LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, amounts in thousands, except per share data)

	Third Quarter Ended				
				Percent of Sales	
	1/27/07	1/28/06	% Over (Under)	1/27/07	1/28/06
Sales	$ 403,874	$ 446,614	-9.6%	100.0%	100.0%
Cost of sales					
Cost of goods sold	291,225	331,684	-12.2%	72.1%	74.3%
Restructuring	--	594	-100.0%	--	0.1%
Total cost of sales	291,225	332,278	-12.4%	72.1%	74.4%
Gross profit	112,649	114,336	-1.5%	27.9%	25.6%
Selling, general and administrative	100,704	96,648	4.2%	24.9%	21.6%
Restructuring	2,855	--	N/M	0.7%	--
Operating income	9,090	17,688	-48.6%	2.3%	4.0%
Interest expense	2,750	2,965	-7.3%	0.7%	0.7%
Income from Continued Dumping and Subsidy Offset Act, net	3,430	--	N/M	0.8%	--
Other income, net	1,998	1,390	43.7%	0.5%	0.3%
Income from continuing operations before income taxes	11,768	16,113	-27.0%	2.9%	3.6%
Income tax expense	4,823	6,132	-21.3%	41.0%*	38.1%*
Income from continuing operations	6,945	9,981	-30.4%	1.7%	2.2%
Income (loss) from discontinued operations (net of tax)	(14,766)	487	N/M	-3.7%	0.1%
Net income (loss)	$ (7,821)	$ 10,468	-174.7%	-1.9%	2.3%
Basic average shares	51,367	51,673			
Basic income from continuing operations per share	$ 0.14	$ 0.19			
Discontinued operations (net of tax)	$ (0.29)	$ 0.01			
Basic net income (loss) per share	$ (0.15)	$ 0.20			

Diluted average shares	51,609	51,857
Diluted income from continuing operations per share	$ 0.13	$ 0.19
Discontinued operations (net of tax)	$ (0.28)	$ 0.01
Diluted net income (loss) per share	$ (0.15)	$ 0.20
Dividends paid per share	$ 0.12	$ 0.11

*As a percent of pretax income, not sales.
N/M = not meaningful

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, amounts in thousands, except per share data)

	Nine Months Ended				
				Percent of Sales	
	1/27/07	1/28/06	% Over (Under)	1/27/07	1/28/06
Sales	$ 1,210,353	$ 1,245,636	-2.8%	100.0%	100.0%
Cost of sales					
Cost of goods sold	893,431	941,684	-5.1%	73.8%	75.6%
Restructuring	(400)	8,411	-104.8%	--	0.7%
Total cost of sales	893,031	950,095	-6.0%	73.8%	76.3%
Gross profit	317,322	295,541	7.4%	26.2%	23.7%
Selling, general and administrative	294,098	277,488	6.0%	24.3%	22.3%
Restructuring	5,120	--	N/M	0.4%	--
Operating income	18,104	18,053	0.3%	1.5%	1.4%
Interest expense	7,890	8,796	-10.3%	0.7%	0.7%
Income from Continued Dumping and Subsidy Offset Act, net	3,430	--	N/M	0.3%	--
Other income, net	3,487	1,953	78.5%	0.3%	0.2%
Income from continuing operations before income taxes	17,131	11,210	52.8%	1.4%	0.9%
Income tax expense	6,348	4,423	43.5%	37.1%*	39.5%*
Income from continuing operations	10,783	6,787	58.9%	0.9%	0.5%
Income (loss) from discontinued operations (net of tax)	(14,355)	442	N/M	-1.2%	--
Net income (loss)	$ (3,572)	$ 7,229	-149.4%	-0.3%	0.6%
Basic average shares	51,509	51,819			
Basic income from continuing operations per share	$ 0.21	$ 0.13			
Discontinued operations (net of tax)	$ (0.28)	$ 0.01			
Basic net income (loss) per share	$ (0.07)	$ 0.14			

Diluted average shares		51,743		51,950
Diluted income from continuing operations per share	$	0.21	$	0.13
Discontinued operations (net of tax)	$	(0.28)	$	0.01
Diluted net income (loss) per share	$	(0.07)	$	0.14
Dividends paid per share	$	0.36	$	0.33

*As a percent of pretax income, not sales.
N/M = not meaningful

LA-Z-BOY INCORPORATED
CONSOLIDATED BALANCE SHEET
(Unaudited, amounts in thousands)

	1/27/07	1/28/06	Increase/(Decrease) Dollars	Increase/(Decrease) Percent	4/29/06
Current assets					
Cash and equivalents	$ 17,484	$ 20,508	$ (3,024)	-14.7%	$ 24,089
Receivables, net	217,103	274,001	(56,898)	-20.8%	270,578
Inventories, net	214,151	246,547	(32,396)	-13.1%	238,826
Deferred income taxes	31,369	29,385	1,984	6.8%	27,276
Assets of discontinued operations	39,354	--	39,354	N/M	--
Other current assets	24,847	24,734	113	0.5%	23,790
Total current assets	544,308	595,175	(50,867)	-8.5%	584,559
Property, plant and equipment, net	192,382	210,798	(18,416)	-8.7%	209,986
Goodwill	55,409	79,770	(24,361)	-30.5%	56,926
Trade names	9,472	18,794	(9,322)	-49.6%	18,794
Other long-term assets	87,339	86,096	1,243	1.4%	100,909
Total assets	$ 888,910	$ 990,633	$ (101,723)	-10.3%	$ 971,174
Current liabilities					
Short-term borrowings	$ 15,702	$ 13,718	$ 1,984	14.5%	$ 8,000
Current portion of long-term debt	3,312	2,566	746	29.1%	2,844
Accounts payable	60,236	77,479	(17,243)	-22.3%	85,561
Liabilities of discontinued operations	5,681	--	5,681	N/M	--
Accrued expenses and other current liabilities	105,636	129,203	(23,567)	-18.2%	128,112
Total current liabilities	190,567	222,966	(32,399)	-14.5%	224,517
Long-term debt	147,117	193,978	(46,861)	-24.2%	173,368
Deferred income taxes	9,605	4,946	4,659	94.2%	14,548
Other long-term liabilities	54,961	57,723	(2,762)	-4.8%	48,396
Contingencies and commitments	--	--	--	--	--

Shareholders' equity					
Common shares, $1 par value	51,372	51,713	(341)	-0.7%	51,782
Capital in excess of par value	207,184	211,273	(4,089)	-1.9%	210,826
Retained earnings	222,601	261,272	(38,671)	-14.8%	246,387
Unearned compensation	--	(3,448)	3,448	100.0%	(3,083)
Accumulated other comprehensive income (loss)	5,503	(9,790)	15,293	156.2%	4,433
Total shareholders' equity	486,660	511,020	(24,360)	-4.8%	510,345
Total liabilities and shareholders' equity	$ 888,910	$ 990,633	$ (101,723)	-10.3%	$ 971,174

N/M = not meaningful

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited, amounts in thousands)

	Third Quarter Ended		Nine Months Ended	
	1/27/07	1/28/06	1/27/07	1/28/06
Cash flows from operating activities				
Net income (loss)	$ (7,821)	$ 10,468	$ (3,572)	$ 7,229
Adjustments to reconcile net income (loss) to cash provided by operating activities				
Write-down of assets of businesses held for sale (net of tax)	13,674	--	13,674	--
Gain on sale of discontinued operations (net of tax)	--	--	(1,280)	--
Restructuring	2,855	594	4,720	8,411
Change in allowance for doubtful accounts	(1,130)	293	(263)	444
Depreciation and amortization	6,233	7,499	20,122	21,675
Stock option and restricted stock expense	479	--	3,211	--
Change in receivables	23,847	(13,132)	22,842	15,267
Change in inventories	2,808	20,773	(14,309)	17,411
Change in payables	(9,849)	4,082	(19,228)	(5,822)
Change in other assets and liabilities	106	4,296	(15,464)	(5,688)
Change in deferred taxes	(2,270)	(1,791)	(9,036)	(7,049)
Total adjustments	36,753	22,614	4,989	44,649
Net cash provided by operating activities	28,932	33,082	1,417	51,878
Cash flows from investing activities				
Proceeds from disposals of assets	314	905	25,276	8,625
Proceeds from sale of discontinued operations	--	--	33,166	--
Capital expenditures	(5,984)	(6,196)	(20,994)	(20,479)
Purchases of investments	(5,069)	(6,420)	(13,461)	(21,980)
Proceeds from sales of investments	3,817	5,047	11,834	9,115
Change in other long-term assets	539	841	343	(2,460)

Net cash provided by (used for) investing activities	(6,383)	(5,823)	36,164	(27,179)
Cash flows used for financing activities				
Proceeds from debt	12,577	14,334	91,252	86,471
Payments on debt	(32,540)	(31,406)	(111,220)	(103,525)
Stock issued for stock and employee benefit plans	567	909	1,333	2,954
Repurchases of common stock	--	--	(6,947)	(10,889)
Dividends paid	(6,212)	(5,728)	(18,674)	(17,200)
Net cash used for financing activities	(25,608)	(21,891)	(44,256)	(42,189)
Effect of exchange rate changes on cash and equivalents	14	103	70	293
Change in cash and equivalents	(3,045)	5,471	(6,605)	(17,197)
Cash and equivalents at beginning of period	20,529	15,037	24,089	37,705
Cash and equivalents at end of period	$ 17,484	$ 20,508	$ 17,484	$ 20,508
Cash paid (net of refunds) during period - income taxes	$ 558	$ 47	$ 17,655	$ 1,638
Cash paid during period - interest	$ 2,911	$ 3,456	$ 7,769	$ 8,766

LA-Z-BOY INCORPORATED
Segment Information

(Unaudited, amounts in thousands)

	Third Quarter Ended		Nine Months Ended	
	1/27/07	1/28/06	1/27/07	1/28/06
Sales				
Upholstery Group	$ 292,738	$ 331,805	$ 890,675	$ 924,149
Casegoods Group	63,127	73,926	198,317	218,299
Retail Group	61,149	57,432	165,838	159,332
VIEs/Eliminations	(13,140)	(16,549)	(44,477)	(56,144)
Consolidated	$ 403,874	$ 446,614	$ 1,210,353	$ 1,245,636
Operating income (loss)				
Upholstery Group	$ 22,286	$ 25,147	$ 59,344	$ 51,625
Casegoods Group	5,721	5,830	15,163	12,967
Retail Group	(6,738)	(5,987)	(23,222)	(17,469)
Corporate and Other*	(9,324)	(6,708)	(28,461)	(20,659)
Restructuring	(2,855)	(594)	(4,720)	(8,411)
Consolidated	$ 9,090	$ 17,688	$ 18,104	$ 18,053

	Prior Quarters Ended in Fiscal 2007	
	7/29/06	10/28/06
Sales		
Upholstery Group	$ 294,325	$ 303,612
Casegoods Group	61,026	74,164
Retail Group	52,204	52,485
VIEs/Eliminations	(14,704)	(16,633)
Consolidated	$ 392,851	$ 413,628
Operating income (loss)		
Upholstery Group	$ 17,260	$ 19,798
Casegoods Group	3,242	6,200
Retail Group	(7,715)	(8,769)
Corporate and Other*	(9,920)	(9,217)
Restructuring	--	(1,865)
Consolidated	$ 2,867	$ 6,147

	Prior Quarters Ended in Fiscal 2006			
	7/30/05	10/29/05	1/28/06	4/29/06
Sales				
Upholstery Group	$ 294,071	$ 298,273	$ 331,805	$ 341,803
Casegoods Group	70,617	73,756	73,926	74,254
Retail Group	52,655	49,245	57,432	54,106
VIEs/Eliminations	(20,648)	(18,947)	(16,549)	(20,787)
Consolidated	$ 396,695	$ 402,327	$ 446,614	$ 449,376
Operating income (loss)				
Upholstery Group	$ 14,645	$ 11,833	$ 25,147	$ 31,535
Casegoods Group	3,694	3,443	5,830	4,158
Retail Group	(5,408)	(6,074)	(5,987)	(8,537)
Corporate and Other*	(6,168)	(7,783)	(6,708)	(7,906)
Write-down of intangibles	--	--	--	(22,695)
Restructuring	--	(7,817)	(594)	(68)
Consolidated	$ 6,763	$ (6,398)	$ 17,688	$ (3,513)

**Variable Interest Entities ("VIEs") are included in corporate and other.*