

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549-1004

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

FOR QUARTER ENDED July 27, 1996 COMMISSION FILE NUMBER 1-9656

LA-Z-BOY CHAIR COMPANY
(Exact name of registrant as specified in its charter)

MICHIGAN (State or other jurisdiction of incorporation or organization)	38-0751137 (I.R.S. Employer Identification No.)
1284 North Telegraph Road, Monroe, Michigan (Address of principal executive offices)	48162-3390 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (313) 241-4414

None

Former name, former address and former fiscal year, if changed since last report.

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 No

Indicate the number of shares outstanding of each issuer's classes of common stock, as of the last practicable date:

Class	Outstanding at July 27, 1996
Common Shares, \$1.00 par value	18,164,437

Part I. Financial Information

The Consolidated Balance Sheet and Consolidated Statement of Income required for Part I are contained in the Registrant's Financial Information Release dated August 14, 1996 and are incorporated herein by reference.

LA-Z-BOY CHAIR COMPANY CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(Unaudited, dollar amounts in thousands)

	Three Months Ended	
	July 27, 1996	July 29, 1995
Cash Flows from Operating Activities		
Net income	\$4,598	\$3,175
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	4,855	4,684
Change in receivables	44,935	37,849
Change in inventories	(12,928)	(4,393)
Change in other assets and liab.	(19,136)	(15,846)
Change in deferred taxes	-	-
Total adjustments	17,726	22,294
Cash Provided by Operating Activities	22,324	25,469

Cash Flows from Investing Activities		
Proceeds from disposals of assets	113	133
Capital expenditures	(4,580)	(3,160)
Change in other investments	(5,621)	959
	-----	-----
Cash Used for Investing Activities	(10,201)	(2,068)
Cash Flows from Financing Activities		
Short-term debt	-	-
Long-term debt	-	-
Retirements of debt	(2,940)	(4,072)
Capital leases	-	-
Capital lease principal payments	(565)	(517)
Stock for stock option plans	1,470	1,268
Stock for 401(k) employee plans	383	305
Purchase of La-Z-Boy stock	(7,126)	(4,392)
Payment of cash dividends	(3,482)	(3,155)
	-----	-----
Cash Used for Financing Activities	(12,260)	(10,563)
Effect of exch. rate changes on cash	(53)	(78)
	-----	-----
Net change in cash and equivalents	(190)	12,760
Cash and equiv. at beginning of period	27,060	27,048
	-----	-----
Cash and equiv. at end of period	\$26,870	\$39,808
	=====	=====
Cash paid during period - Income taxes	\$2,257	\$1,657
- Interest	\$833	\$1,110

For purposes of the 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 Condensed Consolidated Financial Statements are an integral part of these statements.

LA-Z-BOY CHAIR COMPANY AND OPERATING DIVISIONS
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The financial information is prepared in conformity with generally accepted accounting principles and such principles are applied on a basis consistent with those reflected in the 1996 Annual Report filed with the Securities and Exchange Commission. The financial information included herein, other than the consolidated condensed balance sheet as of April 27, 1996, has been prepared by management without audit by independent certified public accountants who do not express an opinion thereon. The consolidated condensed balance sheet as of July 27, 1996 has been derived from, but does not include all the disclosures contained in, the audited consolidated financial statements for the year ended April 27, 1996. The information furnished includes all adjustments and accruals consisting only of normal recurring accrual adjustments which are, in the opinion of management, necessary for a fair presentation of results for the interim period.

2. Interim Results

The foregoing interim results are not necessarily indicative of the results of operations for the full fiscal year ending April 26, 1997.

3. Commitments and Contingencies

There has been no significant change from the prior fiscal year end audited financial statements.

LA-Z-BOY CHAIR COMPANY AND OPERATING DIVISIONS
MANAGEMENT DISCUSSION

La-Z-Boy's sales and profits historically have been weakest in the first quarter of the fiscal year due to the Company's two-week vacation shutdown

which coincides with the slowest sales period. Therefore, first quarter comparison to the prior year's first quarter may not be indicative of trends that will continue in the remaining quarters of the fiscal year.

Due to the cyclical nature of the Company's business, comparison of operations between the most recently completed quarter and the immediate preceding quarter would not be meaningful and could be misleading to the reader of these financial statements.

For further Management Discussion, see attached Exhibit 99

The Company's strong financial position is reflected in the debt to capital percentage of 16% and a current ratio of 3.9 to 1 at the end of the first quarter. At April 27, 1996, the debt to capital percentage was 20% and the current ratio was 3.7 to 1. At the end of the preceding year's first quarter, the debt to capital percentage was 20% and the current ratio was 4.0 to 1. As of July 27, 1996, there was \$63 million of unused lines of credit available under several credit arrangements.

Approximately 29% of the 3 million shares of Company stock authorized for purchase on the open market are still available for purchase by the Company. The Company plans to be in the market for its shares as changes in its stock price and other factors present appropriate opportunities.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Shareholders of La-Z-Boy Chair Company was held on July 29, 1996, for the purposes of electing four members to the board of directors, amending and restating the Company's 1993 Performance-Based Stock Plan and amending the Company's Articles of Incorporation to change the Company's name to "La-Z-Boy Incorporated". Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities and Exchange Act of 1934 and there was no solicitation in opposition of Management's solicitations. The Shareholders elected all of Management's nominees for directors as listed in the proxy statement and approved amending and restating the stock plan and changing the Company name. The name change is expected to become effective August 30, 1996.

Item 6. Exhibits and Reports on Form 8-K

- (a) (27) Financial Data Schedule (EDGAR only)
- (99) News Release and Financial Information Release: re Actual first quarter results and Management Discussion dated August 14, 1996.
- (b) An 8-K was filed on May 30, 1996 releasing fourth quarter and full year financial results. This release also included the financial section of the 1996 Annual Report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused the Quarterly Report on Form 10-Q for the quarter ended July 27, 1996 to be signed on its behalf by the undersigned thereunto duly authorized.

LA-Z-BOY CHAIR COMPANY
(Registrant)

/s/ James J. Korsnack

Date August 14, 1996

James J. Korsnack
Corporate Controller

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Statement of Financial Position.

NEWS RELEASE

HIGHER SALES AND EARNINGS FOR LA-Z-BOY

Company's name will change. "We make much more than chairs."

MONROE, MI., August 14, 1996: For its 1997 fiscal first quarter ended July 27, 1996, La-Z-Boy Chair Company continued to improve its sales and profits compared to last year. This was the fourth consecutive quarterly improvement. First quarter sales rose 3% and net income per share increased by \$0.08 to \$0.25.

On 8/30/96 the company will change its name to La-Z-Boy(R) Incorporated. The creator of the reclining chair industry has become America's largest manufacturer of upholstered furniture for living rooms and family rooms. La-Z-Boy also produces dining room, bedroom and occasional furniture, and has a growing office furniture business.

FINANCIAL DETAILS

First quarter sales were \$202 million vs. last year's \$196 million, an increase of 3%. First quarter operating profit rose to \$8.0 million vs. last year's \$6.4 million. Net income rose to \$4.6 million vs. last year's \$3.2 million. Net income per share increased to \$0.25 vs. \$0.17 last year.

CHAIRMAN COMMENTS

La-Z-Boy Chairman and President Charles T. Knabusch said, "We had a soft quarter in last year's first quarter for both sales and profits. This year, sales were generally in line with industry sales and they were at their highest rate in about a year on a comparable basis excluding acquisitions. Incoming sales orders are at a rate above last year's and are pointing to a good second quarter, especially for our Hammary and Kincaid divisions' Ducks Unlimited exclusive new product introduction."

Mr. Knabusch said that profits improved not only because of increased sales but because of a moderation of raw material prices and ongoing cost reduction initiatives. He added that the company has just begun to reduce the number of plants producing wood frame parts in order to improve quality and reduce costs.

Regarding the company's name change, Mr. Knabusch said the "chair company" identification is no longer appropriate. "We make much more than chairs. Today's families can enjoy La-Z-Boy comfort throughout their homes. As a single source for quality furniture and accessories, La-Z-Boy is changing the way America shops for furniture, and it is time to update our Company's name."

MORE

The Company's repositioning effort continues through the use of national television featuring its two talking raccoons, "Wendall and Al". Both dealers and consumers have responded enthusiastically to the new TV campaign, which was launched in May and is scheduled to run again in September and October. In addition to the national exposure, an extensive retail marketing program has been designed for dealer use during the same period to help increase sales.

La-Z-Boy purchased about \$7.1 million of its own stock on the open market in the quarter compared to \$4.4 million last year. La-Z-Boy still has over 800,000 shares of its stock remaining and authorized to be purchased. There is no set stock purchase timetable. The number of shares outstanding continues to drop. As of 7/29/95 there were 18.5 million shares compared to 18.4 million at 4/27/96 and 18.2 million at 7/27/96.

La-Z-Boy's Form 10-Q filed with the SEC (and available on EDGAR) includes a full income statement, balance sheet, cash flow statement and additional management discussion.

8/14/96

La-Z-Boy Chair Company Financial Information Release

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CONSOLIDATED STATEMENT OF INCOME
(Amounts in thousands, except per share data)

	FIRST QUARTER ENDED (UNAUDITED)				
				Percent of Sales	
	July 27, 1996	July 29, 1995	% Over (Under)	1996	1995
Sales	\$202,227	\$195,757	3%	100.0%	100.0%
Cost of sales	154,917	151,378	2%	76.6%	77.3%
Gross profit	47,310	44,379	7%	23.4%	22.7%
S, G & A	39,354	37,937	4%	19.5%	19.4%
Operating profit	7,956	6,442	24%	3.9%	3.3%
Interest expense	1,107	1,464	-24%	0.5%	0.7%
Interest income	463	456	2%	0.2%	0.2%
Other income	785	375	109%	0.4%	0.2%
Pretax income	8,097	5,809	39%	4.0%	3.0%
Income taxes	3,499	2,634	33%	43.2%*	45.3%*
Net income	\$4,598	\$3,175	45%	2.3%	1.6%
Average shares	18,291	18,494	-1%		
Earnings per share	\$0.25	\$0.17	47%		
Dividends per share	\$0.19	\$0.17	12%		

* As a percent of pretax income, not sales.

8/14/96

La-Z-Boy Chair Company Financial Information Release

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CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	Unaudited		Increase (Decrease)		Audited April 27, 1996
	July 27, 1996	July 29, 1995	Dollars	Percent	

Current assets					
Cash & equivalents	\$26,870	\$39,808	(\$12,938)	-33%	\$27,060
Receivables	161,406	155,089	6,317	4%	206,430
Inventories					
Raw materials	40,309	38,968	1,341	3%	37,274
Work-in-process	35,701	35,570	131	0%	35,241
Finished goods	37,845	33,742	4,103	12%	28,333
FIFO inventories	113,855	108,280	5,575	5%	100,848
Excess of FIFO over LIFO	(21,735)	(22,795)	1,060	5%	(21,656)
Total inventories	92,120	85,485	6,635	8%	79,192
Deferred income taxes	19,271	18,242	1,029	6%	19,271
Other current assets	6,544	8,246	(1,702)	-21%	5,148
Total current assets	306,211	306,870	(659)	0%	337,101
Property, plant & equipment	116,323	115,848	475	0%	116,199

Goodwill	39,947	41,414	(1,467)	-4%	40,359
Other long-term assets	30,639	18,891	11,748	62%	23,887
	-----	-----	-----	-----	-----
Total assets	\$493,120	\$483,023	\$10,097	2%	\$517,546
	=====	=====	=====	=====	=====

	Unaudited		Increase (Decrease)		Audited April 27, 1996
	July 27, 1996	July 29, 1995	Dollars	Percent	
	-----	-----	-----	-----	-----
Current liabilities					
Current portion of l/t debt	4,625	\$5,676	(\$1,051)	-19%	\$5,625
Current portion - captl leases	2,114	2,078	36	2%	2,114
Accounts payable	27,027	29,169	(2,142)	-7%	30,997
Payroll/other comp	21,651	18,549	3,102	17%	34,609
Estimated income taxes	6,903	5,854	1,049	18%	5,572
Other current liabilities	16,492	14,777	1,715	12%	17,601
	-----	-----	-----	-----	-----
Total current liabilities	78,812	76,103	2,709	4%	96,518
Long-term debt	55,135	66,077	(10,942)	-17%	57,075
Capital leases	3,654	5,141	(1,487)	-29%	4,219
Deferred income taxes	6,663	6,610	53	1%	6,663
Other long-term liabilities	9,729	8,318	1,411	17%	9,695
Shareholders' equity					
18,206,857 shares, \$1.00 par	18,207	18,461	(254)	-1%	18,385
Capital in excess of par	28,225	28,130	95	0%	28,016
Retained earnings	293,563	274,995	18,568	7%	297,750
Currency translation	(868)	(812)	(56)	-7%	(775)
	-----	-----	-----	-----	-----
Total shareholders' equity	333,127	320,774	18,353	6%	343,376
	-----	-----	-----	-----	-----
Total liabilities and shareholders' equity	\$493,120	\$483,023	\$10,097	2%	\$517,546
	=====	=====	=====	=====	=====

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Overall:

- - - - -

Refer to today's press release for additional information.

Gross profit:

- - - - -

Gross profit improved to 23.4% of sales from 22.7% of sales last year. The improvement was primarily due to favorable sales mix effects between divisions. That is, some divisions with greater than average gross profit margins had higher than the average 3% increase to sales and some divisions with lower than average margins had lower than the 3% average increase to sales. These favorable mix effects more than offset unfavorable division effects in the opposite direction.

A secondary reason for the gross profit margin improvement was an improvement within some divisions compared to themselves in the prior year first quarter; primarily in the contract Business Furniture Group. This division is not expected to have as great of an improvement in the upcoming second quarter because first quarter last year was depressed and a more normal second quarter occurred last year.

Interest expense:

- -----

Interest expense declined 24% from last year largely due to paying down debt. To a lesser extent, lower interest rates have reduced interest expense. Assuming additional debt is not taken on and interest rates do not increase substantially, interest expense should remain below the prior year level for the remainder of the fiscal year.

Other income:

- -----

Other income exceeded last year by 109% largely due to royalty income. Future quarters are not expected to exceed the prior year to this degree. In the past, this line item has had large percentage ups and downs and has been difficult to predict.

Income taxes:

- -----

Income tax expense as a percent of pretax income was 43.2% vs. 45.3% last year. The decline was largely due to changes in profitability among the divisions. Due to the traditionally lower profit level of the first quarter, rate fluctuations are common. In the second quarter, the effective tax rate is likely to exceed the prior year due to last year's rate for the quarter being very low. This was due to favorable Canadian division results in the quarter last year that are not expected to be repeated this year. Tax rates for the last two quarters of the year are likely to be similar to the prior year.

Cash:

- -----

The first quarter cash balance was 33% below the prior year level. The decline was largely due to increases in raw and finished goods inventories and other long-term assets.

Finished goods inventories:

- -----

Finished goods inventories increased 12% from last year primarily due to higher residential casegoods. At the April High Point market, the Ducks Unlimited Collection was introduced by the Hammary and Kincaid divisions. To reserve production time for this new collection, other products needed to be built so that those products could continue to be supported. A decline in these inventories is expected next quarter.

Other long-term assets:

- -----

Other long-term assets increased 62% from last year. A major reason for the increase was an investment in the international area. Most of the remaining increase relates to various proprietary store related financing activities.