



NEWS RELEASE

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LA-Z-BOY REPORTS SECOND QUARTER, FIRST HALF RESULTS

MONROE MI, Nov. 14, 2001 – La-Z-Boy Incorporated (NYSE, PCX: LZB) announced today it earned \$0.33 per diluted share – prior to a \$0.13 per share restructuring charge – for the three months ended October 27, 2001. These results were at the upper end of the company’s enhanced earnings guidance issued three weeks ago. In the comparable quarter of last year, earnings were \$0.43 per diluted share, excluding a \$0.05 per share nonrecurring gain resulting from an insurance claim recovery. Sales for this year’s October quarter totaled \$559 million compared to \$593 million, a decline of 6 percent.

For the six months ended October 27, 2001, the company earned \$0.38 per diluted share, excluding the \$0.13 per share restructuring charge, versus \$0.64 per diluted share in the first half of fiscal 2001, excluding the \$0.05 per share nonrecurring gain. Sales totaled \$1.018 billion for this year’s first half, 8 percent below the year-earlier level of \$1.109 billion.

Upholstery segment sales for the October quarter were essentially unchanged from a year earlier, and for the first six months declined 2 percent – representing a very favorable showing compared to both the industry and the company’s major competitors. Operating profit margin in upholstery, excluding restructuring charges, was 9.2% for the quarter and 6.8% for the six months. “Although below comparable prior-year period margins, these results reflect a positive trend compared to the previous six months, which may prove to have been the bottom of the cycle”, according to La-Z-Boy Incorporated president and CEO Jerry Kiser, who continued, “The current trend in our upholstery segment sales is both encouraging and better than many of our competitors, largely as a result of the power of our brand name, and the strength of our proprietary retail distribution. It looks very much as though upholstery sales may have bottomed out, and we would expect to see consecutive quarterly margin improvement going forward as volumes pick up and our previously-announced upholstery capacity reduction initiatives take hold.”

Casegoods (wood furniture) segment sales declined 17 percent for the October quarter and fell 20 percent for the first six months. Operating profit margin in casegoods, excluding restructuring charges, was 2.6% for the quarter and 1.4% for the six months. Kiser said, “We anticipate that this segment will be slower to recover, but it has moved from an operating loss to operating profitability over the past two quarters (excluding restructuring charges) and we expect to see continuing consecutive quarterly improvement. We have taken a number of actions to improve this segment’s profitability, including facilities restructuring and downsizing to blend imported products and components with our domestically-manufactured furniture.

Commenting on the quarter's operating results, Kiser said, "Considering the severe pressure under which our industry has operated recently, we feel good about our performance. Excluding the restructuring charge, our October quarter gross margin was 24.5%, its highest level in nine quarters – due in part to our ongoing cost-cutting efforts and actions aimed at streamlining the business. We reduced inventories during the quarter by a total of \$15 million, cut our debt to capitalization ratio to 20.6% and repurchased 418,000 shares of La-Z-Boy's common stock for \$6.6 million. While we're certainly nowhere near where we want to be, we are working hard to improve the company's basic profitability and believe we're heading in the right direction. "

Kiser reiterated that the \$0.13 per share restructuring charge, which was announced on October 25th, relates to closing down three of the company's manufacturing facilities and converting two others to warehousing and manufacturing service operations. The charge will primarily cover employee termination costs and the write-down of certain fixed assets and inventories. In total, these efforts will reduce La-Z-Boy Incorporated's U.S. manufacturing operations by about 1.25 million square feet and cut employment by about 570 jobs. "Overall, these restructuring actions are expected to produce savings in the area of \$10 million annually," he said.

Noting that the declining sales trends moderated somewhat during the most recent quarter, Kiser added, "We are encouraged that our business has apparently begun to stabilize, and are cautiously optimistic regarding the outlook for the second half of our April fiscal year." He concluded, "While the current unsettled business conditions make it difficult to predict full year results, we will soon start to benefit from easier year-over-year comparisons. We expect a mid single digit percentage sales decline in our January 2002 quarter, and are looking for earnings in the range of \$0.26 - \$0.30 range per diluted share, versus the \$0.27 we earned in the January quarter of fiscal 2001. Our tentative earnings estimate for the fiscal year ending April 2002 is presently \$1.05 - \$1.12 per diluted share, exclusive of restructuring charges."

Conference Call Information

The dial-in phone number for tomorrow's live conference call (November 15, 2001 at 11 a.m. EST) will be (800) 374-1298 for persons calling from within the U.S. or Canada, and the number for international callers will be (706) 634-5855. The call will also be webcast live and archived on the Internet, both at www.la-z-boy.com. A telephone replay of the call will be continuously available from approximately 2 p.m. on Thursday, November 15th through noon on Thursday, November 22nd. This replay will be available to callers from the U.S. and Canada at (800) 642-1687 and to international callers at (706) 645-9291. The replay passcode will be 2171122.

Forward-looking Information:

Any forward-looking statements contained in this report represent management's current expectations, based on present information and current assumptions. Actual results could differ materially from those anticipated or projected due to a number of factors. These factors include, but are not limited to: changes in consumer sentiment or demand, changes in housing sales, the impact of terrorism, the impact of interest rate changes, the impact of imports, changes in currency rates, competitive factors, operating factors, the effect of certain restructuring actions, and other factors identified from time to time in the

company's reports filed with the Securities and Exchange Commission. The company undertakes no obligation to update or revise any forward-looking statements, either to reflect new developments, or for any other reason.

La-Z-Boy Background Information

With annual sales in excess of \$2 billion, La-Z-Boy Incorporated is one of the world's largest residential furniture producers, with manufacturing operations in ten states and four foreign countries. The La-Z-Boy Incorporated family of companies produces furniture for every room of the home and office under the brand names Alexvale, American Drew, Bauhaus, Centurion, Clayton Marcus, England, Hammary, HickoryMark, Kincaid, La-Z-Boy, La-Z-Boy Contract Furniture Group, Lea, Pennsylvania House, Pilliod and Sam Moore. And, under the American of Martinsville brand name, La-Z-Boy is also a leading manufacturer of contract furniture for the hospitality and assisted-living markets.

La-Z-Boy Incorporated's vast distribution network of proprietary retailers includes 296 La-Z-Boy Furniture Galleries® and 324 La-Z-Boy In-Store Galleries; in-store gallery programs at Kincaid, Pennsylvania House and Clayton Marcus; England's Custom Comfort Centers and Lea's Kid's Generation displays. According to industry trade publication *Furniture/Today*, the La-Z-Boy Furniture Galleries retail network, by itself, represents the industry's fifth largest U.S. furniture store. La-Z-Boy's stock is traded on the New York and Pacific stock exchanges under the trading symbol: LZB. Additional information on the company is available at www.la-z-boy.com.

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