



NEWS RELEASE

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LA-Z-BOY REPORTS THIRD QUARTER, NINE-MONTH RESULTS

MONROE MI, Feb. 13, 2002 – La-Z-Boy Incorporated (NYSE, PCX: LZB) today announced it earned \$0.35 per diluted share for the three months ended January 26, 2002, up from \$0.27 in the comparable year earlier period, and above the company’s enhanced earnings guidance issued in mid-January. Sales for the quarter totaled \$545 million, a year-over-year decrease of 1 percent, which was in line with expectations.

Through the first nine months of its 2002 fiscal year, La-Z-Boy Incorporated earned \$0.73 per diluted share, before a \$0.13 per share restructuring charge incurred in the second fiscal quarter. This compares to \$0.91 per diluted share in the year earlier nine-month period, excluding a \$0.05 per share insurance recovery gain. Including these items, the company’s net income for the first nine months was \$0.60 per diluted share this year, compared to \$0.96 in fiscal 2001. Nine-month sales totaled \$1.563 billion, compared to \$1.661 billion in the prior year, a 6 percent decline.

President and CEO Jerry Kiser called the quarter’s better-than-expected results “heartening” and said, “It appears as though the residential furniture industry is in the process of bottoming out. While the widely anticipated business recovery will most likely take several quarters to gather momentum, we believe our company is well-positioned to fully participate in the recovery at increased profitability levels, due to the difficult but necessary actions we have taken over the past 12 months.”

In the January third quarter, the recent trend of upholstery sales comparisons outpacing those of casegoods (wood furniture) continued. Upholstery segment sales rose 7 percent from the year earlier quarter, and edged ahead by 1 percent through the first nine months. In contrast, and very much in line with trends reported by competing casegoods companies, La-Z-Boy’s casegoods segment sales fell 18 percent year-over-year in the third quarter, and declined 19 percent for the first nine months. The quarterly decline was magnified by continuing weakness in the hospitality sector and by the divestiture of the company’s Pilliod subsidiary (see below).

CEO Kiser said, “We are quite pleased with our upholstery sales, which in retrospect appear to have bottomed in our first fiscal quarter that ended in July 2001. Although our casegoods sales comparisons remain negative, this segment of our company is giving every indication of having stabilized. Clearly, the upholstery part of our business is being helped by the success of the La-Z-Boy Furniture Galleries® store system, which enjoyed an overall same store sales gain of 16.2% percent for the three months ended January 2002. In addition, some of our other upholstery companies also enjoyed good year-over-year sales gains in the most recent quarter.”

Kiser continued, "The recent trend of improving profit margins also is quite encouraging. On a 'normalized' basis (excluding restructuring and the Pilliod divestiture), the corporation's gross margin for the January quarter came in comfortably above 25% for the first time in nine quarters, and our normalized operating margin approached 7%, its highest level of the past five quarters. While this is still well below our operating margin target of 10%, it represents a significant step in the right direction."

Business segment comments

Operating margins continued to improve in both the upholstery and casegoods segments of the company's business, reaching 9.4% and 5.0%, respectively, on a normalized basis in the January quarter. In the casegoods segment, this was primarily due to better capacity utilization in the wake of recent restructuring initiatives, as well as past cost cutting efforts. In October 2001, La-Z-Boy Incorporated announced plans to close three of its manufacturing plants and convert two other plants to warehousing and service operations. Four of these five facilities were casegoods plants. This downsizing of domestic manufacturing capacity, which is expected to be fully completed by the end of the current fiscal year, is already producing tangible improvement in normalized casegoods operating margins, which have now increased sequentially for two quarters in a row. Operating margins in the upholstery segment have also increased sequentially for the past two quarters, and were helped in the most recent quarter by the increase in sales volume.

Balance sheet improvements

Inventories were cut by \$17 million during the most recent quarter, with the casegoods segment accounting for most of this reduction, in part due to the Pilliod divestiture. Accounts receivable declined by \$25 million, also partially due to Pilliod, and total debt was reduced by \$35 million during the quarter. At January 26, 2002, the ratio of total debt-to-capitalization stood at 16.9%, down from 20.6% three months earlier and 23.7% at the start of the fiscal year.

Business outlook

Kiser concluded, "Looking ahead, a growing number of indicators suggest that the U.S. economy is beginning to stabilize. Nevertheless, we are taking a cautious approach to our business – particularly the casegoods sector, where we would not be surprised to see consumer demand remain sluggish for another quarter or two. Regarding our fourth quarter ending in April, we anticipate a small single digit percentage sales decline and earnings in the range of \$0.42 - \$0.46 per diluted share. This would compare with the \$0.28 per diluted share we earned in the April quarter of fiscal 2001, prior to an \$0.11 per share restructuring charge. That would bring our full 2002 fiscal year net income in at \$1.02 - \$1.06 per diluted share, or \$1.15 - \$1.19 exclusive of restructuring charges. In fiscal 2001, we earned \$1.19 per diluted share, excluding restructuring charges and a \$0.05 per share insurance gain."

Pilliod Divestiture

On December 3, 2001, La-Z-Boy Incorporated announced that it had sold the assets of its Pilliod subsidiary. The transaction became effective November 30, 2001. The Pilliod divestiture produced a significant pretax loss, which was offset by certain tax benefits, resulting in a small net gain. Exclusive of the Pilliod transaction, the company's effective tax rate for the fiscal third quarter and year to date remained at 39%, level with this year's first half.

Conference Call Information

The dial-in phone number for tomorrow's live conference call (February 14, 2002 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. tomorrow, February 14th, through noon on February 21st. 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 2957530.

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.

Additional Information

We have filed a Form 10-Q report for the quarter and nine months ended January 26, 2002, which is now available at www.la-z-boy.com. This news release should be read in conjunction with that Form 10-Q and other information we regularly file with the Securities and Exchange Commission.

Background Information

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

The corporation's vast proprietary distribution network is dedicated exclusively to selling La-Z-Boy Incorporated products and brands, and includes 295 stand-alone La-Z-Boy Furniture Galleries® and 324 La-Z-Boy In-Store Gallerys, in addition to in-store gallery programs at the company's Kincaid, Pennsylvania House, Clayton Marcus, England and Lea business units. According to industry trade publication *Furniture/Today*, the La-Z-Boy Furniture Galleries retail network by itself represents the industry's fifth largest U.S. furniture retailer. Additional information is available at www.la-z-boy.com.

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