



NEWS RELEASE

Contact: Mark Stegeman

(734) 241-4418

mark.stegeman@la-z-boy.com

LA-Z-BOY REPORTS FIRST QUARTER RESULTS

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

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

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

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Business segments

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

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

Change in accounting principle

During the first quarter, the company adopted as required Statement of Financial Accounting Standards No. 142 ("SFAS 142"). The adoption of this new Statement is considered a change in accounting principle and affects the financial results in several ways. The amortization of goodwill and trade names is eliminated. The elimination of goodwill and trade name amortization under SFAS 142 added \$0.03 to this year's first quarter diluted EPS, and would have added \$0.03 to the year-earlier quarter's diluted EPS had SFAS 142 been in effect at that time. The Statement requires initial and subsequent periodic tests of recorded goodwill and indefinite-lived intangible assets to determine if the carrying values of such assets exceed their implied fair values as calculated under the new Standard. The cumulative effect of the adoption of SFAS 142 resulted in a non-operating non-cash pretax charge of \$77.7 million and an after-tax charge of \$59.8 million, or \$1.00 per diluted share.

Balance sheet

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

Business outlook

Commenting on the current business outlook, president and CEO Kiser said, "Assuming that consumer confidence is currently near a cyclical low point, prior to stabilizing and then regaining momentum later this year and on into 2003, we expect the coming year to be fairly strong. Our casegoods business remains sluggish, but we anticipate that continuing growth in the upholstery segment will produce an overall mid-single digit sales increase for our seasonally strong October quarter, and we expect earnings for the quarter to be in the range of \$0.45-\$0.50 per diluted share, compared with \$0.33 a year

ago, excluding restructuring charges of \$0.13 per diluted share. When casegoods demand rebounds even somewhat, as we believe it will, in the second half of our April 2003 fiscal year, we would expect sales gains for the full year in the mid-single digit range, with earnings in the area of \$1.70- \$1.80 per diluted share excluding the cumulative effect of the adoption of SFAS 142.”

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

Conference Call Information

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

Forward-looking Information

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

Additional Information

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

Background Information

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

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

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