-in phone number for tomorrow's live conference call (August 15, 2002 at 11 a.m. EDT) will be (800) 374-1298 for persons calling from within the U.S. or Canada, and (706) 634-5855 for international callers. The call will also be webcast live and archived on the Internet, both at [www.la-z-boy.com](http://www.la-z-boy.com). A telephone replay will be available from approximately 2 p.m. tomorrow, August 15th, through noon on August 22nd. This replay will be available to callers from the U.S. and Canada at (800) 642-1687 and to international callers at (706) 645-9291, with a replay passcode of 5014429.

#### Forward-looking Information

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Any forward-looking statements contained in this report are based on current information and assumptions and represent management's best judgment at the present time. Actual results could differ materially from those anticipated or projected due to a number of factors. These factors include, but are not limited to: changes in consumer sentiment or demand, changes in housing sales, the impact of terrorism, the impact of interest rate changes, the impact of imports, changes in currency rates, competitive factors, operating factors, and other factors identified from time to time in the company's reports filed with the Securities and Exchange Commission. The company undertakes no obligation to update or revise any forward-looking statements, either to reflect new developments, or for any other reason.

#### Additional Information

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This news release is just one part of La-Z-Boy's financial disclosures and should be read in conjunction with other information filed with the Securities and Exchange Commission. Today we plan on filing a Form 10-Q report which includes a condensed balance sheet, income statement and cash flow statement for the fiscal quarter ending July 27, 2002, and, will be available at <http://www.la-z-boy.com>. Investors and others wishing to be notified via e-mail of future La-Z-Boy news releases, SEC filings and conference calls may do so at: [http://my.lazboy.com/mygallery/investor\\_relations.htm](http://my.lazboy.com/mygallery/investor_relations.htm).

#### Background Information

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With annual sales in excess of \$2 billion, La-Z-Boy Incorporated is one of the world's leading residential furniture producers, marketing furniture for every room of the home and office, as well as for the hospitality, health care and assisted-living industries. The La-Z-Boy Upholstery Group companies are Bauhaus, Centurion, Clayton Marcus, England, HickoryMark, La-Z-Boy, La-Z-Boy Contract Furniture Group and Sam Moore, and the La-Z-Boy Casegoods Group companies are Alexvale, American Drew, American of Martinsville, Hammary, Kincaid, Lea and Pennsylvania House.

The corporation's vast proprietary distribution network is dedicated exclusively to selling La-Z-Boy Incorporated products and brands, and includes 299 stand-alone La-Z-Boy Furniture Galleries(R) and 313 La-Z-Boy In-Store Gallerys, in addition to in-store gallery programs at the company's Kincaid, Pennsylvania House, Clayton Marcus, England and Lea operating units. According to industry trade publication Furniture/Today, the La-Z-Boy Furniture Galleries retail network by itself represents the industry's fifth largest U.S. furniture retailer. Additional information is available at [www.la-z-boy.com](http://www.la-z-boy.com).

Exhibit 99.2

CERTIFICATION OF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. section 1350, the undersigned officer of La-Z-Boy Incorporated (the "Company") hereby certifies, to such officer's knowledge, that the Company's Quarterly Report on Form 10-Q for the period ended July 27, 2002 (the "Report") fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ David M. Risley

- -----  
David M. Risley  
Senior Vice President and Chief Financial Officer  
August 14, 2002

The foregoing certification is being furnished solely pursuant to 18 U.S.C. section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION OF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. section 1350, the undersigned officer of La-Z-Boy Incorporated (the "Company") hereby certifies, to such officer's knowledge, that the Company's Quarterly Report on Form 10-Q for the period ended July 27, 2002 (the "Report") fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Gerald L. Kiser

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Gerald L. Kiser

President and Chief Executive Officer

August 14, 2002

The foregoing certification is being furnished solely pursuant to 18 U.S.C. section 1350 and is not being filed as part of the Report or as a separate disclosure document.