SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) of
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 26, 1997     Commission File No. 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 N. Telegraph Road, Monroe, Michigan | 48162-3390 |
| (Address of principal executive offices) | (Zip Code) |

Registrant's Telephone Number - Area Code (313) 242-1444
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act:

COMMON SHARES, $1.00 Par Value
(Title of Class)

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K.     X

The aggregate market value of the voting stock held by nonaffiliates of the Registrant as of June 20, 1997 was $638,020,555.

The number of common shares of the Registrant outstanding on June 20, 1997 was 17,972,410.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the 1997 Annual Report to Shareholders for the year ended April 26, 1997 are incorporated by reference into Parts I, II and IV.

Portions of the Annual Proxy Statement filed with the Securities and Exchange Commission June 27, 1997 are incorporated by reference into Part III.

# PART I

## ITEM 1. BUSINESS.

In fiscal year 1997, the Registrant changed its name from La-Z-Boy Chair Company to La-Z-Boy Incorporated to better reflect the broadening nature of the Registrant's business, which includes manufacturing chairs as well as many other types of home and office furnishings. Other information required in Part I, Item 1, section (a) is contained in Note 2 of the Registrant's 1997 Annual Report on page 21, and is incorporated herein by reference.

(b)-(c) (1) (i) Principal Products

The Registrant operates in the furniture industry and as such does not have differing segments. "Residential" dealers are those who resell to individuals for their home use. "Business Furniture" dealers are those who resell seating and casegood products to commercial dealers. Additional information regarding products and market share data is contained in the Registrant's 1997 Annual Report on page 26 in the Background section of the Management Discussion and Analysis and is incorporated herein by reference.

(c) (1) (ii) Status of New Products or Segments

During fiscal year 1997, the Registrant did not add any major products or segments.

(c) (1) (iii) Raw Materials

The principal raw materials used by the Registrant in the manufacture of its products are hardwoods for solid wood dining room and bedroom furniture, casegoods, occasional tables and for the frame components of seating units; plywood and chipwood for internal parts; veneers for dining room furniture, wall units, and occasional tables; water-based and liquid finishes (stains, sealants, lacquers) for external wood; steel for the mechanisms; leather, cotton, wool, synthetic and vinyl fabrics for covers; and polyester batting and non-chlorofluorocarbonated polyurethane foam for cushioning and padding. Steel and wood products are generally purchased from a number of sources, usually in the vicinity of the particular plant, and product-covering fabrics and polyurethane are purchased from a substantial number of sources on a mostly centralized basis. The Registrant fabricates many of the parts in its products, largely because quality parts made to its exact specifications are not obtainable at reasonable cost from outside sources.

Raw material costs historically have been about 38 percent of sales in the upholstery operations and a somewhat higher percentage in the casegoods operations. Purchased fabric (which includes leather) is the largest single raw material cost representing about 41 percent of total upholstery product material costs. Polyurethane (poly) foam and lumber are the next two largest types of upholstery raw material costs. Poly is highly sensitive to changes in the price of oil. Price increases for raw materials have kept pace with the inflation rate in recent years and are expected to continue to do so.

Lumber, like most commodities, historically has had sharp changes in prices over the short term and long term. The Registrant is usually not as affected by these changes as much as many other furniture manufacturers due to the large percentage of upholstered goods manufactured that do not require as much lumber as casegoods. Also, wood substitutes, (e.g. steel, plastic) can be used to some degree in upholstered products.

(c) (1) (iv) Patents, Licenses and Franchises or Concessions

The Registrant has a number of patents on its reclining chair and rocking chair mechanisms which it believes were important to the early success of the Registrant and to its present competitive position. It believes, however, that since it is so firmly established in the industry, the loss of any single or small group of patents would not materially affect the Registrant's business. The Registrant has no material licenses, franchises or concessions.

(c) (1) (v) Seasonal Business

The Registrant generally experiences its lowest level of sales during its first quarter. When possible, the scheduling of production is designed to maintain generally uniform manufacturing activity throughout the year, except for mid summer plant shutdowns to coincide with slower sales.

(c) (1) (vi) Practices Regarding Working Capital Items

The Registrant does not carry significant amounts of upholstered finished goods inventory to meet rapid delivery requirements of customers or to assure itself of a continuous allotment of goods from suppliers. Normal customer terms provide for one payment due within 45 days with a 1 percent discount within 30 days (one installment, 1 percent discount 30 net 45). Extended dating is often offered on sales promotions.

Most casegoods finished goods inventories are built to provide for quicker delivery requirements of customers without installment credit terms, therefore, resulting in higher levels of finished product on hand at any period in time than the upholstered products. Kincaid and Hammary divisions primarily sell casegood products. Casegoods are also sold through the Business Furniture Group.

(c) (1) (vii) Customers

The Registrant distributes to almost 15,000 locations. The Registrant does not have any customer whose sales amount to 10 percent or more of its consolidated sales for fiscal year 1997. The Registrant's approximate dealer mix consisted of 41 percent proprietary, 13 percent to major dealers (Montgomery Ward and other department stores) and 46 percent to general dealers. The Registrant's largest customer, Montgomery Ward, announced that it has filed for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code. The Registrant is currently evaluating the impact this will have on receivable reserves. However, the effect is not expected to be material.

Proprietary stores consist of stores dedicated to the sale of La-Z-Boy products and in-store dedicated galleries. The dedicated stores include La-Z-Boy Furniture Galleries stores and Showcase Shoppes. In-store dedicated galleries have been established for each of the Registrant's divisions.

(c) (1) (viii) Orders and Backlog

It has been determined that the majority of the Registrant's Residential Division orders are for dealer stock, with approximately 35 percent of orders being requested directly by customers. Furthermore, about 9 percent of units produced at all divisions are built for the Registrant's inventory. The remainder are "built-to-order" for dealers.

As of May 31, 1997 and June 1, 1996 backlogs were approximately $81 million and $73 million, respectively. These amounts represent less than five weeks of sales. On average, orders are shipped in approximately five weeks. Any measure of backlog at a point in time may not be indicative of future sales performance. The Registrant does not rely entirely on backlogs to predict future sales since the sales cycle is only five weeks and backlog can change from week to week.

The cancellation policy for La-Z-Boy Incorporated, in general, is that an order cannot be canceled after it has been selected for production. Orders from prebuilt stock, though, may be canceled up to the time of shipment.

(c) (1) (ix) Renegotiation Contracts

The Registrant does not have any material portion of business which may be subject to renegotiation of profits or termination of contracts or subcontracts at the election of the Government.

(c) (1) (x) Competitive Conditions

The Registrant believes that it ranks third in the U.S. in dollar volume of sales within the Residential furniture industry, which includes manufacturers of bedroom, dining room and living room furniture.

The Registrant competes primarily by emphasis on quality of its products, dealer support and a lifetime warranty on the reclining and legrest mechanisms.

The Registrant has approximately fifteen major competitors in the U.S. reclining or motion chair field and a substantially larger number of competitors in the upholstery business as a whole, as well as in the casegoods and Business Furniture businesses.

(c) (1) (xi) Research and Development Activities

The Registrant spent $8.3 million in fiscal 1997 for new product development, existing product improvement, quality control, improvement of current manufacturing operations and research into the use of new materials in the construction of its products. The Registrant spent $8.0 million in fiscal 1996 on such activities and $7.9 million on such activities in fiscal 1995. The Registrant's customers generally do not engage in research with respect to the Registrant's products.

(c) (1) (xii) Compliance with Environmental Regulations

Information relating to Compliance with Environmental Regulations (Note 11 of the Consolidated Financial Statements appearing on pages 25 and 26 and the environmental discussion contained within the Management Discussion and Analysis appearing on page 28 of La-Z-Boy Incorporated's Annual Report to Shareholders for 1997) is incorporated herein by reference.

(c) (1) (xiii) Number of Employees

The Registrant and its subsidiaries employed 11,236 persons as of April 26, 1997 and 10,733 persons as of April 27, 1996.

(d) Financial Information about Foreign and Domestic Operations and Export Sales.

The Registrant does not make any material amount of sales of upholstered furniture to foreign customers. The Registrant sells upholstered furniture to Canadian customers through its Canadian subsidiary, La-Z-Boy Canada Limited. Sales in Europe also occur through the Registrant's recently acquired subsidiary Centurion Furniture plc, a furniture manufacturer in the United Kingdom. See Note 2 of the Notes to Consolidated Financial Statements for more details on Centurion Furniture plc.

The Registrant also derives a small amount of royalty revenues from the sale and licensing of its trademarks, tradenames and patents to certain foreign manufacturers.

Export sales are increasing, and are less than 2% of sales.

ITEM 2. PROPERTIES.

In the United States, the Registrant operates twenty-nine manufacturing plants (most with warehousing space), has an automated fabric processing center and has divisional and corporate offices. The Registrant has one manufacturing plant in Canada. Some locations listed below have more than one plant.

The location of these plants, the approximate floor space, principal operations conducted, the average age and the approximate number of employees at such locations as of April 26, 1997 are as follows:

| Location | Floor Space (square feet) | Operations Conducted | Average Age | Number of Employees |
|---|---|---|---|---|
| Clearfield, Utah | 48,000 | Upholstering and assembly of upholstery | -- | 49 |
| Dayton, Tennessee | 909,320 | Manufacture, assembly and warehousing of upholstery | 14 | 1,890 |
| Florence, South Carolina | 416,249 | Manufacture, assembly and warehousing of upholstery | 27 | 453 |
| Florence, South Carolina | 48,400 | Fabric processing center | 20 | 17 |
| Grand Rapids, Michigan | 440,000 | Manufacture and assembly of Business furntiure/ systems* | 82 | 98 |
| Hudson area, North Carolina (Kincaid) | 1,072,745 | Manufacture, assembly, and warehousing of casegoods and division office | 31 | 1,173 |
| Leland, Mississippi | 311,990 | Manufacture, assembly and warehousing of Business Furniture casegoods and upholstery | 21 | 342 |
| Lenoir area, North Carolina (Hammary) | 654,688 | Manufacture, assembly & warehousing of primarily casegoods and some upholstered products and division office | 29 | 546 |
| Lincolnton, North Carolina | 375,823 | Manufacture, warehousing, and assembly of upholstery | 29 | 253 |
| Monroe, Michigan | 242,235 | Corporate office, Residential and Business Furniture Group offices and R & D | 47 | 547 |
| Neosho, Missouri | 560,640 | Manufacture, assembly and warehousing of upholstery | 21 | 1,195 |
| New Tazewell, Tennessee (England/Corsair) | 696,484 | Manufacture, assembly and warehousing of primarily upholstery and division office | 7 | 1,299 |
| Newton, Mississippi | 640,707 | Manufacture, assembly and leather cutting, plywood cutting and warehousing of upholstery | 20 | 1,289 |
| Redlands, California | 189,125 | Upholstering, assembly and warehousing of upholstery | 27 | 321 |
| Siloam Springs, | 399,616 | Upholstering, warehousing, | 2 | 408 |

| | | | | |
|---|---|---|---|---|
| Arkansas | | and assembly of upholstery | | |
| Tremonton, Utah | 672,770 | Manufacture, assembly and warehousing of upholstery | 12 | 952 |
| Waterloo, Ontario (La-Z-Boy Canada) | 257,340 | Assembly and warehousing and of upholstery and division office | 27 | 404 |
| | 7,936,132 | | 24 | 11,236 |

* Note: The Grand Rapids plant is in the process of being shutdown. Operations are planned to end by the end of August, 1997. Buildings representing 330,000 square feet have been sold.

The Monroe, Michigan; Redlands, California; Dayton, Tennessee; Waterloo, Ontario, Canada; Lincolnton, North Carolina; Grand Rapids , Michigan (a 110,000 square foot building); Lenoir, North Carolina; Hudson, North Carolina; New Tazewell, Tennessee and the Newton, Mississippi woodworking plants are owned by the Registrant. The Florence, South Carolina; Neosho, Missouri; Newton, Mississippi; Siloam Springs, Arkansas and Tremonton, Utah plants as well as the automated Fabric Processing Center were financed by the issuance of industrial revenue bonds and are occupied under long-term leases with government authorities. The Leland, Mississippi plant is under a long-term lease between the Board of Supervisors of Washington County, Mississippi (lessor) and La-Z-Boy Incorporated (lessee). These leases are capitalized on the Registrant's books. The Clearfield, Utah plant is under a long term lease.

The Registrant believes that its plants are well maintained, in good operating condition and will be adequate to meet its present and near future business requirements.

ITEM 3. LEGAL PROCEEDINGS.

Information relating to certain legal proceedings (Note 11 of the Consolidated Financial Statements appearing on page 25 of La-Z-Boy Incorporated's Annual Report to Shareholders for 1997) is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were voted upon during the fourth quarter of 1997.

## PART II

The information required in Part II (Items 5 through 8) is contained in the La-Z-Boy Incorporated's Annual Report to Shareholders for 1997, in the Financial Report pages 17 through 31, and is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

## PART III

The information required in Part III (Items 10 through 13) is contained in the Registrant's proxy statement dated June 27, 1997 on pages 1 through 13 and 18, and is incorporated herein by reference.

## PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K.

Listed below are all the documents filed as part of this report:

(a) Index to Financial Statements

(1) Financial Statements:

Page in Exhibit I

(2) Financial Statement Schedule:



All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) Exhibits:

(3)(a) Restated Articles of Incorporation (filed on Form 10-Q dated November, 12 1996 (Commission File No. 1-9656) and is incorporated herein by reference).

(b) By-laws (filed on Form 10-Q dated November 12, 1996 (Commission File No. 1-9656) and is incorporated herein by reference).

(4)(a) Form of certificate for Common Stock $1.00 (filed herewith).

(b) Instruments defining the rights of holders of long-term debt are not filed herewith, pursuant to paragraph (4)(iii) of Regulation S-K Item 601. The Registrant will furnish all such documents to the Securities and Exchange Commission upon its request.

*(10)(a) La-Z-Boy Chair Company 1993 Performance-Based Stock plan (filed as Exhibit A to Registrant's proxy statement dated June 25, 1993 (Commission File No. 1-9656) and incorporated herein by reference).

*(b) La-Z-Boy Chair Company Amended and Restated 1996 Performance Based Stock Plan (filed as Exhibit A to Registrant's proxy statement dated June 28, 1996 (Commission File No. 1-9656) and incorporated herein by reference).

*(c) La-Z-Boy Chair Company Restricted Stock Plan for Non-Employee Directors (filed as Exhibit B to Registrant's proxy statement dated July 6, 1989 (Commission File No. 1-9656) and incorporated herein by reference).

*(d) La-Z-Boy Incorporated Executive Incentive Compensation Plan Description (filed herewith).

*(e) La-Z-Boy Chair Company Supplemental Executive Retirement Plan dated May 1, 1991 (filed as an exhibit to Registrant's Current Report on Form 8-K dated February 6, 1995 (Commission File No. 1-9656) and incorporated herein by reference).

*(f) La-Z-Boy Chair Company Amended and Restated 1989 Restricted Share Plan (filed as Exhibit A to Registrant's proxy statement dated July 6, 1989 (Commission File No. 1-9656) and incorporated herein by reference).

*(g) La-Z-Boy Chair Company 1986 Incentive Stock Option Plan (filed as Exhibit B to Registrant's proxy statement dated June 26, 1986 (Commission File No. 1-9656) and incorporated herein by reference).

*(h)(1) Form of Change in Control Agreement (filed as an exhibit to Registrant's Current Report on Form 8-K dated February 6, 1995 (Commission File No. 1-9656) and incorporated herein by reference).

(h)(2) Employees who are parties to the Change in Control Agreement (filed herewith).

*(i) Form of Indemnification Agreement and list of Registrant's directors who are parties thereto (filed as an exhibit to Form 8, Amendment No. 1 dated November 3, 1989 (Commission File No. 1-9656) and incorporated herein by reference).

(j) Amended and Restated Reorganization Agreement with England/ Corsair, Inc. (filed as Annex A to Registrant's Form S-4 Registration Statement dated April 7, 1995 (Commission File No. 33-57623) and incorporated herein by reference).

*(k) Description of loan to Mr. C.T. Knabusch (filed herwith).

*(l) Summary Plan Description and Partial Plan Document for the La-

Z-Boy Incorporated Personal Executive Insurance Program description (filed herewith).

(13) Portions of the 1997 Annual Report to Shareholders (With the exception of the information incorporated in Part I and II, this document is not deemed to be filed as part of the report on Form 10-K).

(21) List of subsidiaries of La-Z-Boy Incorporated (filed herewith).

(23) Consent of Price Waterhouse LLP (filed herewith).

(27) Financial Data Schedule (Edgar only)

* Indicates a contract or benefit plan under which one or more executive officers or directors may receive benefits.

(b) Reports on Form 8-K
None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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

/s/C. T. Knabusch
BY ------------------------- July 24, 1997
C. T. Knabusch
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below, as of July 24, 1997, by the following persons on behalf of the Registrant and in the capacities indicated.

| | |
|---|---|
| /s/E.J. Shoemaker<br>E.J. Shoemaker<br>Executive Vice President of Engineering, Director and Vice Chairman of the Board | L.G. Stevens<br>Director |
| /s/C.T. Knabusch<br>C.T. Knabusch<br>Chairman of the Board, President and Chief Executive Officer | /s/J.F. Weaver<br>J.F. Weaver<br>Director |
| /s/G.M. Hardy<br>G.M. Hardy<br>Secretary and Treasurer, Principal Accounting Officer and Director | /s/D.K. Hehl<br>D.K. Hehl<br>Director |
| /s/F. H. Jackson<br>F. H. Jackson<br>Vice President of Finance, Prinicpal Financial Officer and Director | R.E. Lipford<br>Director |
| P.H. Norton<br>Senior Vice President Sales and Marketing and Director | /s/H.G. Levy<br>H.G. Levy<br>Director |

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J.W. Johnston
Director, Mr. Johnston is the
son-in-law of E.J. Shoemaker

ANNUAL REPORT ON FORM 10-K

ITEM 14(a) and ITEM 14(d)

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

YEARS ENDED APRIL 26, 1997, APRIL 27, 1996, AND APRIL 29, 1995

LA-Z-BOY INCORPORATED
MONROE, MICHIGAN

INDEX TO FINANCIAL STATEMENTS

The financial statements, together with the report thereon of Price Waterhouse LLP dated May 29, 1997 appearing on pages 17 through 31 of the accompanying 1997 Annual Report to Shareholders are incorporated by reference in this Form 10-K Annual Report. With the exception of the aforementioned information, and the information incorporated in Part II, the 1997 Annual Report to Shareholders is not to be deemed filed as part of this report. The following financial statements schedule should be read in conjunction with the financial statements in such 1997 Annual Report to Shareholders. Financial statement schedules not included in this Form 10-K Annual Report have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

FINANCIAL STATEMENT SCHEDULE

1997, 1996, AND 1995

| | |
|---|---|
| | Report of Independent Accountants on Financial Statement Schedule |
| Schedule II | Valuation and Qualifying Accounts |

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of
La-Z-Boy Incorporated

Our audits of the consolidated financial statements referred to in our report dated May 29, 1997 appearing on Page 17 of the 1997 Annual Report to Shareholders of La-Z-Boy Incorporated (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE LLP
Toledo, Ohio
May 29, 1997

LA-Z-BOY INCORPORATED AND SUBSIDIARIES SCHEDULE II VALUATION
AND QUALIFYING ACCOUNTS

(Dollars in thousands)

| Description | Balance at beginning of period | Additions charged to costs and expenses | Acquisition of operating division | Trade accounts receivable "written off" net of recoveries | Balance at end of period |
|---|---|---|---|---|---|
| Year ended April 26, 1997 | | | | | |
| Allowance for doubtful accounts & long-term notes | $18,033 | $5,688 | | $4,790 | $18,931 |
| Accrued Warranties | $9,577 | $1,198 | | | $10,775 |
| Year ended April 27, 1996: | | | | | |
| Allowance for doubtful accounts & long-term notes | $17,829 | $5,530 | | $5,326 | $18,033 |
| Accrued Warranties | $8,450 | $1,127 | | | $9,577 |
| Year ended April 29, 1995: | | | | | |
| Allowance for doubtful accounts & long-term notes | $14,795 | $5,847 | $92 | $2,905 | $17,829 |
| Accrued Warranties | $6,650 | $1,350 | $450 | | $8,450 |

Exhibit (3)(4)(a)

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                           LA-Z-BOY INCORPORATED
               FORM OF CERTIFCATE FOR COMMON STOCK $1.00 PAR VALUE

- ---------------------------------[PICTURE]----------------------------------
   (decorative border        [OF THE FOUNDERS:]       (decorative border
 surrounding certificate)                            surrounding certificate)
- ---------------------------- [  E.M KNABUSCH  ]----------------------------

  (decorative border)        [        &       ]         (decorative border)
  ---------------------                                 -------------------
 |      NUMBER         |     [ E.J SHOEMAKER  ]       |      SHARES       |
 | DU [identification  |                              |  [No. of Shares   |
 | number unique to    |                              |  represented by   |
 |   certificate]      |                              |   certificate]    |
  ---------------------                                 -------------------
             INCORPORATED UNDER THE LAWS OF THE STATE OF MICHIGAN

COMMON                                                  THIS CERTIFICATE IS
SHARES                    La-Z-Boy Incorporated        TRANSFERRABLE IN THE
                                                      IN THE CITY OF NEW YORK

         (boxed area is shaded)
       -----------------------------------------------------------   SEE
      |  This Certifies that  [Name of           CUSIP [CUSIP No.]|  REVERSE
      |                        Shareholder]                       |  FOR
      |                                                           |  CERTAIN
      |                                                           |  DEFIN-
      |                                                           |  ITIONS
      |  is the owner of      [Number of Shares]                  |
      |                                                           |
       -----------------------------------------------------------

                               COUNTERSIGNED AND REGISTERED BY:
                                  AMERICAN STOCK TRANSFER & TRUST COMPANY
                               BY: [name]            TRANSFER AGENT
                                                     AND REGISTRAR

                                   [signature]       AUTHORIZED SIGNATURE
```

(the above mentioned signature spaces appear on the right edge of the certificates running perpendicular to all other lines of text on the form)

FULLY PAID AND NON-ASSESSABLE COMMON SHARES , $1.00 PAR VALUE OF La-Z-Boy Incorporated transferable on the books of the Corporation by the holder hereof, in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar. Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers. Dated ("SHARE CERTIFICATE" IS WATERWARKED BENEATH THIS PARAGRAPH)

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/s/G.M. Hardly          [La-Z-Boy Incorporated Seal]   /s/C.T. Knabusch
           Secretary           [May 1, 1941]                      President
                            [Monroe, Michigan]
- ---------------------------                    ----------------------------
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 surrounding certificate)                           surrounding certificate)
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La-Z-Boy Incorporated (the "Company") will furnish to a shareholder, upon request and without charge, a full statement of designation, relative rights, preferences, and limitations of the shares of each class of its capital stock authorized to be issued and, if the Company is authorized to issue any class of shares in series, the designation, relative rights, preferences, and limitations of each series so far as the same have been purchased and the authority of the Board of Directors to designate and prescribe the relative rights, preferences, and limitations of other services.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws and regulations:

TEN COM--as tenants in common
TEN ENT--as tenants by entireties
JT TEN --as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT-- Custodian
(Cust) (Minor)
under Uniform Gifts to Minors Act
(State)

Additional abbreviations may also be used though not in the above list.

For the Value Received,______ hereby sell, assign and transfer unto
Please insert social security or other identifying number of assignee

| |
|---|
| |

______________________________________________________________________________
(Please print or typewrite name & address, including zip code, of assignee)

______________________________________________________________________________

______________________________________________________________________________

Common Shares represented by the within Certificate, and do hereby irrevocably constitute and appoint

___________________________________________, Attorney to transfer the said Shares on the books of the within named corporation with full power of substitution in the premises.

Date_______________

------------------------------------------------

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whaterever.

Exhibit (10)(d)

LA-Z-BOY INCORPORATED
EXECUTIVE INCENTIVE COMPENSATION PLAN
DESCRIPTION

The purpose of the Executive Incentive Compensation Plan is to provide a cash award to key management employees for the achievement of specific annual goals.

The Compensation Committee of the Board of Directors (the Committee) annually establishes short-term performance criteria covering areas such as sales growth and improved earnings. The specific focus and weighting of the criteria is based on key short-term priorities of the corporation. The performance criteria are established at the start of the fiscal year or as shortly thereafter as possible.

The target and maximum award opportunity for each participant is established by the Committee. The target award for participants ranges from 10% to 55% of base pay with a maximum award of 200% of the target (i.e. 20% to 110% of base pay). The award paid is based on actual results compared to the established performance targets. Payment of the award occurs within 90 days after the end of the fiscal year. A participant must be on the payroll at the end of the fiscal year (or have retired during the fiscal year) to be eligible for an award.

Exhibit (10)(h)(2)

EMPLOYEES WHO ARE PARTIES TO
THE CHANGE IN CONTROL AGREEMENT

C.T. Knabusch, Chairman of the Board and President
E.J. Shoemaker, Vice Chairman and Executive Vice President Engineering
G.M. Hardy, Secretary and Treasurer
G.L. Kiser, Executive Vice President and Chief Operating Officer
F.H. Jackson, Vice President Finance
P.H. Norton, Senior Vice President Sales and Marketing
D.R. Jordan, Vice President Organizational Development and Planning

Exhibit (10)(k)

LA-Z-BOY INCORPORATED
DESCRIPTION OF LOAN TO MR. C. T. KNABUSCH

On December 12, 1996, the Company made an unsecured, interest-free loan of $117,336 to Mr. Charles T. Knabusch which is payable on demand.

Exhibit (10)(l)

SUMMARY PLAN DESCRIPTION
AND
PARTIAL PLAN DOCUMENT
FOR
LA-Z-BOY INCORPORATED
PERSONAL EXECUTIVE INSURANCE PROGRAM

INTRODUCTION

LA-Z-BOY INCORPORATED (the "Company"), on behalf of itself and its related companies, is pleased to provide you with this summary (and Partial Plan Document) of the La-Z-Boy Incorporated Personal Executive Insurance Program ("PEP" or the "Program"). The Program became effective in April, 1997.

As you read this summary, you should keep in mind that it is merely a summary and not a complete statement of all of the terms of the Plan. As you know, as a participant in the Program, you are a party to and have a copy of an Equity Split-Dollar Agreement (the "Agreement") and an Assignment of Policy for Collateral Security (the "Collateral Assignment") which relate solely to you. The portion of this Summary and Partial Plan Document under the heading "CONTRIBUTIONS", the Agreement and the Collateral Assignment, together with the insurance policy, provide the complete terms of the

Program. You are encouraged to carefully review each of those documents. If there is any inconsistency between the summary and those documents, the documents will govern. If there are any inconsistencies among the summary, the Agreement or the insurance policy, the insurance policy will govern. You can get additional information and examine copies of any documents relating to the Program by contacting the La-Z-Boy Incorporated Central Board of Administration at the address shown below.

IMPORTANT NAMES, ADDRESSES, NUMBERS AND MISCELLANEOUS FACTS

The name of the Program is the "La-Z-Boy Incorporated Personal Executive Insurance Program." Your individual arrangement is entitled the "Equity Split-Dollar Plan of [your name] under the La-Z-Boy Incorporated Personal Executive Insurance Program."

The name, address and telephone number of the Company are:

LA-Z-BOY INCORPORATED
1284 N. Telegraph Road
Monroe, Michigan 48162-3390
Phone Number: 313-241-1444

The Company's federal Employer Identification Number is 38-0751137 and the plan number of the Program is 590.

The "Plan Administrator" of the Program is the Company, which is also the "Named Fiduciary" of the Program. The Company has delegated day-to-day responsibility for the Program to the La-Z-Boy Incorporated Central Board of Administration (the "Central Board").

The Central Board serves as the agent for service of legal process, and the address for service is the one shown above.

The Program keeps its records on a fiscal year that ends on the last Saturday in April of each year.

The death benefit provided under the Program is funded entirely with the insurance policy on your life or the life of a designated family member issued by Interstate Assurance Company ("Interstate"). Your insurance policy is a "universal life" type policy. You are the owner of the insurance policy.

TYPE OF PLAN

The Program uses a contributory, collateral assignment split-dollar life insurance plan. A split-dollar life insurance plan is a method of financing premium payments on a life insurance policy that has lifetime values. According to the Internal Revenue Service, a split-dollar life insurance plan is an "arrangement whereby the party with the need and the party with the ability to pay premiums join in purchasing an insurance contract in which there is a substantial investment element." A split-dollar plan is therefore not a special type of life insurance -- it is a way of buying (or at least of financing) life insurance.

The Program provides an insured death benefit for each participant or designated family member. The Program also emphasizes capital accumulation. The accumulated values may be utilized by the participant to provide, for example, supplemental income at retirement. However, the Program does not qualify for insurance under Title IV of ERISA because it is not a pension plan.

Under the Program, the Company pays three annual premiums (referred to in the Agreement as "Unscheduled Premiums"). The Company will receive back the total of all Unscheduled Premiums paid by the Company upon the death of the insured or when the Agreement terminates, if earlier. The Company generally will not receive back the total of any tax "gross-ups" paid by the Company to the employee until the death of the insured, but the Company reserves the right to demand payment of these amounts when the Agreement terminates. The Unscheduled Premium payments made by the Company and any "gross-ups" paid by the Company to the employee can be viewed as temporary advances to assist in developing the benefits under the Program. The Company's "advances" are secured through a collateral assignment of the insurance policy to the Company in the amount of the Unscheduled Premium payments and any "gross-ups" paid by the Company to the employee. The terms of this assignment are described in the Collateral Assignment. The Company's rights and restrictions as collateral assignee are described in Section 5 of the Agreement.

For its own business purposes, the Company may borrow from Interstate an amount not to exceed the aggregate amount of the Unscheduled Premiums then or theretofore paid by the Company. The Company may secure such borrowing by assigning to Interstate the Company's interest in the Collateral Assignment. The Company may never borrow any part of the insurance policy's loan value or cash surrender value.

As a participant, you make annual premium payments (referred to in the Agreement as "Scheduled Premiums") in accordance with the terms of the insurance policy. Since the policy is a universal life policy, you have some flexibility in determining the number of Scheduled Premiums to be made. The Program provides, however, that you will make Scheduled Premium payments during the first seven policy years (i.e., at least seven annual or eighty-four monthly Scheduled Premium payments must be made).

You own the insurance policy issued on your life or the life of your designated family member. The Company has no legal, equitable or beneficial right, title or interest in the insurance policy, except to the extent of the lien on and security interest in the policy created under the Collateral Assignment. You may not borrow from the policy for any reason during the first seven (7) policy years.

The excess of the policy proceeds over the total of the Unscheduled Premiums paid by the Company and any "gross-ups" paid by the Company to the employee is the death benefit that will be paid to the named beneficiary under the policy.

ADMINISTRATION

The Program is administered by the Central Board and by Interstate. Interstate provides the life insurance policies used by the Program (see the discussion under the heading "Funding" below). In general, the Central Board is responsible for administering the requirements set forth in this Partial Plan Document and in the Agreement, and Interstate is responsible for matters relating to the insurance policies. For example, the Central Board makes sure the eligibility requirements (these are discussed under the heading "ELIGIBILITY") are met, but it is up to Interstate to decide whether or not it will issue an insurance policy on an employee or designated family member who has otherwise met the eligibility requirements. Interstate is not a party to the Agreement or the Collateral Assignment. The rights and obligations of Interstate are determined exclusively by the insurance policy.

Except as discussed above with respect to the powers and responsibilities of Interstate, the Central Board shall have power to construe and interpret all provisions of this Program, including but not limited to the power to construe and interpret all provisions of this Program relating to eligibility for benefits and the amount, manner and time of payment of benefits, any such construction and interpretation by the Central Board and any action taken thereon in good faith by any administrative party to be final and conclusive upon any affected party. The Central Board shall also have power to correct any defect, supply any omission, or reconcile any inconsistency in such manner and to such extent as the Central Board shall deem proper to carry out and put into effect this Program; and any construction made or other action taken by the Central Board, if and when communicated in writing to any affected party or other administrative party, shall be binding upon such other party and may be relied upon by such other party. Nevertheless, the rights and obligations of Interstate are determined exclusively by the insurance policy.

ELIGIBILITY

In order to become a participant in the Program, an employee must meet all of the following requirements:

1. The employee is a "key employee." A "key employee" is an employee of the Company who the Central Board, on behalf of the Company, determines is in a position to favorably affect in a significant manner the efficiency, profitability or growth of the Company by reason of the nature and extent of the particular employee's duties, responsibilities, personal capabilities, performance and potential;

2. The employee is selected by the Compensation Committee of the Company's Board of Directors to participate in the Program; and

3. The employee or designated family member is insurable under the terms of the Program. This means that the Central Board, in its sole discretion, determines that the cost of the policy for that employee or designated family member is reasonable.

Under the terms of the La-Z-Boy Chair Company Employees' Profit Sharing and Supplemental Executive Retirement Plans, employees who participate in the Program will not be eligible to receive additional benefits under those plans.

## BENEFITS

Only employees who meet all of the eligibility requirements (including insurability at reasonable cost) and become participants are entitled to the benefits provided under the Program. The basic benefit provided is an insured death benefit payable to the beneficiary designated by the participant. The death benefit is equal to the excess of the total death benefit under the life insurance policy over the sum of Unscheduled Premiums paid by the Company plus any "gross-ups" paid by the Company to the employee as of the time of the insured's death. The Program is also designed to emphasize capital accumulation. The accumulated value can be utilized by the participant to provide, for example, supplemental income at retirement. Payments from the Program are made in accordance with the provisions of the Agreement, the Collateral Assignment and the insurance policy.

The amount of insurance on each participant or designated family member is determined by the Company and is not necessarily the same for all participants. The initial face amount of life insurance provided under your policy is shown on a personal Benefit Schedule which the Central Board will provide to you. The actual death benefit will decrease each year from the amount shown on your Benefit Schedule, depending on the "amount at risk" each year. (See discussion of the "amount at risk" under the heading entitled "TAXATION OF ECONOMIC BENEFIT.")

## DISQUALIFICATION, REDUCTION, LOSS, FORFEITURE OR DENIAL OF BENEFITS

There are a number of circumstances under which the benefits of the Program may not be available to an employee who has met the eligibility requirements previously described. These are listed below and should be read carefully.

1. The Company may discontinue the Program upon thirty (30) days prior written notice.

2. The ability of the Company to pay the Unscheduled Premiums to the insurance company and any "gross-ups" to the employee depends on the Company's continued financial success. Such determination will be made solely by the Company.

3. A participant who terminates his employment with the Company will cease to be a participant in the Program.

4. Each participant must pay the Scheduled Premiums (see "Funding") required under the Program. If a participant does not make these premium payments, the Company may terminate the Program with respect to that participant. Failure to make the Scheduled Premium payments may jeopardize the benefits provided under the Program. See the discussion under "CONTRIBUTIONS", below, for some circumstances under which the Company might not assist a current employee in paying the Scheduled Premiums.

5. A material misstatement on the application for insurance may result in a denial of benefits during the two-year period following the effective date of the insurance policy.

6. If the insured dies by suicide within two years from the effective date of the insurance policy, the amount payable as a death benefit will be limited to the Scheduled Premiums paid by the participant, less any loans or cash withdrawals.

7. If a default occurs under Section 10 of the Agreement or Section 11 of the Collateral Assignment, the Agreement will terminate.

In the event the Program is terminated (either as to all participants or as to an individual participant), a participant may preserve and continue the life insurance policy by timely repaying the Company the total amount of the Unscheduled Premiums and, if the Company so requires, the gross-ups previously paid by the Company and by continuing to make the Scheduled Premium payments.

## FUNDING

The death benefit is funded entirely with a life insurance policy purchased from Interstate. The cost of the life insurance policy on the life of the participant or designated family member is borne by the Company and the participant. In accordance with the terms of the Agreement, the Company pays three Unscheduled Premiums, and the participant pays the annual

Scheduled Premiums when due. Nothing contained in this Program shall give a participant or an insured any right, title or interest in any property of the Company.

CONTRIBUTIONS

In an employee's initial year of participation, the Company will (in effect) pay a bonus to him by paying the insurance company the Scheduled Premium ("SP") on his behalf. The Company will also establish and maintain on behalf of the participant a bookkeeping account. In subsequent years, the bookkeeping account will be debited if the following quantity is negative:

$$(N\% \times W) - (15\% \times W1),$$

where "N%" is the then-current annual rate of contribution which could be made according to the Company's guidelines (absent any IRS restrictions*) by the participant's employer to the La-Z-Boy Chair Company Employees' Profit Sharing Plan, "W" is the participant's base salary in that year and "W1" is the participant's base salary in the year in which his participation in the Program begins.

If a participant's bookkeeping account is to be debited in any year, the amount of that debit will be:

$$SP - [(N\%/15\%) \times SP],$$

where "SP" is the Scheduled Premium on his behalf and "N%" is the then-current annual rate of contribution which could be made according to the Company's guidelines (absent any IRS restrictions)* by the participant's employer to the La-Z-Boy Chair Company Employees' Profit Sharing Plan.

Conversely, a participant's bookkeeping account may be credited if, in any year, N% exceeds 15%. The amount of that credit will be:

$$[(N\%/15\%) \times SP] - SP,$$

where "SP" is the Scheduled Premium on his behalf and "N%" is the then-current annual rate of contribution which could be made according to the Company's guidelines (absent any IRS restrictions) by the participant's employer to the La-Z-Boy Chair Company Employees' Profit Sharing Plan. However, no credit will be made unless there have been prior debits to the bookkeeping account. In other words, the credits can eliminate prior debits, but cannot be used to establish a reserve against future debits.

In an employee's initial year of participation and as long as the debit balance in his bookkeeping account does not exceed "SP" (the Scheduled Premium on his behalf), the Company will (in effect) pay a bonus to him by paying the insurance company on his behalf the entire Scheduled Premium ("SP"). However, if the debit balance does exceed SP, the Company's payment on the participant's behalf will be limited to N% x W, where "N%" is the then-current annual rate of contribution which could be made (absent any IRS restrictions) by the participant's employer to the La-Z-Boy Chair Company Employees' Profit Sharing Plan and "W" is the participant's base salary in that year.

For any fiscal year where the Company pays all or part of the Scheduled Premium on behalf of an employee, the Company will also pay the employee a "gross-up" bonus to lessen the tax effect on the employee of the Company's payment of all or part of the Scheduled Premium. This "gross-up" bonus will be computed as 32% of the part, if any, of the Scheduled Premium amount paid by the Company on the employee's behalf. By accepting a gross-up payment, the employee agrees that the Company will receive back the total of any tax "gross-ups" paid by the Company to the employee upon the death of the insured, or earlier if the Company so requires.

TAXATION OF ECONOMIC BENEFIT

A split-dollar life insurance plan can be viewed as providing a flow of benefits from the employer to the insured employee. The benefits flowing to the participant under the Program consist of both earnings attributable to the Company's Unscheduled Premium payments and the economic value of the death benefit. The economic value of the death benefit is measured by multiplying the "net amount at risk" (i.e., the gross death benefit payable to the participant's beneficiary net of any participant cash surrender value) times the lower of the so-called "P.S. 58" cost or Interstate's term rate per $1,000 of insurance. The Scheduled Premiums reduce the amount of the death benefit flow currently taxable to the participant. The flow of benefits attributable to the earnings on the Unscheduled Premium payments may be considered imputed income to the participant. The amount taxable to the participant for any year depends on a number of factors, including the amount of insurance and the age of the participant. In addition, the Company's payment of all or any portion of the Scheduled Premium on behalf of the employee as well as any "gross-ups" paid by the Company to the employee will result in taxable income to the employee. Information on the taxable economic benefit per year for each participant will be provided to the participant by the Central Board. The Company and the Central Board cannot provide you with tax advice regarding the Program. You are urged to consult your personal tax advisor regarding the tax aspects of the Program.

ADOPTION OF PROGRAM TO COVER OTHER COMPANIES, FACILITIES OR GROUPS

Any related company may adopt the Program (as a whole company or as to any one or more divisions, subsidiaries, facilities, etc.) effective as of the day it specifies. Adoption shall be accomplished by the express consent of the Central Board and the agreement of the adopting company (by action of or ratification by its board of directors). The same procedure shall be followed when an employer that has adopted the Program wishes to change the positions, facilities, etc. covered by this Program. For these purposes, a "related company" means and includes any entity, whether or not incorporated, which is aggregated with La-Z-Boy Incorporated under Sections 414(b), (c), (m) or (o) of the Internal Revenue Code; provided that no entity shall be considered to be a related company at any time prior or subsequent to the period of time during which it meets the foregoing definition, and provided further that the status of being employed by a related company shall only pertain to an individual during the period of time when his employer is a related company, and not to any period of time prior or subsequent to its related company status. Unless the context otherwise requires, at any time while a related company has adopted this Program (i) the term Company as used herein with respect to any employee or participant shall be construed to mean the adopting entity by which such individual is employed, and (ii) whenever the term Company is used in connection with action to be taken in connection with the Program or its administration, the term Company shall mean La-Z-Boy Incorporated. A list of participating employers as of June 1, 1997 appears at the end of this document.

AMENDMENT AND TERMINATION

This Program may be amended from time to time, or suspended or terminated, at the sole discretion of the Company through action of the Central Board. However, no such action shall impair any rights which may have accrued under the Program prior to the effective date of such action. Any successor corporation or business entity to the Company may expressly assume the Program and any liability of the Company to make payments thereunder.

CLAIMS PROCEDURE

A. Non-Death Benefit Claim:

The participant (or "claimant") must make a claim for any non-death benefits under the Program by submitting a written request to the Central Board. Upon receipt of such request, the Central Board may require the participant to complete such forms and provide such additional information as may be reasonably necessary to establish the claimant's right to a benefit under the Program. The Central Board will review and make the decision with respect to the claim. In the case of a death benefit claim, the beneficiary designated under the policy by the participant must file a claim with Interstate. See part B below.

If a claim for benefits other than a death benefit is wholly or partially denied, the Central Board will furnish to the claimant written notice of such decision within thirty (30) days after the claim has been filed. If special circumstances require more than thirty (30) days to process the claim, this period may be extended for up to an additional thirty (30) days by giving written notice to the claimant before the end of the initial 30-day period stating the special circumstances requiring the extension and the date by which a final decision is expected. Failure to provide a notice of decision in the time specified will constitute a denial of the claim and the claimant will be entitled to require a review of the denial under the review procedure discussed below.

The notice to be provided to every claimant who is denied a claim for benefits must be in writing and must set forth, in a manner calculated to be understood by the claimant, the following:

(1) the specific reason or reasons for the denial;

(2) specific reference to pertinent provisions of this Partial Plan Document, the Agreement or the Collateral Assignment on which the denial is based;

(3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(4) an explanation of the Program's claim review procedure describing the steps to be taken by a claimant who wishes to submit his claim for review.

The purpose of the review procedure is to provide a procedure by which a claimant may have a reasonable opportunity to appeal a denial of a claim to the Central Board for a full and fair review. To accomplish that purpose, the claimant or his duly authorized representative:

(1) may request a review upon written application to the Central Board;

(2) may review pertinent Program documents; and

(3) may submit issues and comments in writing.

A claimant (or his duly authorized representative) may request a review by filing a written application for review with the Central Board at any time within sixty (60) days after receipt by the claimant of written notice of the denial of his claim. Such request must set forth in reasonable detail:

(1) the grounds upon which the request for review is based and any facts in support thereof; and

(2) any issues or comments which the claimant considers pertinent to his claim.

The decision on review of a denied claim will be made in the following manner:

(1) The decision on review will be made by the Central Board which may, in its discretion, hold a hearing on the denied claim. The Central Board must make its decision promptly, which will ordinarily be not later than sixty (60) days after receipt of the request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing the review of the denied claim. In that case, a decision will be rendered as soon as possible, but not later than one hundred twenty (120) days after the receipt of the request for review. If an extension of time is required due to special circumstances, written notice of the extension will be furnished to the claimant prior to the time the extension commences. Any hearing will be held at the Company's main offices in Monroe, Michigan unless the claimant and the Central Board agree otherwise.

(2) The decision on review will be in writing and will include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent provisions of the Program documents on which the decision is based. The decision of the Central Board will be final and conclusive on all persons.

(3) In the event the decision on review is not furnished to the claimant within the time required, the claim will be deemed denied on review.

B. Death Benefit Claim:

A claim for a death benefit must follow the procedures established by Interstate, which may include time deadlines. If a beneficiary (or "claimant") makes a written request to the Central Board, the Central Board will either provide copies of forms or instructions required by Interstate to make a claim or advise the claimant how to obtain them. Interstate will notify the claimant if the claim is denied and will explain the procedures it has for reviewing any claims which it denies.

STATEMENT OF ERISA RIGHTS

(This statement required by federal law and regulation.)

As a participant in the La-Z-Boy Incorporated Personal Executive Insurance Program (the "Program"), you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all participants are entitled to:

1. Examine, without charge, at the Central Board's office, all Program

documents, including insurance contracts.

2. Obtain copies of all Program documents and other Program information upon written request to the Central Board. The Central Board may make a reasonable charge for the copies.

If copies of any of the materials mentioned above are requested, and if such copies are not received within thirty (30) days after the request, the participant making the request may enforce his rights to such materials by filing suit in federal court. Unless the materials were not sent because of matters beyond the control of the Central Board, the Central Board may be required to pay the participant up to $100 for each day's delay until the materials are received.

In addition to creating rights for Program participants, ERISA places duties upon the Program fiduciaries, who are persons responsible for operating the Program. They are required to exercise their duties under the Program with prudence and solely in the interest of the Program participants.

No action will be taken against any employee by the Company or by any other person for exercising his rights as set forth herein.

If you file a claim for a benefit which is denied, in whole or in part, you will receive a written explanation of the reason for the denial. You have the right to have your claim reconsidered (see the preceding section entitled "CLAIMS PROCEDURE"). If, after following the claims procedure, your claim is denied, in whole or in part, you may bring suit in federal or state court. Other suits brought with respect to the Program, such as to obtain materials mentioned above, or against Program fiduciaries for failure to carry out their Program duties properly, or against any person discriminating against you for asserting your rights, must be brought in federal court. In many instances, you may request assistance from the U.S. Department of Labor. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the party you have sued to pay these costs and fees; if you lose, the court may order you to pay these costs and fees; or the court may decide that each party should pay its own costs and fees.

If you have any questions about this statement or your rights under ERISA, you should contact the Central Board or the nearest Area Office of the U.S. Labor-Management Service Administration, Department of Labor.

## AMENDMENT

The Agreement and Collateral Assignment may be amended at any time and from time to time by a written instrument executed by the participant and the Company. The consent of Interstate to an amendment may be required in some circumstances.

## MISCELLANEOUS

Titles and headings are included for convenience only and shall not control the meaning or interpretation of any provision of this Program. The use of masculine pronouns shall be deemed to include both males and females; similarly, where the context so indicates, the singular shall include the plural and vice versa. Except to the extent that federal law shall govern, the validity and construction of the Program and each of its provisions shall be subject to and governed by the laws of the State of Michigan except that the insurance policy and each of its provisions shall be subject to and governed by the laws of the State of Iowa.

If any provision of this Program is found, held or deemed to be void, unlawful or unenforceable under any applicable statute or other controlling law, the remainder of this Program shall continue in full force and effect.

## QUESTIONS

If you have a question which is not answered here, ask the Central Board. Should you misplace your copy of any of the documents which comprise the Program, copies are available from the Central Board. Of course, the Program itself, rather than this summary of the Program, will control all rights under the Program.

## PARTICIPATING EMPLOYERS (as of June 1, 1997)

La-Z-Boy Incorporated and its domestic divisions
Kincaid Furniture Company
England/Corsair, Inc.

For employees of Kincaid Furniture Company, the information on page 1 should be as follows:

> Your sponsoring employer is Kincaid Furniture Company, Inc. Its address is P.O. Box 605, Hudson, North Carolina 28638 and its telephone number is (704) 728-3261.
>
> The employer identification number of Kincaid Furniture Company, Inc. is 56-1259619.

For employees of England/Corsair, Inc., the information on page 1 should be as follows:

> Your sponsoring employer is England/Corsair, Inc. Its address is 402 Old Knoxville Highway, New Tazewell, Tennessee 37825 and its telephone number is (423) 626-2145.
>
> The employer identification number of England/Corsair, Inc. is 62-0699863.

* For example, according to the Company's guidelines a 20% contribution rate might be indicated, whereas IRS restrictions would generally limit the contribution rate to 15%.

# Financial Report

## Report of Management Responsibilities

### La-Z-Boy Incorporated

The management of La-Z-Boy Incorporated is responsible for the preparation of the accompanying consolidated financial statements, related financial data, and all other information included in the following pages. The financial statements have been prepared in accordance with generally accepted accounting principles and include amounts based on management's estimates and judgments where appropriate.

Management is further responsible for maintaining the adequacy and effectiveness of established internal controls. These controls provide reasonable assurance that the assets of La-Z-Boy Incorporated are safeguarded and that transactions are executed in accordance with management's authorization and are recorded properly for the preparation of financial statements. The internal control system is supported by written policies and procedures, the careful selection and training of qualified personnel, and a program of internal auditing.

The accompanying report of the Company's independent accountants states their opinion on the Company's financial statements, based on examinations conducted in accordance with generally accepted auditing standards. The Board of Directors, through its Audit Committee composed exclusively of outside directors, is responsible for reviewing and monitoring the financial statements and accounting practices. The Audit Committee meets periodically with the internal auditors, management, and the independent accountants to ensure that each is meeting its responsibilities. The Audit Committee and the independent accountants have free access to each other with or without management being present.

Charles T. Knabusch
Chief Executive Officer

Frederick H. Jackson
Chief Financial Officer

Price Waterhouse LLP
To the Board of Directors and Shareholders of La-Z-Boy Incorporated

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of changes in shareholders' equity and of cash flows, present fairly, in all material respects, the financial position of La-Z-Boy Incorporated and its subsidiaries at April 26, 1997 and April 27, 1996, and the results of their operations and their cash flows for each of the three fiscal years in the period ended April 26, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP
Toledo, Ohio
May 29, 1997

## Consolidated Balance Sheet

| (Amount in thousands, except par value) | As of 4/26/97 | 4/27/96 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and equivalent.................. | $25,382 | $27,060 |
| Receivables, less allowances of $16,442 in 1997 and $15,253 in 1996......... | 215,032 | 206,430 |
| Inventories | | |

| | | |
|---|---|---|
| Raw materials | 36,959 | 37,274 |
| Work-in-process | 34,854 | 35,241 |
| Finished goods | 28,177 | 28,333 |
| FIFO inventories | 99,990 | 100,848 |
| Excess of FIFO over LIFO | (21,219) | (21,656) |
| Total inventories | 78,771 | 79,192 |
| Deferred income taxes | 20,950 | 19,271 |
| Other current assets | 2,640 | 5,148 |
| Total current assets | 342,775 | 337,101 |
| Property, plant and equipment, net | 114,658 | 116,199 |
| Goodwill, less accumulated amortization of $9,744 in 1997 and $8,087 in 1996 | 38,702 | 40,359 |
| Other long-term assets, less allowances of $2,489 in 1997 and $2,780 in 1996 | 32,272 | 23,887 |
| Total assets | $528,407 | $517,546 |
| **Liabilities and shareholders' equity** | | |
| Current liabilities | | |
| Current portion of long-term debt | $4,611 | $5,625 |
| Current portion of capital leases | 2,017 | 2,114 |
| Accounts payable | 28,589 | 30,997 |
| Payroll/other compensation | 37,934 | 34,609 |
| Estimated income taxes | 5,412 | 5,572 |
| Other current liabilities | 19,106 | 17,601 |
| Total current liabilities | 97,669 | 96,518 |
| Long-term debt | 52,449 | 57,075 |
| Capital leases | 2,202 | 4,219 |
| Deferred income taxes | 6,329 | 6,663 |
| Other long-term liabilities | 10,420 | 9,695 |
| Commitments and contingencies | - | - |
| Shareholders' equity | | |
| Preferred Shares-5,000 authorized; 0 issued | - | - |
| Common shares, $1 par value-40,000 authorized; 17,908 issued in 1997 and 18,385 in 1996 | 17,908 | 18,385 |
| Capital in excess of par value | 27,697 | 28,016 |
| Retained earnings | 314,731 | 297,750 |
| Currency translation adjustments | (998) | (775) |
| Total shareholders' equity | 359,338 | 343,376 |
| Total liabilities and shareholders'equity | $528,407 | $517,546 |

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

## Consolidated Statement of Income

| (Amounts in thousands, except per share data) Fiscal year ended | 4/26/97 | 4/27/96 | 4/29/95 |
|---|---|---|---|
| Sales | $1,005,825 | $947,263 | $850,271 |
| Cost of sales | 744,662 | 705,379 | 629,222 |
| Gross profit | 261,163 | 241,884 | 221,049 |
| Selling, general and administrative | 187,230 | 174,376 | 158,551 |
| Operating profit | 73,933 | 67,508 | 62,498 |
| Interest expense | 4,376 | 5,306 | 3,334 |
| Interest income | 1,770 | 1,975 | 1,628 |
| Other income | 2,508 | 2,023 | 1,229 |
| Pretax income | 73,835 | 66,200 | 62,021 |
| Income tax expense | | | |

| | | 1997 | 1996 | 1995 |
|---|---|---|---|---|
| Federal | -current............ | 26,247 | 23,383 | 22,716 |
| | -deferred........... | (1,699) | (818) | (1,205) |
| State | -current............ | 4,304 | 4,540 | 4,177 |
| | -deferred........... | (314) | (158) | 31 |
| Total tax expense.......... | | 28,538 | 26,947 | 25,719 |
| Net income.............. | | $45,297 | $39,253 | $36,302 |
| Weighted average shares.. | | 18,108 | 18,498 | 18,044 |
| Net income per share..... | | $2.50 | $2.12 | $2.01 |

Consolidated Statement of Changes in Stockholders' Equity

| (Amounts in thousands) | Common shares | Capital in excess of par value | Retained Earnings | Currency translation adjust-ments | Total |
|---|---|---|---|---|---|
| At April 30, 1994... | $18,287 | $10,147 | $263,348 | ($871) | $290,911 |
| Purchase of La-Z-Boy stock................ | (529) | | (12,243) | | (12,772) |
| Currency translation..... | | | | 126 | 126 |
| Stock options/401(k)..... | 137 | 601 | 2,617 | | 3,355 |
| Acquisition of operating division............ | 667 | 17,337 | | | 18,004 |
| Dividends paid.......... | | | (12,286) | | (12,286) |
| Net income.............. | | | 36,302 | | 36,302 |
| At April 29, 1995... | 18,562 | 28,085 | 277,738 | (745) | 323,640 |
| Purchases of La-Z-Boy stock................ | (372) | | (9,663) | | (10,035) |
| Currency translation..... | | | | (30) | (30) |
| Stock options/401(k)..... | 195 | (69) | 4,128 | | 4,254 |
| Dividends paid.......... | | | (13,706) | | (13,706) |
| Net income.............. | | | 39,253 | | 39,253 |
| At April 27, 1996... | 18,385 | 28,016 | 297,750 | (775) | 343,376 |
| Purchases of La-Z-Boy stock................ | (693) | | (20,058) | | (20,751) |
| Currency translation..... | | | | (223) | (223) |
| Stock options/401(k)..... | 216 | (319) | 5,884 | | 5,781 |
| Dividends paid.......... | | | (14,142) | | (14,142) |
| Net income.............. | | | 45,297 | | 45,297 |
| At April 26, 1997... | $17,908 | $27,697 | $314,731 | ($998) | $359,338 |

The years ended April 26, 1997 and April 27, 1996 include England/Corsair.
The year ended April 29, 1995 does not include England/Corsair.

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

Consolidated Statement of Cash Flows

| (Amounts in thousands) Fiscal year ended | 4/26/97 | 4/27/96 | 4/29/95 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Net income.............................. | $45,297 | $39,253 | $36,302 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization.... | 20,382 | 20,147 | 15,156 |
| Change in receivables............ | (8,178) | (13,492) | (6,013) |

| | | | |
|---|---|---|---|
| Change in inventories | 421 | 1,899 | (4,142) |
| Change in other assets and liabilities | 4,254 | 5,184 | 1,624 |
| Change in deferred taxes | (2,014) | (975) | (2,619) |
| Total adjustments | 14,865 | 12,763 | 4,006 |
| Cash provided by operating activities | 60,162 | 52,016 | 40,308 |
| Cash flows from investing activities | | | |
| Proceeds from disposals of assets | 1,527 | 1,063 | 1,442 |
| Capital expenditures | (17,778) | (18,168) | (18,980) |
| Acquisition of operating division, net of cash acquired | - | - | (2,486) |
| Change in other investments | (8,596) | (1,229) | (254) |
| Cash used for investing activities | (24,847) | (18,334) | (20,278) |
| Cash flows from financing activities | | | |
| Short-term debt | - | - | 261 |
| Long-term debt | - | - | 7,500 |
| Retirements of debt | (5,640) | (13,125) | (5,011) |
| Capital leases | - | 1,161 | - |
| Capital lease principle payments | (2,114) | (2,204) | - |
| Stock for stock option plans | 4,213 | 2,876 | 1,834 |
| Stock for 401(k) employee plans | 1,568 | 1,378 | 1,521 |
| Purchases of La-Z-Boy stock | (20,751) | (10,035) | (12,772) |
| Payment of cash dividends | (14,142) | (13,706) | (12,286) |
| Cash used for financing activities | (36,866) | (33,655) | (18,953) |
| Effect of exchange rate changes on cash | (127) | (15) | 45 |
| Net change in cash and equivalents | (1,678) | 12 | 1,122 |
| Cash and equivalents at beginning of the year | 27,060 | 27,048 | 25,926 |
| Cash and equivalents at end of the year | $25,382 | $27,060 | $27,048 |
| Cash paid during the year | | | |
| -Income taxes | $28,670 | $27,024 | $28,010 |
| -Interest | $4,437 | $5,408 | $3,281 |

For purposes of the Consolidated Statement of Cash Flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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

## Notes to Consolidated Financial Statements

### Note 1: Accounting Policies

The Company operates primarily in the U.S. furniture industry. The following is a summary of significant accounting policies followed in the preparation of these financial statements.

#### Principles of Consolidation

The consolidated financial statements include the accounts of La-Z-Boy Incorporated and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated.

#### Risks and Uncertainties

The consolidated financial statements are prepared in conformity with generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses for the reporting periods. Actual results could differ from those estimates.

#### Inventories

Inventories are valued at the lower of cost or market. Cost is determined on the last-in, first-out (LIFO) basis.

Property, Plant and Equipment

Items capitalized, including significant betterments to existing facilities, are recorded at cost. Depreciation is computed using primarily accelerated methods over the estimated useful lives of the assets.

Goodwill

The excess of the cost of operating companies acquired over the value of their net assets is amortized on a straight-line basis over 30 years from the date of acquisition.

Goodwill is evaluated periodically as events or circumstances indicate a possible inability to recover its carrying amount. Such evaluation is based on profitability projections and cash flow analysis. If future expected undiscounted cash flows are insufficient to recover the carrying amount of the asset, then an impairment loss is recognized.

Revenue Recognition

Revenue is recognized upon shipment of product.

Income Taxes

Income tax expense is provided on all revenue and expense items included in the consolidated statement of income, regardless of the period such items are recognized for income tax purposes.

Note 2: Acquisitions

On April 29, 1995, the Company acquired all of the capital stock of England/ Corsair, Inc., a manufacturer of upholstered furniture. For the twelve months ended April 1995, England/Corsair sales were $103.2 million and income before income tax expense was $3.9 million.

During fiscal year 1997, La-Z-Boy acquired approximately 75% of the ordinary share capital of Centurion Furniture plc, a furniture manufacturer located in England. The remainder of the ordinary share capital is expected to be acquired in the first quarter of fiscal year 1998. Sales for their year ended March 31, 1997 were $12 million. The investment appears in other long-term assets on the balance sheet.

Note 3: Cash and Equivalents

| (Amounts in thousands) | 4/26/97 | 4/27/96 |
|---|---|---|
| Cash in bank........................ | $5,782 | $7,060 |
| Certificates of deposit............ | 19,600 | 20,000 |
| Total cash and equivalents..... | $25,382 | $27,060 |

The Company invests in certificates of deposit with a bank whose board of directors includes three members of the Company's board of directors. At the end of fiscal years 1997 and 1996, $16 million was invested in this bank's certificates.

Note 4: Property, Plant and Equipment

| (Amounts in thousands) | Life in years | Depreciation method | 4/26/97 | 4/27/96 |
|---|---|---|---|---|
| Land and land improvements........ | 0-20 | 150%DB | $11,296 | $10,753 |
| Buildings and building fixtures.................... | 15-30 | 150%DB | 110,875 | 108,120 |
| Machinery and equipment........ | 10 | 200%DB | 107,316 | 99,869 |
| Information systems........... | 5 | 200%DB | 16,295 | 14,888 |

| | | | | |
|---|---|---|---|---|
| Network and production tracking systems......... | 5-10 | SL | 1,873 | 253 |
| Transportation equipment....... | 5 | SL | 14,974 | 16,680 |
| Other......................... | 3-10 | Various | 14,186 | 14,875 |
| | | | 276,815 | 265,438 |
| Less: accumulated depreciation............. | | | 162,157 | 149,239 |
| Property, plant and equipment, net....... | | | $114,658 | $116,199 |

DB = Declining Balance SL = Straight Line

## Note 5: Debt and Capital Lease Obligations

| (Amounts in thousands) | Interest rates | Maturities | 4/26/97 | 4/27/96 |
|---|---|---|---|---|
| Credit lines........... | 5.9%-6.1% | 1998-02 | $15,000 | $15,000 |
| Private placement...... | 8.8% | 1998-00 | 5,625 | 7,500 |
| La-Z-Boy notes......... | 8.0% | 1998-99 | 4,984 | 7,476 |
| Industrial revenue bonds............... | 3.8%-4.7% | 1999-15 | 30,870 | 31,870 |
| Other debt............. | 5.0%-7.0% | 1998-00 | 581 | 854 |
| Total debt.......................................... | | | $57,060 | $62,700 |
| | | Less: current portion...... | 4,611 | 5,625 |
| | | Long-term debt............. | $52,449 | $57,075 |
| | | Weighted average interest | 5.4% | 5.5% |
| | | Fair value of long-term debt | $57,200 | $62,931 |

The Company has a $50 million unsecured revolving credit line through August 2001, requiring interest only payments through August 2001 and requiring principal payment in August 2001. The credit agreement also includes covenants that, among other things, require the Company to maintain certain financial statement ratios. The Company has complied with all of the requirements.

Proceeds from industrial revenue bonds were used to finance the construction of manufacturing facilities. These arrangements require the Company to insure and maintain the facilities and make annual payments that also include interest. The bonds are secured by the facilities constructed from the bond proceeds.

The Company leases equipment (primarily trucks used as transportation equipment) under capital leases expiring at various dates through fiscal year 2001. The majority of the leases include bargain purchase options.

Maturities of debt and lease obligations for the five years subsequent to April 26, 1997 are $7 million, $7 million, $3 million, $1 million and $22 million, respectively. As of April 26, 1997, the Company had remaining unused lines of credit and commitments of $63 million under several credit arrangements.

## Note 6: Financial Guarantees

La-Z-Boy has provided financial guarantees relating to loans and leases in connection with some proprietary stores. The amounts of the unsecured guarantees are shown in the following table. Because almost all guarantees are expected to retire without being funded in whole, the contract amounts are not estimates of future cash flows.

| (Amounts in thousands) | 4/26/97 Contract Amount | 4/27/96 Contract Amount |
|---|---|---|
| Lease guarantees............................... | $4,458 | $4,403 |
| Loan guarantees................................ | $20,049 | $16,713 |

Most guarantees require periodic payments to La-Z-Boy in exchange for the guarantee. Terms of current guarantees generally range from one to five years.

The guarantees have off-balance-sheet credit risk because only the periodic payments and accruals for possible losses are recognized in the Consolidated Balance Sheet until the guarantee expires. Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed to perform completely as contracted. The credit risk amounts are equal to the contractual amounts, assuming that the amounts are fully advanced and that no amounts could be recovered from other parties.

## Note 7: Stock Option Plans

The Company's shareholders adopted an employee Incentive Stock Option Plan that provided grants to certain employees to purchase common shares of the Company at not less than their fair market value at the date of grant. Options are for five years and become exercisable at 25% per year beginning one year from date of grant. The Company was authorized to grant options for up to 1,600,000 common shares.

| | Number of shares | Weighted average exercise price |
|---|---|---|
| Outstanding at April 30, 1994............ | 489,974 | $22.65 |
| Granted................................. | 109,412 | 27.48 |
| Exercised............................... | (73,759) | 19.60 |
| Expired or cancelled.................... | (40,927) | 25.00 |
| Outstanding at April 29, 1995............ | 484,700 | 24.03 |
| Granted................................. | 140,245 | 30.98 |
| Exercised............................... | (87,917) | 16.80 |
| Expired or cancelled.................... | (4,478) | 26.15 |
| Outstanding at April 27, 1996............ | 532,550 | 27.05 |
| Granted (see below)..................... | - | - |
| Exercised............................... | (120,714) | 22.82 |
| Expired or cancelled.................... | (3,659) | 27.11 |
| Outstanding at April 26, 1997............ | 408,177 | 28.30 |
| Exercisable at April 26, 1997............ | 235,676 | 27.11 |
| Shares available for grants at April 26, 1997...................... | - | |

The options outstanding at April 26, 1997 have exercise prices between $21.75 and $33.55 and a weighted-average remaining contractual life of 2.1 years.

The Company's shareholders have adopted Restricted Share Plans. Under one plan, which has expired, the Compensation Committee of the Board of Directors was authorized to offer for sale up to an aggregate of 600,000 common shares to certain employees. There were 11,300 shares granted and issued in fiscal year 1996 under this plan. Under a second plan, up to an aggregate of 50,000 common shares were authorized for sale to non-employee directors. This plan expires in the fiscal year 2000. Under the Restricted Share Plans, shares are offered at 25% of the fair market value at the date of grant. The plans require that all shares be held in an escrow account for a period of three years in the case of an employee, or until the participant's service as a director ceases in the case of a director. In the event of an employee's termination during the escrow period, the shares must be sold back to the Company at the employee's cost.

Shares aggregating 2,500 and 1,000 were granted and issued during fiscal years 1997 and 1996, respectively, under the director's plan. Shares remaining for future grants under the director's plan amounted to 34,000 at April 26, 1997.

No Incentive or employee Restricted stock options were granted in fiscal year 1997 as the plans have expired. Those options, which would have been granted in fiscal year 1997, along with the fiscal year 1998 Incentive and employee Restricted stock options, will be granted in fiscal year 1998 provided the new plans are approved by the Company's shareholders.

The Company's shareholders have also adopted a Performance-Based Restricted Stock Plan. This plan authorizes the Compensation Committee of the Board of

Directors to award up to an aggregate of 400,000 shares to key employees. This plan expires in fiscal year 2004. Grants of shares are based entirely on achievement of goals over a three-year performance period. Any award made under the plan will be at the sole discretion of the Compensation Committee after judging all relevant factors. At April 26, 1997, performance awards were outstanding pursuant to which up to approximately 110,000 shares may be issued in fiscal years 1998 through 2000 for the three outstanding plan years, depending on the extent to which certain specified performance objectives are met. The costs of performance awards are expensed over the performance period. In fiscal year 1997, 42,420 shares were issued.

Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, encourages, but does not require, companies to record compensation for stock-based employee compensation plans at fair value. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. The differences between the recognition and measurement provisions of SFAS No. 123 and APB No. 25 are not significant to the Company's result of operations or net income per share.

Note 8: Retirement

The Company has contributory and non-contributory retirement plans covering substantially all factory employees.

Eligible salaried employees are covered under a trusteed profit sharing retirement plan. Cash contributions to a trust are made annually based on profits.

The Company has established a non-qualified deferred compensation plan for eligible highly compensated employees called a SERP (Supplemental Executive Retirement Plan).

The Company offers voluntary 401(k) retirement plans to eligible employees within all U.S. operating divisions. Currently over 60% of eligible employees are participating in the plans. The Company makes matching contributions based on specific formulas. For most divisions, this match is made in La-Z-Boy stock.

The Company maintains a defined benefit pension plan for all eligible factory hourly employees. The actuarially determined net periodic pension cost and retirement costs are computed as follows (for the fiscal years ended):

| (Amounts in thousands) | 4/26/97 | 4/27/96 | 4/29/95 |
|---|---|---|---|
| Service cost........................ | $1,767 | $1,802 | $1,739 |
| Interest cost....................... | 2,270 | 2,051 | 1,861 |
| Actual return on plan assets......... | (5,475) | (5,468) | (2,737) |
| Net amortization and deferral........ | 2,381 | 3,031 | 571 |
| Net periodic pension cost........... | 943 | 1,416 | 1,434 |
| Profit sharing/SERP................. | 6,352 | 5,681 | 5,710 |
| 401(k).............................. | 1,625 | 1,429 | 1,388 |
| Other............................... | 529 | 497 | 508 |
| Total retirement costs.......... | $9,449 | $9,023 | $9,040 |

The funded status of the pension plan was as follows:

| (Amounts in thousands) | 4/26/97 | 4/27/96 |
|---|---|---|
| Actuarial present value of projected benefit obligation.................... | ($32,011) | ($29,035) |
| Plan assets at fair value........................ | 41,568 | 37,503 |
| Excess of plan assets over projected benefit obligation.................... | 9,557 | 8,468 |
| Prior year service cost not yet recognized in net periodic pension cost.................... | 823 | 921 |
| Unrecognized net (gain)/loss...................... | (946) | 1,320 |
| Unrecognized initial asset........................ | (3,002) | (3,333) |

| | | |
|---|---|---|
| Prepaid pension asset | $6,432 | $7,376 |
| | ====== | ====== |

The expected long-term rate of return on plan assets was 8.0% for fiscal years 1997, 1996 and 1995. The discount rate used in determining the actuarial present value of projected benefit obligations was 7.5% for fiscal years 1997, 1996 and 1995. Vested benefits included in the projected benefit obligation were $29 million and $26 million at April 26, 1997 and April 27, 1996, respectively. Plan assets are invested in a diversified portfolio that consists primarily of debt and equity securities.

The Company's pension plan funding policy is to contribute annually at least the amount necessary so that the plan assets exceed the projected benefit obligation.

Note 9 - Health Care

The Company offers eligible employees an opportunity to participate in group health plans. Participating employees make required premium payments through pretax payroll deductions.

Health-care expenses were as follows (for the fiscal years ended):

| (Amounts in thousands) | 4/26/97 | 4/27/96 | 4/29/95 |
|---|---|---|---|
| Gross health care...................... | $30,831 | $30,122 | $30,414 |
| Participant payments.................. | (6,393) | (6,005) | (4,783) |
| | -------- | -------- | -------- |
| Net health care................. | $24,438 | $24,117 | $25,631 |
| | ======= | ======= | ======= |

The Company makes annual provisions for any current and future retirement health-care costs which may not be covered by retirees' collected premiums.

Note 10: Income Taxes

The primary components of the Company's deferred tax assets and liabilities as of April 26, 1997 and April 27, 1996 were as follows:

| (Amounts in thousands) | 4/26/97 | 4/27/96 |
|---|---|---|
| Current | | |
| Deferred income tax assets/(liabilities) | | |
| Bad debt.................................. | $7,649 | $7,395 |
| Warranty.................................. | 4,448 | 3,941 |
| SERP...................................... | 1,680 | 1,452 |
| Workers' compensation.................... | 1,594 | 1,464 |
| State income tax......................... | 1,161 | 987 |
| Inventory................................ | 1,026 | 900 |
| Performance-based restricted stock plan.. | 693 | 717 |
| Other.................................... | 2,847 | 2,603 |
| Valuation allowance...................... | (148) | (188) |
| | ------- | ------- |
| Total current deferred tax assets | 20,950 | 19,271 |
| Noncurrent | | |
| Deferred income tax assets/(liabilities) | | |
| Property, plant and equipment............ | (3,717) | (3,627) |
| Pension.................................. | (2,783) | (3,055) |
| Net operating losses..................... | 1,533 | 1,458 |
| Other.................................... | 207 | 212 |
| Valuation allowance...................... | (1,569) | (1,651) |
| | ------- | ------- |
| Total noncurrent deferred tax liabilities...................... | (6,329) | (6,663) |
| | ------- | ------- |
| Net deferred tax asset........... | $14,621 | $12,608 |
| | ======= | ======= |

The differences between the provision for income taxes and income taxes computed using the U.S. federal statutory rate were as follows (for the fiscal years ended):

| (% of pretax income) | 4/26/97 | 4/27/96 | 4/29/95 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Statutory tax rate | 35.0% | 35.0% | 35.0% |
| Increase (reduction) in taxes resulting in: | | | |
| State income taxes net of federal benefit | 3.5 | 4.3 | 4.4 |
| Tax credits | (0.4) | (1.1) | (0.5) |
| Acquisition amortization | 0.9 | 1.5 | 0.7 |
| Unrecognized loss carryforwards | 0.1 | 0.9 | 1.6 |
| Miscellaneous items | (0.4) | 0.1 | 0.3 |
| Effective tax rate | 38.7% | 40.7% | 41.5% |

Note 11: Contingencies

The Company has been named as a defendant in various lawsuits arising in the normal course of business. It is not possible at the present time to estimate the ultimate outcome of these actions; however, management believes that the resultant liability, if any, will not be material based on the Company's previous experience with lawsuits of these types.

The former England/Corsair shareholders were given the opportunity to receive additional Company common stock based on England/Corsair's actual profit performance in each of the two years following acquisition. Approximately $2 million of common stock will be issued in the first quarter of fiscal year 1998 relating to fiscal year 1997 performance. Goodwill will be increased by the value of the common stock issued.

The Company has been named as a potentially responsible party (PRP) at three environmental clean-up sites. The Seaboard Chemical Company site is a Resource Conservation and Recovery Act (RCRA) site, managed under the direction of the State of North Carolina. Four of the Company's manufacturing facilities were individually named as PRP's (the total number of PRP's named at this site is over 1,750). A "De Micromis" settlement with the State for any future obligations at this site was made available to those PRP's who were responsible for sending extremely small volumes of material to the site. This settlement was available for, and accepted by, three out of the four Company facilities. Given its small volume of material sent to this site (approximately 0.06% of the total volume), management anticipates that the remaining facility will be eligible for a "De Minimus" level settlement in the future.

The Organic Chemicals Inc. site is a Superfund site, managed under the direction of the U.S. Environmental Protection Agency (EPA). One of the Company's manufacturing facilities was named as a PRP (a total of 182 PRP's have been named). This facility is considered a "De Minimus" party, having only contributed 0.02% of the total volume of materials at the site. A De Minimus settlement offer, that would resolve all such parties from their future obligations at this site, is currently under review by the EPA.

The Caldwell Systems site is a voluntary RCRA closure, with its activities being coordinated by the EPA. Three of the Company's manufacturing facilities have been identified as having sent materials to this site (a total of 938 parties have been identified).

Two of these facilities (with a combined contribution of just over 1% of the total site volume) participate on the Steering Committee responsible for negotiating closure activities. The third facility, (with a contribution of less than 0.05% of the total site volume) is considered a "De Minimus" party.

Based on a review of all currently known facts, management does not anticipate that future expenditures in this area will have a material adverse effect. At April 26, 1997, a total of $200,000 has been accrued with respect to these three sites.

## Management Discussion and Analysis

The Management Discussion and Analysis, as required by the Securities and Exchange Commission, should be read in conjunction with the Report of Management Responsibilities, the Report of Independent Accountants, the Consolidated Financial Statements and related Notes, and all other pages that follow them in the annual report.

Background

| Sales by type | 1997 | 1996 | 1995 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Residential (home) | | | |
| Upholstery | 78% | 78% | 76% |
| Wood & other | 16 | 16 | 18 |
| | 94 | 94 | 94 |
| Contract (office) | 6 | 6 | 6 |
| | 100% | 100% | 100% |

| Sales by country | 1997 | 1996 | 1995 |
|---|---|---|---|
| United States | 94% | 94% | 94% |
| Canada and other | 6 | 6 | 6 |
| | 100% | 100% | 100% |

La-Z-Boy is organized into six operating divisions. U.S. Residential (70 years in business) accounts for the majority of the upholstery category and approximately two-thirds of consolidated sales.

| U.S. Residential division sales by dealer type | 1997 | 1996 | 1995 |
|---|---|---|---|
| Galleries/proprietary | 51% | 47% | 46% |
| General dealers | 36 | 40 | 39 |
| Dept. Stores/chains | 13 | 13 | 15 |
| | 100% | 100% | 100% |

Kincaid (51 years) is part of the wood category. England/Corsair (33 years), acquired in April 1995 and not included in the 1995 column of the tables above, is part of the upholstery category. La-Z-Boy Contract Furniture Group (25 years) is all of the Contract line. Hammary (53 years) is primarily in the wood category. La-Z-Boy Canada (68 years) is part of the upholstery category.

La-Z-Boy is the third largest furniture maker in the US, the largest reclining-chair manufacturer in the world and America's largest manufacturer of upholstered furniture.

## Analysis of Operations
Year Ended April 26, 1997
(1997 compared with 1996)

La-Z-Boy's sales increased 6% in fiscal 1997 over 1996 and exceeded $1 billion for the first time. This growth rate is believed to be slightly better than the industry growth rate. The sales growth was spread among all the Company's divisions with wood and contract sales somewhat above the average. The Ducks Unlimited Collection, introduced in April 1996, contributed significantly to the wood division sales increases. Selling price increases were small.

The gross margin (gross profit dollars as a percent of sales) improved to 26.0% in 1997 from 25.5% in 1996. The increase in sales volume, along with the effect of cost cutting initiatives, contributed to the margin improvement. The effect of these favorable items was only partially offset by increased material and labor costs and the mix change toward products with lower than average gross margins.

In 1997, the number of plants producing wood frame parts was reduced in an effort to improve quality and reduce costs. The reductions had little financial impact on 1997 as the timing was spread over the year and some conversion costs were incurred offsetting some of the lower production costs. Benefits are expected in 1998.

In April 1997, the Company announced plans to close the Contract plants in Grand Rapids, Michigan and to begin producing these products at an existing plant in Lincolnton, North Carolina. The move is planned for the first quarter of 1998. Two of the plants have been sold and the third will be sold.

S, G & A expense increased to 18.6% of sales in 1997 from 18.4% of sales in 1996 primarily due to increased costs for employee bonuses and incentives.

Interest expense declined 18% primarily due to lower debt and capital lease obligations.

Income tax expense as a percent of pretax income declined to 38.7% in 1997 from 40.7% in 1996. The Canadian division's results were favorable compared to the prior year, reducing the unfavorable impact on the effective tax rate. Also, the benefits of some efforts to reduce tax expense were recognized during the year.

During 1997, La-Z-Boy acquired approximately 75% of the ordinary share capital of Centurion Furniture plc, a furniture manufacturer located in England. The remainder of the ordinary share capital is expected to be acquired in the first quarter of 1998. Sales for their year ended March 31, 1997 were $12 million.

## Analysis of Operations
Year Ended April 27, 1996
(1996 compared with 1995)

Sales increased 11% in fiscal 1996 over 1995. The increase was due to the inclusion of England/Corsair (E/C) in 1996. On a comparable basis, sales declined 1% from 1995 in a year that the industry experienced softness in the residential furniture market. Sales of contract furniture increased while residential upholstery approximated the prior year and residential wood and other declined. Selling price increases were generally in the 1-2% range.

The gross margin of 25.5% declined from 26.0% in 1995. The decline was largely due to the inclusion of E/C which has historically had a lower gross margin than La-Z-Boy. The gross margin was favorably affected by lower health-care and frame stock lumber costs. However, higher fabric and poly costs, along with lower margins in the residential wood and other divisions due to lower volume, offset these savings.

S, G & A expense of 18.4% of sales in 1996 was down from 18.6% in 1995. The decline was largely due to the inclusion of E/C which has historically had lower S, G & A expense than La-Z-Boy.

Margins for the La-Z-Boy Contract Furniture Group improved in 1996 as planned and the division came close to breaking even. Attention was directed toward reducing manufacturing costs and S, G & A expense.

Interest expense increased in 1996 due to debt issued to acquire England/Corsair. In addition, debt and capital lease obligations were assumed when England/Corsair was acquired. Most of the assumed debt was retired during the year.

## Liquidity and Financial Condition

Effective April 29, 1995, La-Z-Boy acquired England/Corsair, Inc. (E/C), a manufacturer of upholstered furniture. Payment was in the form of $18.0 million La-Z-Boy common stock, $10.0 million notes and $2.6 million cash. E/C debt and capital lease obligations of $14.4 million were assumed by La-Z-Boy. As of April 26, 1997, these assumed obligations had been reduced to $4.5 million.

Below is a summary of the cash flow statement. Free cash flow represents the cash remaining from operations after reinvesting in business opportunities. This cash flow allows the Company to pay dividends and repurchase stock generally without incurring additional debt.

| (Amounts in thousands) Year ended | 4/26/97 | 4/27/96 | 4/29/95 |
|---|---|---|---|
| Cash flows provided by (used for): | | | |
| Net income........................ | $45,297 | $39,253 | $36,302 |
| Other operating activities........ | 14,865 | 12,763 | 4,006 |
| Investing activities.............. | (24,847) | (18,334) | (20,278) |
| Free cash flow.......................... | 35,315 | 33,682 | 20,030 |
| Cash flows provided by (used for): | | | |
| Financing activities.............. | (36,866) | (33,655) | (18,953) |
| Exchange rate changes............. | (127) | (15) | 45 |
| Increase (decrease) in cash | ($1,678) | $12 | $1,122 |

Cash flows from operations amounted to $60 million in 1997, $52 million in 1996 and $40 million in 1995 and have been adequate for day-to-day expenditures, dividends to shareholders and capital expenditures.

Capital expenditures were $17.8 million in 1997, $18.2 million in 1996 and $19.0 million in 1995. Capacity utilization was approximately 60% at the end of 1997.

In 1995, La-Z-Boy obtained $7.5 million through the sale of industrial revenue bonds. The proceeds were used to construct a new plant in Siloam Springs, Arkansas. Retirements of debt totaled between $5 million and $13 million for each of the last three years.

The Company had unused lines of credit and commitments of $63 million under several credit arrangements as of April 26, 1997. The primary credit arrangement is a $50 million unsecured revolving credit line through August 2001, requiring interest only payments through August 2001 and a payment of principal in August 2001. The credit agreement includes covenants that, among other things, require the Company to maintain certain financial statement ratios. The Company has complied with all of the requirements.

The La-Z-Boy Board of Directors has authorized the repurchase of Company stock. Shares acquired in 1997, 1996 and 1995 totaled 694,000, 372,000 and 529,000, respectively. As of April 26, 1997, 474,000 shares were available for repurchase. In May 1997, the Board of Directors authorized the re-purchase of an additional one million shares. The Company plans to be in the market for its shares as changes in its stock price and other financial opportunities arise.

The financial strength of the Company is reflected in two commonly used ratios, the current ratio (current assets divided by current liabilities) and the debt-to-capital ratio (total debt divided by shareholders' equity plus total debt). The current ratio at the end of both 1997 and 1996 was 3.5:1. The debt to capital ratio was 14.6% at the end of 1997 and 16.7% at the end of 1996.

Continuing compliance with existing federal, state and local provisions dealing with protection of the environment is not expected to have a material effect upon the Company's capital expenditures, earnings, competitive position or liquidity. The Company will continue its program of conducting voluntary compliance audits at its facilities. The Company has also taken steps to assure compliance with the provisions of Titles III and V of the 1990 Clean Air Act Amendments.

The Company has accrued for certain environmental remediation activities relating to past operations, including those under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, often referred to as Superfund) and the Resource Conservation and Recovery Act (RCRA). The Company is participating in the closure of three such sites. There will be future expenditures in this area, but based on a review of all currently known facts, management does not anticipate that they will have a material adverse effect. For further discussion of environmental matters, refer to Note 11: Contingencies, in the Notes to Consolidated Financial Statements.

## Outlook

Statements in the Outlook section are forward looking and based on current expectations. Actual results may differ materially.

One of La-Z-Boy's financial goals is for sales to grow faster than the furniture industry with a benchmark of 10% per year. For 1997, La-Z-Boy sales increased 6% from 1996 which the Company believes was slightly better than the industry average. Some furniture industry forecasts for calendar year 1997 over 1996 are in the 4-6% range. While a 10% sales increase is not anticipated in 1998, sales are expected to be slightly above the industry average.

The Company's major residential efforts and opportunities for U.S. sales growth greater than industry averages are focused outside the recliner market segment, e.g., stationary upholstery (single and multi-seat), reclining sofas and modulars, wood occasional and wall units and wood bedroom and dining room.

The number of dealer owned and operated proprietary stores is expected to continue increasing. These stores are a major contributor to La-Z-Boy's ability to achieve its sales goal.

At the end of April 1997, the backlog of orders was somewhat below the prior year level. The decline was mostly due to efforts to fill orders quicker than in the past allowing customers to order product closer to the expected delivery date. The rate of incoming orders in recent weeks has been above the rate for the similar period last year. The backlog is not expected to change significantly in 1998 and first quarter sales are expected to exceed the prior year.

A second financial goal is for earnings (operating profit and net income) to grow equal to or greater than the sales growth. For 1997, the operating profit margin increased to 7.4% of sales from 7.1% in 1996. In 1998, the operating margin is expected to improve again. The gross margin as a percent of sales is expected to increase somewhat due to efficiencies of higher production. Selling price increases are expected to be small while material costs are not expected to increase. Increased S, G & A expense as a percent of sales, largely due to increased information technology related expenses, is expected to offset part of the margin change. For 1997, net income as a percent of sales improved to 4.5% of sales from 4.1% in 1996 and is expected to also improve slightly in 1998 primarily due to the expected increase in operating profit.

A third goal is to continue improving the quality of earnings by concentrating on margins and return on capital (operating profit, interest income and other income as a percent of beginning of year capital) with a benchmark of 20%. For 1997, return on capital was 19.0% compared to the 1996 return of 17.6%.

Further, La-Z-Boy expects to enhance shareholder value by dividend improvement and using our stock repurchase plan.

La-Z-Boy has an opportunity to improve its operating margins through increases in efficiency, improvements in the utilization of equipment and facilities and increases in sales volumes, even though sales growth may be in product lines with lower gross margins.

Capital expenditures are forecast to be approximately $25 to $30 million in 1998 compared to $18 million in 1997. Major items in the 1998 plan include: network and production tracking systems along with woodworking, fabric cutting and metal stamping equipment.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share," which specifies the computation, presentation and disclosure requirements for earnings per share. The statement is effective for periods ending after December 15, 1997. The Company does not expect adoption of this standard will have a material impact on its financial statements.

The Company's future results of operations and other forward looking statements contained in this Outlook involve a number of risks and uncertainties. These statements are based on assumptions relating to business conditions, the general economy, competitive factors and other similar assumptions. Variations in these assumptions could cause actual results to differ materially. In particular, the Company's sales and profits can be impacted materially in any one quarter by changes in interest rates and consumer confidence in the economy.

## Consolidated Six Year Summary of Selected Financial Data

(Dollar amounts in thousands, except per share data)

| Year ended in April | 1997 (52 weeks) | 1996 (52 weeks) | 1995 (52 weeks) | 1994 (53 weeks) | 1993 (52 weeks) | 1992 (52 weeks) |
|---|---|---|---|---|---|---|
| Sales........ | $1,005,825 | $947,263 | $850,271 | $804,898 | $684,122 | $619,471 |
| Cost of sales....... | 744,662 | 705,379 | 629,222 | 593,890 | 506,435 | 453,055 |
| Gross profit | 261,163 | 241,884 | 221,049 | 211,008 | 177,687 | 166,416 |
| Selling, general and admin... | 187,230 | 174,376 | 158,551 | 151,756 | 131,894 | 123,927 |
| Operating Profit | 73,933 | 67,508 | 62,498 | 59,252 | 45,793 | 42,489 |
| Interest expense | 4,376 | 5,306 | 3,334 | 2,822 | 3,260 | 5,305 |
| Interest income | 1,770 | 1,975 | 1,628 | 1,076 | 1,474 | 1,093 |
| Other income | 2,508 | 2,023 | 1,229 | 649 | 1,292 | 1,628 |
| Pretax income | 73,835 | 66,200 | 62,021 | 58,155 | 45,299 | 39,905 |
| Income tax expense | 28,538 | 26,947 | 25,719 | 23,438 | 18,015 | 14,805 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net income | $45,297 | $39,253 | $36,302 | $34,717** | $27,284 | $25,100 |
| Weighted average shares outstg ('000s) | 18,108 | 18,498 | 18,044 | 18,268 | 18,172 | 18,064 |
| Per common share outstanding | | | | | | |
| Net income | $2.50 | $2.12 | $2.01 | $1.90** | $1.50 | $1.39 |
| Cash div. Paid | $0.78 | $0.74 | $0.68 | $0.64 | $0.60 | $0.58 |
| Book value on year end shares outstg | $20.07 | $18.68 | $17.44 | $15.91 | $14.48 | $13.58 |
| Return on average shhldrs' equity | 12.9% | 11.8% | 12.2%* | 12.5%** | 10.7% | 10.6% |
| Gr prft as % sales | 26.0% | 25.5% | 26.0% | 26.2% | 26.0% | 26.9% |
| Op. prft as % sales | 7.4% | 7.1% | 7.4% | 7.4% | 6.7% | 6.9% |
| Op. prft, interest income & other inc. as % of beg.-of-yr capital | 19.2% | 17.6% | 18.9% | 19.1% | 15.8% | 15.1% |
| Net inc. as % sales | 4.5% | 4.1% | 4.3% | 4.3%** | 4.0% | 4.1% |
| Inc. tax exp. as % of pretax income | 38.7% | 40.7% | 41.5% | 40.3% | 39.8% | 37.1% |
| Deprec. & amort. | $20,382 | $20,147 | $15,156 | $14,014 | $14,061 | $14,840 |
| Capital expend. | $17,778 | $18,168 | $18,980 | $17,485 | $12,248 | $12,187 |
| Prpty, plnt & equip, (net) | $114,658 | $116,199 | $117,175 | $94,277 | $90,407 | $93,440 |
| Working capital | $245,106 | $240,583 | $237,280 | $224,122 | $202,398 | $184,431 |
| Current ratio | 3.5 to 1 | 3.5 to 1 | 3.7 to 1 | 4.1 to 1 | 3.8 to 1 | 3.7 to 1 |
| Total assets | $528,407 | $517,546 | $503,818 | $430,253 | $401,064 | $376,722 |
| Debt/cap. Leases | $61,279 | $69,033 | $83,201 | $55,370 | $55,912 | $60,726 |
| Shhldrs. Equity | $359,338 | $343,376 | $323,640 | $290,911 | $263,386 | $246,359 |
| Ending capital | $420,617 | $412,409 | $406,841 | $346,281 | $319,298 | $307,085 |
| Debt-equity ratio | 17.1% | 20.1% | 25.7% | 19.0% | 21.2% | 24.6% |
| Debt-capital ratio | 14.6% | 16.7% | 20.5% | 16.0% | 17.5% | 19.8% |
| Shareholders | 12,729 | 12,293 | 12,665 | 12,615 | 9,032 | 8,081 |
| Employees | 11,236 | 10,733 | 11,149 | 9,370 | 8,724 | 8,153 |

* April 1995 shareholders' equity used in this calculation excludes $18,004 relating to stock issued on the last day of the fiscal year for the acquisition of an operating division.

** Excludes the income effect of adopting SFAS 109 in May 1993 of $3,352 or $0.18 per share.

## Dividend and Market Information

| Fiscal 1997 Quarter ended | Dividends Paid | Market Price High | Low | Close |
|---|---|---|---|---|
| July 27 | $0.19 | $32 5/8 | $28 1/4 | $29 1/8 |
| Oct. 26 | 0.19 | 31 3/8 | 28 1/4 | 30 3/8 |
| Jan. 25 | 0.19 | 31 3/8 | 29 1/4 | 31 3/8 |
| Apr. 26 | 0.21 | 36 7/8 | 30 3/4 | 32 1/4 |
| | $0.78 | | | |

| Fiscal 1996 Quarter ended | Dividends Paid | Market Price High | Low | Close |
|---|---|---|---|---|
| July 29 | $0.17 | $29 1/2 | $25 5/8 | $27 1/2 |
| Oct. 28 | 0.19 | 30 3/4 | 27 1/8 | 29 5/8 |
| Jan. 27 | 0.19 | 33 1/2 | 28 5/8 | 30 5/8 |
| Apr. 27 | 0.19 | 36 3/4 | 27 | 30 1/8 |

$0.74
=====

| Fiscal Year | Dividends Paid | Dividend Yield | Dividend Payout Ratio | Market Price High | Market Price Low | Market Price Close | Net Income Per Sh. | P/E Ratio High | P/E Ratio Low |
|---|---|---|---|---|---|---|---|---|---|
| 1997 | $0.78 | 2.4% | 31.2% | $36 7/8 | $28 1/4 | $32 1/4 | $2.50 | 15 | 11 |
| 1996 | 0.74 | 2.5% | 34.9% | 33 3/4 | 25 5/8 | 30 1/8 | 2.12 | 16 | 12 |
| 1995 | 0.68 | 2.5% | 33.8% | 33 3/4 | 25 3/8 | 27 | 2.01 | 17 | 13 |
| 1994 | 0.64 | 1.9% | 33.7%* | 40 | 25 1/2 | 33 1/2 | 1.90* | 21* | 13* |
| 1993 | 0.60 | 2.1% | 40.0% | 29 3/4 | 18 | 28 | 1.50 | 20 | 12 |
| 1992 | 0.58 | 2.5% | 41.7% | 28 3/4 | 19 1/2 | 23 1/2 | 1.39 | 21 | 14 |

La-Z-Boy Incorporated common shares are traded on the NYSE and the PCX (symbol LZB).

## Unaudited Quarterly Financial Information

(Amounts in thousands, except per share data)

| Quarter ended | 7/27/96 | 10/26/96 | 1/25/97 | 4/26/97 | Fiscal Year 1997 |
|---|---|---|---|---|---|
| Sales | $202,227 | $271,554 | $244,581 | $287,463 | $1,005,825 |
| Cost of sales | 154,917 | 197,017 | 180,979 | 211,749 | 744,662 |
| Gross profit | 47,310 | 74,537 | 63,602 | 75,714 | 261,163 |
| Selling, general and administrative | 39,354 | 49,006 | 47,765 | 51,105 | 187,230 |
| Operating profit | 7,956 | 25,531 | 15,837 | 24,609 | 73,933 |
| Interest expense | 1,107 | 1,097 | 1,096 | 1,076 | 4,376 |
| Interest income | 463 | 367 | 430 | 510 | 1,770 |
| Other income | 785 | 521 | 639 | 563 | 2,508 |
| Pretax income | 8,097 | 25,322 | 15,810 | 24,606 | 73,835 |
| Income tax expense | 3,499 | 10,070 | 6,009 | 8,960 | 28,538 |
| Net income | $4,598 | $15,252 | $9,801 | $15,646 | $45,297 |
| Net income per share | $0.25 | $0.84 | $0.54 | $0.87 | $2.50 |

.......

| Quarter ended | 7/29/95 | 10/28/95 | 1/27/96 | 4/27/96 | Fiscal Year 1996 |
|---|---|---|---|---|---|
| Sales | $195,757 | $258,320 | $226,354 | $266,832 | $947,263 |
| Cost of sales | 151,378 | 188,644 | 170,602 | 194,755 | 705,379 |
| Gross profit | 44,379 | 69,676 | 55,752 | 72,077 | 241,884 |
| Selling, general and administrative | 37,937 | 45,905 | 41,783 | 48,751 | 174,376 |
| Operating profit | 6,442 | 23,771 | 13,969 | 23,326 | 67,508 |
| Interest expense | 1,464 | 1,437 | 1,217 | 1,188 | 5,306 |
| Interest income | 456 | 484 | 390 | 645 | 1,975 |
| Other income | 375 | 476 | 436 | 736 | 2,023 |
| Pretax income | 5,809 | 23,294 | 13,578 | 23,519 | 66,200 |
| Income tax expense | 2,634 | 9,038 | 5,794 | 9,481 | 26,947 |
| Net Income | $3,175 | $14,256 | $7,784 | $14,038 | $39,253 |

| | | | | | |
|---|---|---|---|---|---|
| Net income per share | $0.17 | $0.77 | $0.42 | $0.76 | $2.12 |
| | ===== | ===== | ===== | ===== | ===== |

*Excludes the income effect of adopting SFAS 109 in May 1993 of $3,352 or $0.18 per share.

Exhibit (21)

LA-Z-BOY INCORPORATED
LIST OF SUBSIDIARIES

| Subsidiary | Jurisdiction of Incorporation |
|---|---|
| La-Z-Boy Canada, Ltd. | Ontario, Canada |
| La-Z-Boy Ad Co. | Michigan |
| Kincaid Furniture Company, Incorporated | Delaware |
| La-Z-Boy Export Ltd. | Barbados |
| LZB Finance, Inc. | Michigan |
| England/Corsair, Inc. | Michigan |
| LZB Properties, Inc. | Michigan |
| LZB Florida Realty, Inc. | Michigan |
| Centurion Furniture PLC | United Kingdom |
| Distincion Muebles, Sa de C.V. | Mexico |

# CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 33-8996, 33-8997, 333-03097 and 33-54743) of La-Z-Boy Incorporated of our report dated May 29, 1997 appearing on page 17 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page S-2 of this Form 10-K.

PRICE WATERHOUSE LLP
Toledo, Ohio
July 24, 1997

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1,000
APR-26-1997
APR-26-1997
12-MOS
25,382
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215,032
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78,771
342,775
276,815
162,157
528,407
97,669
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17,908
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0
341,430
528,407
1,005,825
1,005,825
744,662
744,662
187,230
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4,376
73,835
28,538
45,297
0
0
0
45,297
2.50
2.50

Receivables are reported net of allowances for doubtful accounts on the Statement of Financial Position.