

## 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 October 26, 1996 COMMISSION FILE NUMBER 1-9656

LA-Z-BOY INCORPORATED  
(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

LA-Z-BOY CHAIR COMPANY

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 October 26, 1996
Common Shares, \$1.00 par value	18,135,052

## 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 November 12, 1996 and are incorporated herein by reference.

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

	Three Months Ended		Six Months Ended	
	Oct. 26, 1996	Oct. 28 1995	Oct. 26, 1996	Oct. 28, 1995
Cash Flows from Operating Activities				
Net income	\$15,252	\$14,256	\$19,850	\$17,431
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	5,171	4,735	10,026	9,419
Change in receivables	(54,729)	(51,526)	(9,794)	(13,677)
Change in inventories	1,912	1,163	(11,016)	(3,230)
Change in other assets and liab.	30,194	21,921	10,944	6,075
Change in deferred taxes	(878)	(889)	(878)	(889)
Total adjustments	(18,330)	(24,596)	(718)	(2,302)
Cash Provided by Operating				

Activities	(3,078)	(10,340)	19,132	15,129
Cash Flows from Investing Activities				
Proceeds from disposals of assets	608	645	721	778
Capital expenditures	(3,643)	(6,079)	(8,223)	(9,239)
Change in other investments	179	129	(5,442)	1,088
	-----	-----	-----	-----
Cash Used for Investing Activities	(2,856)	(5,305)	(12,944)	(7,373)
Cash Flows from Financing Activities				
Short-term debt	-	-	-	-
Long-term debt	-	-	-	-
Retirements of debt	(64)	(6,479)	(3,004)	(10,551)
Capital leases	-	1,161	-	1,161
Capital lease principal payments	(513)	(560)	(1,078)	(1,077)
Stock for stock option plans	376	807	1,846	2,075
Stock for 401(k) employee plans	285	338	668	643
Purchase of La-Z-Boy stock	(3,242)	(41)	(10,368)	(4,433)
Payment of cash dividends	(2,981)	(3,505)	(6,463)	(6,660)
	-----	-----	-----	-----
Cash Used for Financing Activities	(6,139)	(8,279)	(18,399)	(18,842)
Effect of exch. rate changes on cash	159	60	107	(18)
	-----	-----	-----	-----
Net change in cash and equivalents	(11,914)	(23,864)	(12,104)	(11,104)
Cash and equiv. at beginning of period	26,870	39,808	27,060	27,048
	-----	-----	-----	-----
Cash and equiv. at end of period	\$14,956	\$15,944	\$14,956	\$15,944
	=====	=====	=====	=====
Cash paid during period - Income taxes	\$8,513	\$7,154	\$10,770	\$8,811
- Interest	\$1,137	\$1,401	\$1,970	\$2,511

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 INCORPORATED 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 October 26, 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 INCORPORATED AND OPERATING DIVISIONS  
MANAGEMENT DISCUSSION

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 3.2 to 1 at the end of the second quarter. At April 27, 1996, the debt to capital percentage was 17% and the current ratio was 3.5 to 1. At the end of the preceding year's second quarter, the debt to capital percentage was 18% and the current ratio was 3.3 to 1. As of October 26, 1996, there was \$87 million of unused lines of credit available under several credit arrangements.

Approximately 26% 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 Vote of Security Holders

At the annual meeting of shareholders held on July 29, 1996, three directors were elected, the amendment and restatement of the Company's 1993 Performance-Based Stock Plan was approved, and the proposal to adopt an amendment to the Company's Articles of Incorporation to change the Company's name to "La-Z-Boy Incorporated", was approved. The distribution of shareholders' votes was as follows:

Election of Directors:	Shares Voted	Shares
	In Favor	Withheld
	-----	-----
Charles T. Knabusch	15,880,885	278,054
John F. Weaver	15,881,210	277,729
Warren W. Gruber	15,854,284	304,655
James W. Johnston	15,883,390	275,549

### Amendment and restatement of the 1993 Performance-Based Stock Plan:

Shares Voted in Favor	15,586,901
Shares Voted Against	413,245
Abstentions	158,793

### Adoption of the Amendment of Articles of Incorporation to Change the Company name to "La-Z-Boy Incorporated":

Shares Voted in Favor	15,981,422
Shares Voted Against	108,389
Abstentions*	2,196,710

\* Abstentions includes 2,127,582 shares that were not voted which, under Michigan law on amendments to the Articles of Incorporation, must be counted.

### Item 6. Exhibits and Reports on Form 8-K

- (a) (3i) Restated Articles of incorporation as filed with the state of Michigan, on September 18, 1996,
- (3ii) By-laws of La-Z-Boy Incorporated
- (27) Financial Data Schedule (EDGAR only)
- (99) News Release and Financial Information Release: re Actual second quarter results and Management Discussion dated November 12, 1996.

## 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 October 26, 1996 to be signed on its behalf by the undersigned thereunto duly authorized.

LA-Z-BOY INCORPORATED  
(Registrant)

/s/ James J. Korsnack

Date November 12, 1996

James J. Korsnack  
Corporate Controller

RESTATED ARTICLES OF INCORPORATION  
For use by Domestic Profit Corporations

Pursuant to the provisions of Act 284, Public Acts of 1972, the undersigned corporation executes the following Articles:

1. The present name of the Corporation is La-Z-Boy Incorporated
2. The corporation identification number (CID) assigned by the Bureau is: 090-657
3. All former names of the corporation are:
  - . La-Z-Boy Chair Company
4. The date of filing the original Articles of Incorporation was:  
May 1, 1941

The following Restated Articles of Incorporation supersede the Articles of Incorporation as amended and shall be the Articles of Incorporation for the corporation:

ARTICLE I

The name of this corporation is La-Z-Boy Incorporated

ARTICLE II

The purpose or purposes of this corporation are as follows: To manufacture, purchase, and sell at wholesale or retail, furniture, household appliances, tools, dies, machinery and metal stampings, to buy, sell and license the use of patents; to purchase, mortgage, improve, develop, hold, lease or sell real estate; to borrow and loan money or its equivalent; to hold, sell or buy notes, mortgages and other evidences of indebtedness; to finance installment sales; to discount and re-discount notes and other installment paper; to buy bonds and stocks and to hold or sell the same; to develop patents and patented products; to develop, investigate and have patented any patentable ideas, designs, products or gadgets.

(In general to carry on any business in connection therewith and incident thereto not forbidden by the laws of the State of Michigan and with all the powers conferred upon corporations by the laws of the State of Michigan.)

ARTICLE III

Location of the corporation is Monroe, in the County of Monroe, State of Michigan.

Post Office address of registered office in Michigan is 1284 North Telegraph Road, Monroe, Michigan.

ARTICLE IV

(1) The aggregate number of shares which the Corporation has authority to issue is: (a) 40,000,000 shares of Common Stock, \$1.00 par value per share; and

(b) 5,000,000 shares of Preferred Stock.

(2) The relative rights, preferences, and limitations of the shares of each class of shares shall be as follows:

PART I: COMMON STOCK

(a) Except as otherwise required by law or by an amendment to these Articles of Incorporation, each holder of shares of Common Stock shall have one vote for each share of Common Stock held by him of record on the books of the corporation on all matters voted upon by the shareholders.

(b) Subject to the preferential dividend rights, if any, applicable to shares of Preferred Stock and subject to applicable requirements, if any, with respect to the setting aside of sums for purchase, retirement or sinking funds for Preferred Stock, the holders of shares of Common Stock shall be entitled to receive, to the extent permitted by law, such dividends as may be declared from time to time by the Board of Directors.

(c) In the event of the voluntary or involuntary liquidation, dissolution, distribution, of assets or winding up of the corporation, after distribution in full of the preferential amounts, if any, to be distributed to the holders of shares of Preferred Stock, holders of shares of Common Stock shall be entitled to receive all of the remaining assets of the Corporation of whatever kind available for distribution to shareholders ratably in proportion to the number of shares of Common Stock held by them respectively. The Board of Directors may distribute in kind to the holders of shares of Common Stock such remaining assets of the Corporation or may sell, transfer, or otherwise dispose of all or any part of such remaining assets to any other corporation, trust or entity, or any combination thereof, and may sell all or any part of the consideration so received and distribute any balance thereof in kind to holders of shares of Common Stock. The merger of the Corporation into or with any other corporation, or the merger of any other corporation into it, or any purchase or redemption of shares of stock of the Corporation of any class, or the exchange of shares of any class of stock of the Corporation for shares or other securities of any other corporation, shall not be deemed to be a dissolution, liquidation, or winding up of the Corporation for the purposes of this paragraph (c).

(d) Such numbers of shares of Common Stock as may from time to time be required for such purpose shall be reserved for issuance (i) upon conversion of any shares of Preferred Stock or any obligation of the Corporation convertible into shares of Common Stock which is at the time outstanding or issuable upon exercise of any options or warrants at the time outstanding and (ii) upon exercise of any options, warrants, or rights at the time outstanding to purchase shares of Common Stock.

(e) No holder of shares of Common Stock shall have any pre-emptive right to subscribe for or to purchase any shares of the Corporation of any class or series (including, for this purpose, any other securities convertible into or carrying any right to subscribe for or acquire any such shares), whether such shares or such class or series be now or hereafter authorized.

## PART II: PREFERRED STOCK

(a) Shares of Preferred Stock may be issued in one or more series at such time or times and for such consideration or considerations as the Board of Directors may determine.

(b) The Board of Directors is expressly authorized at any time, and from time to time, to divide the class of Preferred Stock into, and to provide for the issuance of shares of Preferred Stock in, one or more series, with such voting powers, full or limited, or without voting powers, and with such designations, relative rights, preferences and limitations as stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, including (but without limiting the generality of the foregoing) the following:

(i) The designation of such series and number of shares comprising such series, which number may (except where otherwise provided by the Board of Directors in creating such series) be increased or decreased (but not below the number of shares then outstanding) from time to time by action of the Board of Directors.

(ii) The dividend rate or rates on the shares of such series and the preference or relation which such dividends shall bear to the dividends payable on any other class of stock of the Corporation or on any other series of Preferred Stock, the terms and conditions upon which and the periods in respect of which dividends shall be payable, whether and upon what condition such dividends shall be cumulative, and, if cumulative, the date or dates from which dividends shall accumulate.

(iii) Whether the shares of such series shall be redeemable, in whole or in part, and if redeemable, whether redeemable for cash, bonds, securities or other property, at the option of the Corporation, the holder or upon the happening of a specified event, the limitations and restrictions with respect to such redemption, the time or times when, or periods during which, the price or prices or rate or rates at which, the adjustments with which and the manner in which such shares shall be redeemable, including the manner of selecting shares of such series for redemption if less than all shares are to be redeemed.

(iv) The rights to which the holders of shares of such series shall be entitled, and the preferences if any, over any other series (or of any other series over such series), upon the voluntary or involuntary liquidation, dissolution, distribution, or winding up of the corporation, which rights may vary depending on whether such liquidation, dissolution, distribution or winding up is voluntary or involuntary, and, if voluntary, may vary at different dates.

(v) Whether the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund, the extent to which and the manner in which such fund shall be applied to the purchase or redemption of the shares of such series for retirement or to other corporate purposes and the terms and provisions relative to the operation thereof.

(vi) Whether the shares of such series shall be convertible into, or exchangeable for, at the option of either the holder or the Corporation or upon the happening of a specified event, shares of any class or any series of any class, or bonds, and, if so convertible or exchangeable, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchange.

(vii) The voting powers, full and/or limited, if any, of the shares of such series, and whether and under what conditions the shares of such series (alone or together with the shares of one or more other series having similar provisions) shall be entitled to vote separately as a single class, for the election of one or more directors, or additional directors, of the corporation in the case of dividend arrearages or other specified events, or upon other matters.

(viii) Whether the issuance of any additional shares of such series, or of any shares of any other series, shall be subject to restrictions as to issuance or as to the powers, preferences or rights of any such other series.

(ix) Any other preferences, privileges and powers and relative, participating, optional, or other special rights and qualifications, limitations, or restrictions of such series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of these Articles of Incorporation

(c) Whenever the Board of Directors shall adopt such resolution or resolutions so establishing and designating one or more series of Preferred Stock and prescribing the relative rights, preferences and limitations of such series, a certificate containing such resolution or resolutions shall be filed as contemplated by Section 302(4) of the Michigan Business Corporation Act, as amended, superseded or redesignated, and when filed shall constitute an amendment to these Articles of Incorporation.

(d) Except as expressly provided in said resolution or resolutions of the Board of Directors, no holder of shares of any series of Preferred Stock shall have any pre-emptive right to subscribe for or to purchase any shares of the Corporation of any class or series (including, for this purpose, any other securities convertible into or carrying any right to subscribe for or acquire any such shares), whether such shares or such class or series be now or hereafter authorized.

#### ARTICLE V

The names and places of residence or business of each of the incorporators and the number and class of shares subscribed for by cash are as follows:

Names	Residence or Business Address	Common
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Floral City Furniture Company	- 1314 N. Telegraph Rd. Monroe, Michigan	195,500
Edwin J. Shoemaker	- 1028 Bentley Drive Monroe, Michigan	1,000
E.M. Knabusch	- 1396 N. Telegraph Rd. Monroe, Michigan	1,000
H.F. Gertz	- 1016 N. Monroe Street Monroe, Michigan	1,000
Otto C. Uecker	- 408 So. Macomb Street Monroe, Michigan	1,000
Ora H. Sessions	- 445 Riverview Avenue Monroe, Michigan	500

ARTICLE VI

The names and addresses of the First Board of Directors are as follows:

Name	Address
Edwin J. Shoemaker	1028 Bentley Drive, Monroe, Michigan
E.M. Knabusch	1396 North Telegraph Rd., Monroe, Mich.
H.F. Gertz	1016 North Monroe Street, Monroe, Mich.
Otto C. Uecker	408 South Macomb Street, Monroe, Mich.
Ora H. Sessions	445 Riverview Avenue, Monroe, Mich.

ARTICLE VII

The term of the corporate existence is perpetual.

ARTICLE VIII

(1) Notwithstanding any other provisions of the Articles of Incorporation or the Bylaws of the Corporation to the contrary, the Corporation shall not be authorized to take any of the following actions or engage in any of the following transactions, unless and until a proposal authorizing such action or transaction shall have been approved by the affirmative vote of the holders of not less than sixty-seven (67%) percent of all shares of stock of the Corporation entitled to vote in elections of directors:

(a) The merger or consolidation of the Corporation with or into any other corporation, person or entity; or

(b) The sale, exchange or lease by the Corporation of all or any substantial part of the assets of the Corporation to any other corporation, person or entity; or

(c) The issuance or transfer by the Corporation of (i) any voting securities of the Corporation, or (ii) any options or warrants which carry the right to acquire voting securities of the Corporation which are convertible into, or exchangeable for, voting securities of the Corporation, if such securities are issued or transferred in exchange or payment for any securities or other property, including cash, or any corporation, person or entity;

if, in any case, as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon or consent thereto, such other corporation, person or entity described in (a), (b) or (c) above (hereinafter referred to as the "Related Entity") is the beneficial owner, directly or indirectly, of ten (10%) percent or more of the sum of (i) the outstanding shares of stock of the Corporation entitled to vote in elections of directors, and (ii) any unissued shares of stock of the Corporation of which the Related Entity is the beneficial owner for purposes of this Article by virtue of its beneficial ownership of conversion rights, options, warrants or otherwise (such status hereinafter referred to as "10% Stock Ownership").

(2) The provisions of this Article shall not be applicable to, and the provisions of Michigan law relating to the percentage of stockholder approval required, if any, shall apply to any action or transaction referred to in Paragraph (1) of this Article (such actions and transactions being sometimes individually referred to herein as a "Business Combination") if:

(a) all of the following three conditions shall have been satisfied:

(i) The aggregate amount of cash and the fair market value of other consideration to be received per share by holders of Voting Stock in such Business Combination is not less than the highest per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid by such Related Entity in acquiring any of its holdings of that class of Voting Stock;

(ii) the consideration to be received by the holders of Voting Stock in such Business Combination shall be in the same form and of the same kind as the consideration paid by the Related Entity in previously acquiring shares or Voting Stock;

(iii) prior to the consummation of such Business Combination, such Related Entity shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or tax credits provided by the Corporation.

(b) prior to the time that such Related Entity shall have acquired a 10% Stock Ownership, a majority of directors of the Corporation shall have approved a memorandum of understanding with such Related Entity with respect to, and substantially consistent with, such Business Combination; or

(c) subsequent to the acquisition by such Related Entity of a 10% Stock Ownership, a majority of the Continuing Directors of the Corporation, as in hereinafter defined, shall have approved such Business Combination; or

(d) such Business Combination relates to, or is with, a corporation of which a majority of the outstanding shares of each class of equity security is owned of record or beneficially by the Corporation and where following the consummation of such action or transaction stockholders of the Corporation other than the Related Entity will retain their proportionate voting and equity interests in the Corporation or the resulting combined entity.

(3) For purposes of this Article:

(a) Such related Entity shall be deemed to be the beneficial owner of any shares of stock of the Corporation, whether issued or unissued, which (i) the Related Entity, its affiliates and associates, as defined below, own directly or indirectly, or have the right to acquire pursuant to any agreement or upon exercise of conversion rights, warrants or options or otherwise, or (ii) are beneficially owned, directly or indirectly, by any other corporation, person or entity with which the Related Entity, its affiliates or associates have any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of stock of the Corporation;

(b) The terms "affiliate" and "associate" are defined in this Article as set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect at the date of adoption of this Article by the stockholders of the Corporation;

(c) The term "Continuing Director" shall mean and include each director of the Corporation (i) who was a member of the Board of Directors of the Corporation on the date of the adoption of this Article by the stockholders of the Corporation, or (ii) who was thereafter elected a director of the Corporation by the Stockholders prior to the time that such Related Entity acquired a 10% Stock Ownership, or (iii) who was elected a director of the Corporation by the stockholders following the time such Related Entity acquired a 10% Stock Ownership upon the recommendation of a majority of the then Continuing Directors in office to succeed a Continuing Director.

(4) A majority of the Continuing Directors of the Board shall have the power and duty to determine, for purposes of this Article and on the basis of information known to the Corporation, whether:

(a) a corporation, person or entity holds a 10% Stock Ownership;

(b) a corporation, person or entity is an "affiliate" or "associate" of another corporation, person or entity;

(c) a memorandum of understanding referred to in subparagraph 2(b) above is substantially consistent with the transaction covered thereby; and

(d) each of the conditions specified in subparagraph 2(a) hereof has been satisfied.

Any such determination shall be conclusive and binding for all purposes of this Article.

#### ARTICLE IX

Whenever a compromise or arrangement or any plan of reorganization of this corporation is proposed between this corporation and its creditors or any class of them and/or between this corporation and its shareholders or any class of them, any court of equity jurisdiction within the state of Michigan, may on the application of this corporation or of any creditor or any shareholder thereof, or on the application of any receiver or receivers appointed for this corporation, order a meeting of the creditors or class of creditors, and/or of the shareholders or class of shareholders, as the case may be, to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as said court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors, and/or of the shareholders or class of shareholders, as the case may be, to be affected by the proposed compromise or arrangement or reorganization, agree to any compromise or arrangement or to any reorganization of this corporation as a consequence of such compromise or arrangement, said compromise or arrangement and said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the shareholders or class of shareholders, as the case may be, and also on this corporation.

#### ARTICLE X

(1) Any adoption, alteration or repeal of the By-laws of the Corporation by the stockholders shall require the affirmative vote or consent of the holders of not less than 67% of all shares of the stock of the Corporation entitled to vote in elections of directors.

(2) The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; provided, however, any amendment or repeal of any provisions of Articles VIII and/or X of these Articles of Incorporation shall require the affirmative vote or consent of the holders of not less than 67% of all shares of the Corporation entitled to vote with respect thereto unless such amendment or repeal is approved by and recommended to the stockholders by a majority of those members of the Board of Directors of the Corporation who would qualify as Continuing Directors within the meaning of Article VIII of these Articles of Incorporation.

#### ARTICLE XI

Section 1. Limitation of Liability. A director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director. However, this provision does not eliminate or limit the liability of a director for any of the following: (i) any breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or knowing violations of law, (iii) a violation of Section 551(1) of the Michigan Business Corporation Act, as amended (the "Act"), (iv) a transaction from which the director derived an improper personal benefit, or (v) an act or omission occurring before the date that the amendment to the Articles of Incorporation adding this Section 1 becomes effective in accordance with the pertinent provisions of the Act. Any repeal, amendment or other modification of this Section 1 shall not increase the liability or alleged liability of any director of the Corporation then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or there after brought or threatened based in whole or

in part upon any such state of facts.

Section 2. Indemnification. The Corporation shall indemnify any of its directors and officers and may indemnify any of its employees and agents (in each case including such person's heirs, executors, administrators and legal representatives) who are made or threatened to be made a party to an action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation or serves or served at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not, to the fullest extent authorized or permitted under the Act or other applicable law, as the same presently exist or may hereafter be amended, but in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than authorized or permitted before such amendment. Without limiting the generality of the foregoing, the following provisions, except to the extent they limit the indemnity which may be provided pursuant to the foregoing, shall apply:

2.1 - Indemnification of Directors and Officers: Claims by Third Parties. The Corporation shall to the fullest extent authorized or permitted by the Act or other applicable law, as the same presently exist or may hereafter be amended, but, in the case of any such amendment, only to the extent such amendment permits the Corporation to provide broader indemnification rights than before such amendment, indemnify a director or officer (the "Indemnitee") who was or is a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, other than an action by or in the right of the Corporation, by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys' fees, judgements, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation or its shareholders, and with respect to a criminal action or proceeding, if the Indemnitee had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit or proceeding by judgement, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation or its shareholders, and with respect to a criminal action or proceeding, has reasonable cause to believe that his or her conduct was unlawful.

2.2 - Indemnification of Directors and Officers: Claims Brought By or In the Right of the Corporation. The Corporation shall, to the fullest extent authorized or permitted by the Act or other applicable law, as the same presently exist or may hereafter be amended, but, in the case of any such amendment, only to the extent such amendment permits the Corporation to provide broader indemnification rights than before such amendment, indemnify a director or officer (the "Indemnitee") who was or is a party to or is threatened to be made a party to a threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including actual and reasonable attorneys' fees, and amounts paid in settlement incurred by the Indemnitee in connection with the action or suit, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation or its shareholders. However, indemnification shall not be made under this subsection 2.2 for claim, issue, or matter in which the Indemnitee has been found liable to the Corporation unless and only to the extent that the court in which the action or suit was brought has determined upon application that, despite the adjudication of liability but in view of all circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnification for the expenses which the court considers proper.

2.3 - Actions Brought by the Indemnitee. Notwithstanding the provisions of subsections 2.1 and 2.2 the Corporation shall not be required to indemnify an Indemnitee in connection with an action, suit, proceeding or claim (or part thereof) brought or made by such Indemnitee, unless such action, suit, proceeding or claim (or part thereof): (i) was authorized by the Board of Directors of the Corporation: or (ii) was brought or made to enforce this Section 2 and the Indemnitee has been successful in such action, suit, proceeding or claim (or part thereof).

2.4 - Approval of Indemnification. An indemnification under subsections 2.1 or 2.2 hereof, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because such Indemnitee has met the applicable standard of conduct set forth in subsections 2.1 or 2.2 as the case may be. This determination shall be made in any of the following ways:

(a) By a majority vote of a quorum of the Board consisting of directors who were not parties to the action, suit, or proceeding.

(b) If the quorum described in subdivision (a) is not obtainable, then by a majority vote of a committee of directors who are not parties to the action. The committee shall consist of not less than three (3) disinterested directors.

(c) By independent legal counsel in a written opinion.

(d) By the shareholders.

2.5 - Advancement of Expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in subsections 2.1 or 2.2 above shall be paid by the Corporation in advance of the final disposition of the action, suit, or proceeding upon receipt of an undertaking by or on behalf of the Indemnitee to repay the expenses if it is ultimately determined that the Indemnitee is not entitled to be indemnified by the Corporation. The undertaking shall be by unlimited general obligation of the person on whose behalf advances are made but need not be secured.

2.6 - Partial Indemnification. If an Indemnitee is entitled to indemnification under subsections 2.1 or 2.2 for a portion of expenses including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount thereof, the Corporation shall indemnify the Indemnitee for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the Indemnitee is entitled to be indemnified.

2.7 - Indemnification of Employees and Agents. Any person who is not covered by the foregoing provisions of this Section 2 and who is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not, may be indemnified to the fullest extent authorized or permitted by the Act or other applicable law, as the same exist or may hereafter be amended, but, in the case of any such amendment, only to the extent such amendment permits the Corporation to provide broader indemnification rights than before such amendment, but in any event only to the extent authorized at any time or from time to time by the Board of Directors.

2.8 - Other Rights of Indemnification. The indemnification or advancement of expenses provided under subsections 2.1 through 2.7 is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under the Articles of Incorporation or Bylaws, or an agreement. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses. The indemnification provided for in subsections 2.1 through 2.7 continues as to a person who ceases to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person.

2.9 - Definitions. "Other enterprise" shall include employee benefit plans; "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and "serving at the request of the Corporation" shall include any service as a director, officer, employee, or agent of the Corporation which imposes duties on, or involves services by, the director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants

and beneficiaries of an employee benefit plan shall be considered to have acted in a manner "not opposed to the best interests of the Corporation or its shareholders" as referred to in subsections 2.1 and 2.2.

2.10 - Liability Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against any liability asserted against and incurred by such person in any such capacity or arising out of such person's status as such, regardless of whether or not the Corporation would have the power to indemnify such person against such liability under the pertinent provisions of the Act.

2.11 - Enforcement. If a claim under this Section 2 is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which makes it permissible under the Act for the Corporation to indemnify the claimant for the amount claimed, but the burden of providing such defense shall be on the Corporation. Neither failure of the Corporation (including the Board of Directors, a committee thereof, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because such claimant has met the applicable standard of conduct set forth in the Act nor an actual determination by the Corporation (including the Board of Directors, a committee thereof, independent legal counsel or its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

2.12 - Contract with the Corporation. The right to indemnification conferred in this Section 2 shall be deemed to be a contract right between the Corporation and each director or officer who serves in any such capacity at any time while this Section 2 is in effect and any repeal or modification of this Section 2 shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

2.13 - Application to a Resulting or Surviving Corporation or Constituent Corporation. The definition for "corporation" found in Section 569 of the Act, as the same exists or may hereafter be amended is, and shall be, specifically excluded from application to this Section 2. The indemnification and other obligations set forth in this Section 2 of the Corporation shall be binding upon any resulting or surviving corporation after any merger of consolidation with the Corporation. Notwithstanding any thing to the contrary contained herein or in Section 569 of the Act, no person shall be entitled to the indemnification and other rights set forth in this Section 2 for acting as a director or officer of another corporation prior to such other corporation entering into a merger or consolidation with the Corporation.

2.14 - Severability. Each and every paragraph, sentence, term and provision of this Section 2 shall be considered severable in that, in the event that a court finds any paragraph, sentence, term or provision to be invalid or unenforceable, the validity and enforceability, operation, or effect of the remaining paragraphs, sentences, terms or provisions shall not be affected, and this Section 2 shall be construed in all respects as if such invalid or unenforceable matter had been omitted.

5. These Restated Articles of Incorporation were duly adopted on the 9TH day of September, 1996 in accordance with the provisions of Section 642 of the Act and were duly adopted by the Board of Directors without a vote of the shareholders. These Restated Articles of Incorporation only restate and integrate and do not further amend the provisions of the Articles of Incorporation as heretofore amended and there is no material discrepancy

between those provisions and the provisions of these Restated Articles.

Signed this 11TH day of September, 1996

By \_\_\_\_\_  
Charles T. Knabusch  
Chairman of the Board and President

BY-LAWS

OF

LA-Z-BOY INCORPORATED

ARTICLE I

Name and Office

Section 1. Name. The name of this corporation shall be La-Z-Boy Incorporated.

Section 2. Registered Office. The principal and registered office of the corporation shall be located at 1284 North Telegraph Road, Monroe, Michigan.

Section 3. Other Offices. The corporation may also have other offices for the transaction of business located at such places, both within and without the State of Michigan, as the Board of Directors may from time to time determine.

ARTICLE II

Capital Stock and Transfers

Section 1. (A). Share Certificates: Required Signatures. The shares of the corporation shall be represented by certificates signed by the Chairman of the Board or the President or the Executive Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or is registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of its issue.

Section 1. (B). Share Certificates: Required Information. A certificate representing shares of the corporation shall state upon its face all of the following:

- (a) That the corporation is formed under the laws of this state.
- (b) The name of the person to whom issued.
- (c) The number and class of shares, and the designation of the series, if any, which the certificate represents.

Section 2. Lien. The corporation shall have a first lien on all the shares of its capital stock, and upon all dividends declared upon the same for any indebtedness of the respective holders thereof to the corporation.

Section 3. Transfers. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares fully endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate canceled and the transaction recorded upon the books of the corporation.

Section 4. Replacement of Lost, Stolen or Destroyed Share Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost, stolen or destroyed.

Section 5. Transfer Agent and Registration. The Board of Directors may

appoint a transfer agent and a registrar in the registration of transfers of its securities.

Section 6. Rules of Issue and Transfer. The Board of Directors shall have power and authority to make all such rules and regulations as the board shall deem expedient regulating the issue, transfer and registration of certificates for shares in this corporation.

Section 7. Registered Shareholders. The corporation shall have the right to treat the registered holder of any share as the absolute owner thereof, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the corporation shall have express or other notice thereof, save as may be otherwise provided by the statutes of Michigan.

### ARTICLE III

#### Shareholders and Meetings

Section 1. Annual Meeting of Shareholders. The 1991 Annual Meeting of Shareholders shall be held August 5, 1991 and all subsequent Annual Meetings of Shareholders shall be held on the last Monday in July of each year, or at such other date as shall be designated by the Board of Directors and stated in the notice of the meeting. At said meeting the shareholders shall elect by a plurality vote the Directors to be elected at such meeting, and shall transact such other business as may properly be brought before the meeting.

Section 2. Special Meetings of Shareholders. A special meeting of the shareholders for any purpose or purposes other than election of Directors may be called at any time and place by the Chairman of the Board, and in his absence by the President; or by the Directors. It shall be the duty of the Directors, the Chairman of the Board, or President to call such meeting whenever so requested in writing by shareholders owning, in the aggregate, at least seventy-five percent (75%) of the entire capital stock of the corporation entitled to vote at such special meeting. Such request shall state the purpose or purposes of the proposed meeting.

Section 3. Notice of Meetings of Shareholders. Notice of the time, date and place of all annual and special meetings shall be mailed by the Secretary to each shareholder entitled to vote at such meeting not less than ten (10) days nor more than sixty (60) days before the date thereof. The business transacted at any special meeting of shareholders shall be limited to the purpose stated in the notice.

Section 4. Presiding Officer. The Chairman of the Board, or, in his absence, the Vice Chairman, or in his absence, the President, or in his absence, such other Vice President as the Board of Directors may designate, shall preside at all meetings.

Section 5. Vote of Shareholders; Proxies. At every such meeting each shareholder shall be entitled to cast one vote for each share of stock held in his name; which vote may be cast by him either in person, or by proxy, but no proxy shall be voted after three (3) years from its date, unless the proxy provides for a longer period. A shareholder may authorize one or more persons to act for him by proxy. All proxies shall be in writing by the shareholder or by his duly authorized agent or representative and shall be filed with the Secretary.

Section 6. Quorum of Shareholders. The holders of a majority of the shares of stock issued and outstanding and entitled to vote thereat, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. Required Vote. If a quorum is present, the affirmative vote of the holders of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the Articles of Incorporation.

Section 8. Removal. The shareholders shall have power by a majority vote at any such meeting, to remove any Director from office.

Section 9. List of Shareholders Entitled to Vote. The officer or agent having charge of the stock transfer books for shares of the corporation shall make and certify a complete list of the shareholders entitled to vote at a shareholders' meeting or any adjournment thereof. The list shall:

- (a) Be arranged alphabetically within each class and series, with the address of, and the number of shares held by, each shareholder.
- (b) Be produced at the time and place of the meeting.
- (c) Be subject to inspection by any shareholder during the whole time of the meeting.
- (d) Be prima facie evidence as to who are the shareholders entitled to examine the list or to vote at the meeting.

Section 10. Record Date for Determination of Shareholders. For the purpose of determining shareholders entitled to notice of and to vote at a meeting of shareholders or an adjournment of a meeting, the Board of Directors may fix a record date, which shall not precede the date on which the resolution fixing the record date is adopted by the board. The date shall not be more than sixty (60) nor less than ten (10) days before the date of the meeting. If a record date is not fixed, the record date for determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be the close of business on the day next preceding the day on which notice is given, or if no notice is given, the day next preceding the day on which the meeting is held. When a determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders has been made as provided in this Section, the determination applies to any adjournment of the meeting, unless the Board of Directors fixes a new record date under this Section for the adjourned meeting. For the purpose of determining shareholders entitled to receive payment of a share dividend or distribution, or allotment of a right, or for the purpose of any other action, the Board of Directors may fix a record date, which shall not precede the date on which the resolution fixing the record date is adopted by the board. The date shall not be more than sixty (60) days before the payment of the share dividend or distribution or allotment of a right or other action. If a record date is not fixed, the record date shall be the close of business on the day on which the resolution of the Board of Directors relating to the corporate action is adopted.

Section 11. Inspectors of Election. The Board of Directors may appoint one (1) or more inspectors of election to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a shareholders' meeting may, and on request of a shareholder entitled to vote thereat shall, appoint one (1) or more inspectors. The inspectors shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or a shareholder entitled to vote thereat, the inspectors shall make and execute a written report to the person presiding at the meeting of any of the facts found by them and matters determined by them. The report is prima facie evidence of the facts stated and of the vote as certified by the inspectors.

#### ARTICLE IV

##### Directors

Section 1. Number, Powers and Qualifications of Directors. The business and affairs of the corporation shall be managed by a Board of Directors consisting of 11 Directors who shall be elected by the shareholders. The Board of Directors may exercise all powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders. The Directors shall be elected at the annual meeting of the shareholders, as detailed hereinafter, and each Director shall serve until his successor shall have been elected and qualified.

Section 2. Classification and Term of Office. The Directors shall be

classified with respect to the time for which they shall severally hold office by dividing them into three classifications: two of which classes shall each consist of four members; the remaining class shall consist of three members. Each Director shall be elected for a term of three years except when a shorter term is required because of a change in the number of Directors or in order to fill vacancies in the Board of Directors. At each annual meeting successors to the class of Directors whose term shall expire that year shall be elected to hold office for terms of three years, so that the term of office of one class of Directors shall expire each year.

Section 3. Regular Meetings of Board. Regular meetings of the Directors shall be held immediately after the adjournment of each annual shareholders' meeting and may be held at such time and at such place as shall from time to time be determined by the Board.

Section 4. Special Meetings of Board. Special meetings of the Board of Directors may be called by the Chairman of the Board, and in his absence, by the President or by any four members of the board. By unanimous consent of the Directors, special meetings of the board may be held without notice, at any time and place. The presence of a Director at a meeting shall constitute a Waiver of Notice except where the Director attends solely to protest the legality of the meeting.

Section 5. Notice. Notice of all regular and special meetings, except those specified in the second sentence of Section 4 of this article, shall be delivered in person, mailed or telegraphed to each Director, by the Secretary, at least one day previous to the time fixed for the meetings. All notices of special meetings shall state the purposes thereof.

Section 6. Quorum and Required Vote. A majority of the Directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the Articles of Incorporation. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by statute, these By-Laws, or by the Articles of Incorporation. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Annual Meeting. The Directors shall elect the officers of the corporation, and fix their salaries; such elections to be held at the Directors' meeting following each annual shareholders' meeting. No notice of such meeting shall be necessary to any newly elected Director in order to legally constitute the meeting, provided a quorum shall be present. An officer may be removed at any time by a two-thirds vote of the full Board of Directors.

Section 8. Vacancies. All vacancies occurring in the Board of Directors, whether caused by resignation, death or otherwise, may be filled by the affirmative vote of two-thirds of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Section 9. Directors' Report. At each annual shareholders' meeting the Directors shall submit a statement of the business done during the preceding year, together with a report of the general financial condition of the corporation, and of the condition of its tangible property.

Section 10. Committees of Directors. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the Directors of the corporation. Any such committee, to the extent provided in the resolution of the Board of Directors, or in these By-laws, shall have and may exercise all of the power and authority of the Board of Directors in the management of the business and affairs of the corporation; but no such committee shall have the power or authority in reference to amending the Articles of Incorporation, adopting an agreement of merger or consolidation, recommending to shareholders the sale, lease, or exchange of all or substantially all of the corporation's property and assets, recommend to the shareholders the dissolution of the corporation or revocation of a dissolution, amend the By-laws of the corporation, fill vacancies in the Board; and unless a resolution of the Board of Directors, the Articles of Incorporation or the By-laws expressly so provide, no such committee shall

have the power or authority to declare a distribution, dividend, or to authorize the issuance of stock.

Section 11. Compensation of Directors. The Board of Directors, by the affirmative vote of a majority of the Directors then in office, and irrespective of any personal interest of any of them, shall have authority to fix the compensation of all Directors for services to the corporation as directors, officers, or otherwise. Section 12. Action by Written Consent. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any Committee thereof may be taken without a meeting, if all members of the Board or Committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes or proceedings of the Board or Committee.

Section 13. Participation in Meeting by Telephone. By oral or written permission of a majority of the Board of Directors, a member of the Board of Directors or of a Committee designated by the Board may participate in a meeting by means of conference telephone or similar communications equipment through which all persons participating in the meeting can communicate with the other participants. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.

Section 14. Nomination of Director Candidates. Nomination of candidates for election as Directors of the Corporation at any meeting of shareholders called for election of Directors (an "Election Meeting") may be made by the Board of Directors or by any shareholder entitled to vote at such Election Meeting but only in accordance with the procedure outlined herein.

(a) Procedure for Nominations by the Board of Directors. Nominations made by the Board of Directors shall be made at a meeting of the Board of Directors, or by written consent of Directors in lieu of a meeting, not less than 30 days prior to the date of the Election Meeting, and such nominations shall be reflected in the minute books of the Corporation as of the date made. At the request of the Secretary of the Corporation each proposed nominee shall provide the Corporation with such information concerning himself or herself as is required, under the rules of the Securities and Exchange Commission, to be included in the Corporation's proxy statement soliciting proxies for his or her election as a director.

(b) Procedure for Nominations by Shareholders. Not less than 30 days prior to the date of the Election Meeting any shareholder who intends to make a nomination at the Election Meeting shall deliver a notice to the Secretary of the Corporation setting forth (i) the name, age, business address and residence of each nominee proposed in each such notice, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of capital stock of the Corporation which are beneficially owned by each such nominee and (iv) such other information concerning each such nominee as would be required, under the rules of the Securities and Exchange Commission, in a proxy statement soliciting proxies for the election of such nominee.

(c) Determination of Compliance with Procedures. If the Chairman of the Election Meeting determines that a nomination was not in accordance with the foregoing procedures, such nomination shall be void.

## ARTICLE V

### Officers

Section 1. Selection and Number. The officers of this corporation shall be a Chairman of the Board, Vice Chairman of the Board, President, one or more Vice Presidents or Executive Vice Presidents, a Secretary and a Treasurer, and such Assistant Secretaries and Treasurers as shall seem necessary to the Board of Directors from time to time, who shall be elected for the term of one year and shall hold office until their successors are duly elected and qualified. The office of Secretary and Treasurer, or Assistant Secretary and Assistant Treasurer, may be held by one person.

Section 2. Chairman of the Board. The Chairman of the Board shall preside at all Directors' and shareholders' meetings; shall have general supervision and management of the affairs of the corporation and over the other officers; shall sign all stock certificates and written contracts of the

corporation; and shall perform all such other duties as are incident to his office, or such further duties as may be assigned to him from time to time by the Board of Directors. In case of the absence or the disability of the Chairman of the Board, his duties shall be performed by the President, and in case of the President's absence, by the Vice Chairman of the Board or by an Executive Vice President.

Section 3. Vice Chairman of the Board. The Vice Chairman of the Board may sign any documents required by law to be filed on behalf of the corporation in the office of the Secretary of State; may sign all stock certificates of the corporation; and shall perform all such other duties as are incident to his office, or such further duties as may be assigned to him from time to time by the Board of Directors.

Section 4. President. In the absence or disability of the Chairman of the Board or the Vice Chairman of the Board, or while either office is vacant, the President shall preside over all meetings of the Board of Directors or of the shareholders, and shall perform all of the duties or functions, and when so acting shall have all powers and authority, of the Chairman of the Board. He shall be, *ex officio*, a member of all standing committees. The President shall, in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors.

Section 5. Vice Presidents. The Board of Directors may elect or appoint one or more Vice Presidents. The Board of Directors may designate one or more Vice Presidents as Executive Vice Presidents. Unless the Board of Directors shall otherwise provide by resolution duly adopted by it, or as otherwise provided in these By-Laws, such of the Vice Presidents as shall have been designated Executive Vice Presidents and who are members of the Board of Directors in the order specified by the Board of Directors shall perform the duties and exercise the powers of the President during the absence or disability of the President if the office of the Chairman of the Board is vacant. The Vice Presidents shall perform such other duties as may be delegated to them by the Board of Directors, the Chairman of the Board or the President.

Section 6. Secretary. The Secretary shall issue notices of all Directors' and shareholders' meeting, and shall attend and keep the minutes of the same; shall have charge of all corporation books, records and papers; shall be custodian of the corporate seal, all stock certificates and written contracts of the corporation; and shall perform all such other duties as are incident to his office. The Secretary shall also perform such duties as are assigned to him from time to time by the Board of Directors.

Section 7. Treasurer. The Treasurer shall have custody of all money and securities of the corporation and shall give bond, in such sum and with such securities as the Directors may require, conditioned upon the faithful performance of the duties of his office. He shall sign all checks of the corporation, shall keep regular books of account and shall submit them, together with all his vouchers, receipts, records, and other papers, to the Directors for their examination and approval as often as they may require; and shall perform all such other duties as are incident to his office. The Treasurer shall also perform such duties as may be assigned to him by the Board of Directors from time to time.

Section 8. Indemnification of Directors, Officers and Others. Pursuant to the provisions of Article XI of the Articles of Incorporation of the corporation, the corporation shall indemnify any of its Directors and officers and may indemnify any of its employees and agents (in each case including such person's heirs, executors, administrators and legal representatives) in accordance with the following provisions of this By-Law:

A. Indemnification of Directors and Officers: Claims by Third Parties. The corporation shall, to the fullest extent authorized or permitted by the Michigan Business Corporation Act, as amended (the "Act") or other applicable law, as the same presently exist or may hereafter be amended, but, in the case of any such amendment, only to the extent such amendment permits the corporation to provide broader indemnification rights than before such amendment, indemnify a Director or officer (an "Indemnitee") who was or is a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a

Director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders, and with respect to a criminal action or proceeding, if the Indemnitee had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders, and, with respect to a criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

B. Indemnification of Directors and Officers: Claims Brought by or in the Right of the Corporation. The corporation shall, to the fullest extent authorized or permitted by the Act or other applicable law, as the same presently exist or may hereafter be amended, but, in the case of any such amendment, only to the extent such amendment permits the corporation to provide broader indemnification rights than before such amendment, indemnify an Indemnitee who was or is a party or is threatened to be made a party to a threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a Director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by the Indemnitee in connection with the action or suit, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders. However, indemnification shall not be made under this Section B for a claim, issue, or matter in which the Indemnitee has been found liable to the corporation unless and only to the extent that the Court in which the action or suit was brought has determined upon application that, despite the adjudication of liability but in view of all circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnification for the expenses which the Court considers proper.

C. Actions Brought by the Indemnitee. Notwithstanding the provisions of Subsections A and B of this Section 8, the corporation shall not be required to indemnify an Indemnitee in connection with an action, suit, proceeding or claim (or part thereof) brought or made by such Indemnitee, unless such action, suit, proceeding or claim (or part thereof): (i) was authorized by the board of Directors of the corporation; or (ii) was brought or made to enforce this Section 8 and the Indemnitee has been successful in such action, suit, proceeding or claim (or part thereof).

D. Approval of Indemnification. An indemnification under Subsections A or B of this Section 8, unless ordered by the court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because such Indemnitee has met the applicable standard of conduct set forth in Subsections A or B of this Section 8, as the case may be, and upon an evaluation of the reasonableness of expenses and amounts paid in settlement. This determination and evaluation shall be made in any of the following ways:

- (a) By a majority vote of a quorum of the Board of Directors consisting of Directors who are not parties or threatened to be made parties to the action, suit, or proceeding.
- (b) If a quorum cannot be obtained in subsection (a), then by majority vote of a committee of Directors who are not parties to the action. The committees shall consist of not less than three (3) disinterested Directors.
- (c) By independent legal counsel in a written opinion.

(d) By the shareholders.

E. Advancement of Expenses. The corporation may pay or reimburse the reasonable expenses incurred by an Indemnitee who is a party or threatened to be made a party to an action, suit, or proceeding in advance of final disposition of the proceeding if all of the following apply:

(a) The Indemnitee furnishes the corporation a written affirmation of his or her good faith belief that he or she has met the applicable standard of conduct set forth in Subsections A and B above.

(b) The Indemnitee furnishes the corporation a written undertaking, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct.

(c) A determination is made that the facts then known to those making the determination would not preclude indemnification under the Act.

The undertaking required by subsection (b) must be an unlimited general obligation of the Indemnitee but need not be secured. Determinations of payments under this Section shall be made in the manner specified in Subsection D above.

F. Partial Indemnification. If an Indemnitee is entitled to indemnification under Subsections A or B of this Section 8 for a portion of expenses, including reasonable attorneys' fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the corporation shall indemnify the Indemnitee for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the Indemnitee is entitled to be indemnified.

G. Indemnification of Employees and Agents. Any person who is not covered by the foregoing provisions of this Section 8 and who is or was an employee or agent of the corporation, or is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not, may be indemnified to the fullest extent authorized or permitted by the Act or other applicable law, as the same exists or may hereafter be amended, but, in the case of any such amendment, only to the extent such amendment permits the corporation to provide broader indemnification rights than before such amendment, but in any event only to the extent authorized at any time or from time to time by the Board of Directors.

H. Other Rights of Indemnification. The indemnification or advancement of expenses provided under Subsections A through G of this Section 8 is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation, bylaws, or a contractual agreement. The total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses. The indemnification provided for in Subsections A through G of this Section 8 continues as to a person who ceases to be a Director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person.

I. Definitions. "Other enterprises" shall include employee benefit plans; "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and "serving at the request of the corporation" shall include any service as a Director, officer, employee, or agent of the corporation which imposes duties on, or involves services by, the Director, officer, employee or agent with respect to an employee benefit plan, its participants or its beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be considered to have acted in a manner "not opposed to the best interests of the corporation or its shareholders" as referred to in Subsections A and B of this Section 8.

J. Liability Insurance. The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have power to indemnify him or her against liability under the pertinent provisions of the Act.

K. Enforcement. If a claim under this Section 8 is not paid in full by the corporation within thirty (30) days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim, and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Act for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, a committee thereof, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because such claimant has met the applicable standard of conduct set forth in the Act nor an actual determination by the corporation (including its Board of Directors, a committee thereof, independent legal counsel or its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

L. Contract With the Corporation. The right to indemnification conferred in this Section 8 shall be deemed to be a contract right between the corporation and each Director or officer who serves in any such capacity at any time while this Section 8 is in effect, and any repeal or modification of this Section 8 shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

M. Application to a Resulting or Surviving Corporation or Constituent Corporation. The definition for "corporation" found in Section 569 of the Act, as the same exists or may hereafter be amended is, and shall be, specifically excluded from application to this Section 8. The indemnification and other obligations set forth in this Section 8 of the corporation shall be binding upon any resulting or surviving corporation after any merger or consolidation with the corporation. Notwithstanding anything to the contrary contained herein or in Section 569 of the Act, no person shall be entitled to the indemnification and other rights set forth in this Section 8 for acting as a Director or officer of another corporation prior to such other corporation entering into a merger or consolidation with the corporation.

N. Severability. Each and every paragraph, sentence, term and provision of this Section 8 shall be considered severable in that, in the event a court finds any paragraph, sentence, term or provision to be invalid or unenforceable, the validity and enforceability, operation, or effect of the remaining paragraphs, sentences, terms, or provisions shall not be affected, and this Section 8 shall be construed in all respects as if the invalid or unenforceable matter had been omitted.

## ARTICLE VI

### Dividends and Finance

Section 1. Dividends. Dividends, to be paid out of the surplus earnings of the corporation, or as otherwise permitted in accordance with the provisions

of the governing statute, may be declared from time to time by resolution of the Board of Directors; but no dividend shall be paid that will impair the capital of the corporation. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the governing statute or the Articles of Incorporation.

Section 2. Deposits. The funds of the corporation shall be deposited in such banks or trust companies as the Directors shall designate and shall be withdrawn only upon checks issued and signed in accordance with regulations adopted by the Board of Directors.

Section 3. Checks. All checks, drafts and orders for the payment of money shall be signed in the name of the corporation in such manner and by such officer or officers or such other person or persons as the Board of Directors shall from time to time designate for that purpose.

## ARTICLE VII

### Fiscal Year

Section 1. The fiscal year of this corporation shall end on the last Saturday of April each year. The fiscal year may be changed by the Board of Directors by resolution of the Board of Directors.

## ARTICLE VIII

### Amendments

These By-Laws may be altered, amended or repealed in whole or in part and new By-Laws may be adopted either:

(a) By the affirmative vote of the holders of record of not less than 67% of the outstanding stock of the Corporation entitled to vote in elections of Directors; or

(b) By the affirmative vote of a majority of the Board of Directors at any meeting of the Board, or by written consent signed by all members of the Board of Directors; provided, however, no such alteration, amendment or repeal of Article VIII (a) of these By-Laws shall be made by the Board of Directors or be effective unless such alteration, amendment or repeal shall be first approved by the affirmative vote of the holders of record of not less than 67% of the outstanding stock of the Corporation entitled to vote in elections of Directors.

## ARTICLE IX

### General Provisions

Section 1. Distributions in Cash or Property. The Board of Directors may authorize and the corporation may make distributions to its shareholders subject to restriction by the Articles of Incorporation and/or unless otherwise limited by the Articles of Incorporation, these By-Laws or the Act.

Section 2. Reserves. The Board of Directors shall have power and authority to set apart such reserve or reserves, for any proper purpose, as the Board in its discretion shall approve, and the Board shall have the power and authority to abolish any reserve created by the Board.

Section 3. Voting Securities. Unless otherwise directed by the Board of Directors, the Chairman of the Board or President or the Vice Chairman of the Board, or in the case of their absence or inability to act, the Vice Presidents, including Executive Vice Presidents, in order of their seniority, shall have full power and authority on behalf of the corporation to attend and to act and to vote, or to execute in the name or on behalf of the corporation a consent in writing in lieu of a meeting of shareholders or a proxy authorizing an agent or attorney-in-fact for the corporation to attend and vote at any meetings of security holders of corporations in which the corporation may hold securities, and at such meetings he or his duly authorized agent or attorney-in-fact shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the corporation might have possessed and exercised if present. The Board of Directors by resolution from time to time may confer like power upon any other person or persons.

Section 4. Contracts, Conveyances, Etc. When the execution of any contract, conveyance or other instrument has been authorized without specification of the executing officers, the Chairman of the Board, the Vice Chairman of the Board, President or any Vice President, and the Secretary or Assistant Secretary, may execute the same in the name and on behalf of this corporation and may affix the corporate seal thereto. The Board of Directors shall have power to designate the officers and agents who shall have authority to execute any instrument in behalf of this corporation.

Section 5. Corporate Books and Records. The corporation shall keep books and records of account and minutes of the proceedings of its shareholders, Board of Directors and executive committees, if any. The corporation shall keep at its registered office, or at the office of its transfer agent in or outside the State of Michigan, records containing the names and addresses of all shareholders, the number, class and series of shares held by each and the dates when they respectively became holders of record. Any of the books, records or minutes may be in written form or in any other form capable of being converted into written form within a reasonable time. The corporation shall convert into written form without charge any record not in written form, unless otherwise requested by a person entitled to inspect the records.

Section 6. Seal. The seal of the corporation shall have inscribed thereon the name of the corporation and the words "Corporate Seal" and "Michigan." The seal may be used by causing it or a facsimile to be affixed, impressed or reproduced in any other manner.

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NEWS RELEASE

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HIGHER SALES AND EARNINGS FOR LA-Z-BOY

MONROE, MI., November 12, 1996: For its 1997 fiscal second quarter ended October 26, 1996, La-Z-Boy Incorporated continued to improve its sales and profits compared to last year. This was the fifth consecutive quarterly improvement. Second quarter sales rose 5% and net income per share increased \$0.07 to \$0.84.

FINANCIAL DETAILS

SECOND QUARTER sales were \$272 million vs. last year's \$258 million, an increase of 5%. Second quarter operating profit rose 7% to \$25.5 million vs. last year's \$23.8 million. Net income rose 7% to \$15.3 million vs. last year's \$14.3 million. Net income per share increased 9% to \$0.84 vs. \$0.77 last year.

For the SIX MONTHS ended 10/26/96 sales were up 4% to \$474 million vs. \$454 million. Operating profit rose 11% to \$33.5 million vs. \$30.2 million in last year's first six months. Net income rose 14% to \$19.9 million vs. \$17.4 million. Net income per share was up 16% to \$1.09 vs. \$0.94.

CHAIRMAN COMMENTS

La-Z-Boy Chairman and President Charles T. Knabusch said, "We've seen a pickup in sales during the second quarter that is encouraging to us for the third quarter. Sales order backlogs as of today point to third quarter sales being up about 4% - 7% over last year's third quarter."

SEARS

La-Z-Boy makes its initial appearance this month in 46 Sears HomeLife furniture stores up and down the west coast and in the greater Chicago area. HomeLife stores in central and eastern states are scheduled to begin carrying the full La-Z-Boy line of motion, recliner and stationary upholstered furniture next year. According to published reports, Sears expects to be operating 136 freestanding HomeLife stores by the end of 1996, and may add another 30 stores within the next two years. Sears has been selling furniture produced by La-Z-Boy's Hammary division, but this is the first time Sears has carried the La-Z-Boy brand name in the United States. The trade publication Furniture/Today quotes HomeLife president Joe Baron as saying, "As a No. 1 brand name in home furnishings, La-Z-Boy represents an important addition to Sears HomeLife."

NEW SWEEPSTAKES PROGRAM

At the recently completed International Home Furnishings Market in High Point, North Carolina, La-Z-Boy unveiled a national sweepstakes planned for January/February, 1997 in conjunction with Chrysler/Plymouth. The La-Z-Boy Road Home Sweepstakes will appear in both Better Homes and Gardens and Parade Magazine. The program follows the successful completion of the network television flight featuring Wendall and Al, the two talking raccoons, who brought the message of La-Z-Boy's full line of comfortable, stylish upholstery to millions of consumers. Over 1,100 La-Z-Boy residential dealers took advantage of the Wendall and Al magic by offering customers a plush toy raccoon with product purchase.

MORE INFORMATION

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.

NYSE & PSE: LZB

Contact: Jim Korsnack (313) 241-4208

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

	SECOND QUARTER ENDED (UNAUDITED)			Percent of Sales	
	Oct. 26,	Oct. 28,	% Over	1996	1995
	1996	1995	(Under)	-----	-----
Sales	\$271,554	\$258,320	5%	100.0%	100.0%
Cost of sales	197,017	188,644	4%	72.6%	73.0%
Gross profit	74,537	69,676	7%	27.4%	27.0%
S, G & A	49,006	45,905	7%	18.0%	17.8%
Operating profit	25,531	23,771	7%	9.4%	9.2%
Interest expense	1,097	1,437	-24%	0.4%	0.6%
Interest income	367	484	-24%	0.1%	0.2%
Other income	521	476	9%	0.2%	0.2%
Pretax income	25,322	23,294	9%	9.3%	9.0%
Income taxes	10,070	9,038	11%	39.8%*	38.8%*
Net income	\$15,252	\$14,256	7%	5.6%	5.5%
Average shares	18,125	18,497	-2%		
Earnings per share	\$0.84	\$0.77	9%		
Dividends per share	\$0.19	\$0.19	0%		

	SIX MONTHS ENDED (UNAUDITED)			Percent of Sales	
	Oct. 26,	Oct. 28,	% Over	1996	1995
	1996	1995	(Under)	-----	-----
Sales	\$473,781	\$454,077	4%	100.0%	100.0%
Cost of sales	351,934	340,022	4%	74.3%	74.9%
Gross profit	121,847	114,055	7%	25.7%	25.1%
S, G & A	88,360	83,842	5%	18.6%	18.4%
Operating profit	33,487	30,213	11%	7.1%	6.7%
Interest expense	2,204	2,901	-24%	0.5%	0.6%
Interest income	830	940	-12%	0.2%	0.2%
Other income	1,306	851	53%	0.3%	0.1%
Pretax income	33,419	29,103	15%	7.1%	6.4%
Income taxes	13,569	11,672	16%	40.6%*	40.1%*
Net income	\$19,850	\$17,431	14%	4.2%	3.8%
Average shares	18,208	18,496	-2%		
Earnings per share	\$1.09	\$0.94	16%		
Dividends per share	\$0.38	\$0.36	6%		

\* As a percent of pretax income, not sales.

## CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

	Unaudited		Increase (Decrease)		Audited April 27, 1996
	Oct. 26, 1996	Oct. 28, 1995	Dollars	Percent	
Current assets					
Cash & equivalents	\$14,956	\$15,944	(\$988)	-6%	\$27,060
Receivables	215,049	206,615	8,434	4%	206,430
Inventories					
Raw materials	40,042	37,938	2,104	6%	37,274
Work-in-process	38,556	36,130	2,426	7%	35,241
Finished goods	33,406	33,075	331	1%	28,333
FIFO inventories	112,004	107,143	4,861	5%	100,848
Excess of FIFO over LIFO	(21,796)	(22,822)	1,026	4%	(21,656)
Total inventories	90,208	84,321	5,887	7%	79,192
Deferred income taxes	20,149	19,131	1,018	5%	19,271
Other current assets	7,621	7,612	9	0%	5,148
Total current assets	347,983	333,623	14,360	4%	337,101
Property, plant & equipment	115,297	117,790	(2,493)	-2%	116,199
Goodwill	39,532	41,094	(1,562)	-4%	40,359
Other long-term assets	31,075	19,023	12,052	63%	23,887
Total assets	\$533,887	\$511,530	\$22,357	4%	\$517,546

	Unaudited		Increase (Decrease)		Audited April 27, 1996
	Oct. 26, 1996	Oct. 28, 1995	Dollars	Percent	
Current liabilities					
Current portion - l/t debt	\$4,625	\$5,658	(\$1,033)	-18%	\$5,625
Current portion - captl leases	2,072	2,198	(126)	-6%	2,114
Accounts payable	41,706	34,774	6,932	20%	30,997
Payroll/other comp	32,798	29,968	2,830	9%	34,609
Estimated income taxes	9,217	8,524	693	8%	5,572
Other current liabilities	18,973	21,032	(2,059)	-10%	17,601
Total current liabilities	109,391	102,154	7,237	7%	96,518
Long-term debt	55,071	59,616	(4,545)	-8%	57,075
Capital leases	3,183	5,261	(2,078)	-39%	4,219
Deferred income taxes	6,663	6,610	53	1%	6,663
Other long-term liabilities	10,502	8,767	1,735	20%	9,695
Commitments & contingencies					
Shareholders' equity					
18,135,052 shares, \$1.00 par	18,135	18,525	(390)	-2%	18,385
Capital in excess of par	27,856	27,705	151	1%	28,016
Retained earnings	303,693	283,686	20,007	7%	297,750
Currency translation	(607)	(794)	187	24%	(775)
Total shareholders' equity	349,077	329,122	19,955	6%	343,376
Total liabilities and shareholders' equity	\$533,887	\$511,530	\$22,357	4%	\$517,546

OVERALL:

Refer to today's press release for additional information.

GROSS PROFIT:

Second quarter gross profit improved to 27.4% of sales from 27.0% of sales last year. Most of this increase was due to margin improvements at the England/Corsair, Kincaid and La-Z-Boy Business Furniture Group divisions resulting primarily from unit volume increases.

S, G & A:

Second quarter S, G & A increased to 18.0% of sales vs. 17.8% last year primarily due to increased costs for employee bonuses and incentives as well as increased information technology expenses. S, G & A as a percent of sales is not expected to decline below last year's level for the remainder of the 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.

INCOME TAXES:

Second quarter income tax expense as a percent of pretax income was 39.8% vs. 38.8% last year. Last year's rate for the quarter was low largely due to favorable Canadian division results reversing some of the unfavorable tax impacts recorded in prior quarters. Tax rates for the last two quarters of the year are likely to be similar to the prior year.

OTHER LONG-TERM ASSETS:

Other long-term assets increased 63% 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.

ACCOUNTS PAYABLE:

Accounts payable was up 20% from last year. The timing of purchases and payment due dates in relation to the end of October accounted for part of the increase. In addition, better financial systems have improved the accounting for inventory received but not yet invoiced.

OTHER CURRENT LIABILITIES:

Other current liabilities declined 10% from last year. The third dividend of the fiscal year, normally declared in the second quarter and paid in the third quarter, was declared, and will be paid in the third quarter. The dividend payment is expected to be approximately \$3.5 million.